



Western Australia

# Annual Report

For the year ending 30 June 2016

Adopted by Council November 18 2016

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## SHIRE DETAILS



### 2015-16 Annual Report

#### Shire Information

Murchison Shire Location	3007 Carnarvon Mullewa Road, Murchison WA 6630
Shire Office and Chambers	PO Box 61, MULLEWA WA 6630
Postal Address	
Telephone	(08) 9963 7999
Facsimile	(08) 9963 7966
E-mail	<a href="mailto:admin@murchison.wa.gov.au">admin@murchison.wa.gov.au</a>
Web Page	<a href="http://www.murchison.wa.gov.au">www.murchison.wa.gov.au</a>
Office Hours	8.00am to 5.00pm Monday to Friday
Road Condition Reports	24 Hours/7 Days at <a href="http://www.murchison.wa.gov.au/road_conditions">www.murchison.wa.gov.au/road_conditions</a>

The Shire of Murchison covers an area of approximately 49,500 square kilometres in the Murchison sub region of Western Australia which consists of 7 shires. The Shire Settlement is situated on 708 hectares excised from the Wooleen pastoral lease and vested in the Council 200 km north of Mullewa on the Carnarvon Mullewa Road.

#### History of the Shire

The name of Murchison was given to the region back in 1839 by early explorer Lt George Grey. He named the area in honour of Sir Roderick Impey Murchison who was the President of the Royal Geographical Society of London. The Murchison and Roderick rivers were also named in his honour. The Shire's logo is based on the coat of arms of the Murchison family.

#### Population and Employees

With a population of 121 (Australian Bureau of Statistics 2014) and 112 electors, Murchison is the second least populated Local Government in Australia. Another unique feature is that it is thought to be the only Shire in Australia without a gazetted town site. The District and Shire centre is the Murchison Settlement, population nineteen. Council has 11 full time employees.

#### Location of Shire and Industry

The Shire of Murchison lies within the Mid West region of Western Australia. The Settlement is 650 kilometres north of Perth via the Carnarvon Mullewa road and 300 kilometres north east of Geraldton.

The surrounding country is mainly used for pastoral purposes, predominantly cattle and sheep. Tourism is developing within the region with some stations becoming involved in station stays and with the Murchison Oasis Caravan Park and motel units located at the settlement providing facilities for tourists. 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 gathering data on the universe and beyond. There are also a few mines in exploration stage within the shire.

### Legend of the Emblem

The crest we use in the shire today is based on the Murchison Family Coat of Arms. The Murchison family name originated in the remote western coast of Scotland and the Hebrides Islands. The crest is comprised of a lion rampant on an Or (gold) backing, between two pineapples on chief vert (green) and an escallop in base azure (blue).



### Western Australia

- OR - GOLD** In heraldry indicates generosity, valour and perseverance - all characteristics of Murchison people.
- VERT - GREEN** Represents hope vitality and plenty.
- AZURE - BLUE** Indicates loyalty and splendour.
- PINEAPPLES** Have long been the traditional symbol of hospitality and good fortune; a pleasant connotation—Mt Welcome.
- ESCALLOP** Indicates travel and can mean having been on Holy Crusade

## PRESIDENT'S REPORT



A reasonable season was had by all, even though the rain tapered off in the north very quickly.

There have been some fantastic projects completed by the shire and community in the 2015-16 financial year. These achievements are very impressive when you think about how few community members are actively involved.

Our Ballinyoo Bridge was replaced, with work starting on the removal of the old bridge in August. A span was kept and placed on the north side of the river and the shire formed a committee of two community members, three councillors and our CEO who worked very hard making this old span part of an informative tourist attraction so that we can keep active our history of how the old bridge was built and when. The new Ballinyoo Bridge was completed in early January after a few complications that had to be sorted out.

This project has been a long time coming. It was first talked about in the late 80's and through sheer pressure from council, Mid-West Development Commission and some politicians we finally obtained the funding in 2015. We could not start the work on constructing the new bridge due to flooding and funnily enough this was the same problem when the old bridge was being constructed. I thank everybody involved.

Our settlement is looking a picture as usual thank you to Ryan, Paul and their offsiders. This financial year saw the commissioning of the new accommodation units and laundry block, also the addition of the lawn bowls rink which was opened at the 2015 Christmas tree.

A highlight for the whole community was the ANZAC day service and activities. Holding the annual cricket match on ANZAC day instead of at the Christmas Tree continues to be very popular.

The Shire provides a budget each year for a bounty for wild dogs, camels and donkeys and provides diced meat for the baiting of wild dogs. There have been 51 wild dogs and 47 donkeys destroyed in this financial year one way or another throughout this shire. Even though the vermin problem is being controlled by most of our community there is still a lot of work to be done and the only way this can be achieved is, as we know, by working very closely together.

We were lucky enough to receive a grant to remove the old and build a new equestrian stable area consisting of 14 stables, wash down bay and storage shed which was used at the 2016 Murchison Polocrosse carnival. I would like to thank all those members of the community and shire employees for their efforts in pulling down the old stables and constructing the new ones, well done all. Thank you also for the use of various people's and the shire's equipment.

Brian, the construction and maintenance crews, well done. You guys have excelled once again in maintaining and constructing the best roads in Australia. There is nothing better than going to places and after suffering some real shockers of roads hearing that others believe we have the best roads in Australia.

I would also like to thank the flood damage contracting company's Quadrio's and Squires Resources for an outstanding job on the roads that they are rebuilding, particularly as it has been tough going due to good rains in some areas. This work will finish in the next financial year.

Dianne, I would like to thank you and your girls once again for an outstanding job. It has not been easy as we had to jump through some tough hoops but you seem to make it work. It is a real pleasure to enter the office and have some friendly banter with you all and I compliment you on the professional way the office is run and the team behaves.

Councillors, it is a real pleasure to be working with a great team of people, there is great debate which gets great results. We don't always agree but once a decision has been made we are united in making all outcomes work.

After the election in October we had new councillor elected, our fourth lady councillor Cr Emma Foulkes-Taylor and history was made with the first Murchison shire husband and wife councillor team. I would also like to congratulate Cr Simon Broad and Cr Andrew Whitmarsh for being re-elected for another term.

This is a great community we live in and it seems to be shrinking. In the end, the council is here to represent and serve this community however for us to do this the community needs to be more motivated. Please complete the Shire surveys sent out, talk to your representative, contribute to the Monologue, volunteer to serve as a community rep on council committees and consider standing for election when positions become vacant. Remember that everyone has new ideas and thoughts to contribute.

Thank you to you all.



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Mark Halleen  
Shire President

## ELECTED MEMBERS REPORT

### Councillors

As at 30 June 2016:

President:	Cr Mark Halleen	Term expires 2017
Deputy President:	Cr Rosco Foulkes- Taylor	Term expires 2019
Members:	Cr Simon Broad	Term expires 2019
	Cr Andrew Whitmarsh	Term expires 2019
	Cr Miles Williams	Term expires 2017
	Cr Emma Foulkes-Taylor	Term expires 2017

### Attendance at Council Meetings

There were 11 Ordinary Meetings and 2 Special Meetings of Council held between 1 July 2015 and 30 June 2016. A breakdown of Councillors' presence at meetings is detailed in the table below, for Councillors that are and have been in office during the financial year.

Councillor	Ordinary Meeting	Special Meeting
President Mark Halleen	11/11	3/3
Deputy President Rosco Foulkes-Taylor	10/11	3/3
Cr Simon Broad	11/11	2/3
Cr Andrew Whitmarsh	11/11	3/3
Cr Miles Williams	10/11	3/3
Cr Emma Foulkes Taylor (elected Oct 2015)	6/7	2/2

There were two Special Meetings of Council held during the 2015-16 financial year:

1. Meeting to review Long Term Financial Plan, Corporate Business Plan, Draft Budget;
2. Inspection of Shire roads to help formalise the works programme for 2016-17.

Other internal meetings attended included Audit Committee, Community Advisory Group, Local Emergency Management Committee, Plant Working Group, Wild Dog Working Group, Astrofest Committee, Tender Assessment Panels, Bridge Opening Committee.

External meetings attended as Council representatives included Regional Road Group and Murchison sub Regional Road Group, SKA Stakeholders and WALGA Zone Meeting (Cue Parliament).



## CHIEF EXECUTIVE OFFICER'S REPORT



As I look back over 2015-16 to write this report, I feel that we have achieved a great deal. Council and staff give their all to their roles and I feel blessed to work with such a strong team.

We replaced the 12M Cat grader with a 672G six wheel drive John Deere and replaced the Mitsubishi Canter with an Isuzu NPR 65/45-190 Medium Single Cab - our works crew are pretty impressed with both purchases. We also purchased a Broom's handy hitch roller which has a permanent home on the back of the maintenance grader and has proved to be a valuable tool.

The replacement of the Ballinyoo Bridge was a major project which the community and successive councils and CEO's worked tirelessly to achieve and finally got underway in August 2015, thanks to Royalties for Regions CLGF and Mid West Investment Plan and Roads to Recovery funding. After some early teething problems sourcing gravel, it was completed on the 13<sup>th</sup> January 2016. A span of the original Ballinyoo Bridge, the second oldest concrete bridge in WA, was re-located 300 metres north east of the river – this was a very tense day as the span weighed in at 70 tonne, which was 20 tonne more than anticipated. Surprisingly, none of the spans were attached to the piles – they survived 90 years of driving floods with not even a bar of rio between them and the piles!

Flood damage works got underway on the 9th of March 2016 after some start-up meetings the week before. The work was tendered in three parcels, with one contractor being awarded the two northern parcels and another contractor being awarded the southern parcel. At its Ordinary Meeting in February 2016, Council approved the temporary transfer of funds from the Beringarra Cue Road Reserve as required, up to the value of \$3,000,000, to pay contractors working on the flood damage repair works, to assist with cash flow until WANDRRA funds were received. Those funds were to be returned in full to the Reserve at the earliest possible time. This is reflected in the Financial Statement with our Operating Surplus Ratio showing a -4.39 whereas the basic standard is between 0.01 and 0.15. This is a timing issue with flood damage expenditure of \$4.5 mil occurring in 2015-16 being supported by a transfer from the Reserve of \$2.9 mil, rather than by WANDRRA funding. Looking into the future, this will be returned to the Reserve by December 2016.

The construction crew worked on a dust suppression project in front of Bullardoo Homestead on the Carnarvon Mullewa Road – 1km of road was re-formed and re-sheeted, a grid replaced and a floodway enhanced, in readiness for bitumen seal. They then moved to a section north of the Settlement and reformed and re-sheeted 4km of road in readiness for bitumen seal, including blasting a couple of hills to gain better line of sight. Those two jobs were made possible with Roads to Recovery funding and our Main Roads Road Project Fund went towards re-forming and re-sheeting 6.5km of the Carnarvon Mullewa Road north of the Settlement.

Our tireless maintenance crew have been doing what they do best and keeping our roads in tip top condition. Unfortunately this year, they have had to skip around the flood damage sections, but with the flood damage works well underway, next financial year they will be able to get a good run.



Finally, local contractors completed a bunding project on a section of the Beringarra Pindar road that is prone to flooding, constructed a concrete floodway at the Yarra Yarra crossing on the Carnarvon Mullewa Road and replaced 5 x 4.0 m grids with 8.0 m grids on the Beringarra Pindar Road. The road was assessed for RAV Network 9 access back in 2012, but was found to be wanting in as far as there were narrow grids, narrow creek crossings and an airstrip over the road. Council has been working on replacing grids and widening creek crossings in order to gain the required RAV Network Rating.

Moving away from roadworks, our new laundry and accommodation units for the Murchison Oasis Caravan Park were commissioned in July 2015, just in time for polocrosse and the concreting and retaining walls were completed in October. The laundry and units are a great benefit to the Roadhouse business and we have had many positive comments from the travelling public.

The Murchison Polocrosse Club once again hosted the opening polocrosse game of the 2015 season at the Murchison settlement. Though not as many teams played as in the past due to competing events both in Australia and overseas, the event was a great success as always. The polocrosse club have been successful in winning a grant for a new Equestrian Stabling Centre, which got underway in November 2015 with a burst of community energy. The old stables were almost totally dismantled and the framing for the new stables was completed and erected along with the roofing on one section. What a great community turnout! Several other working bees were held over the next few months, with the stables being completed in time for the 2016 Polocrosse carnival.

The biennial Astrofest, a joint venture between the Shire of Murchison and CSIRO, was held on the 5<sup>th</sup> September 2015. The committee decided to hire caterers for the event instead of catering ourselves, which meant that we had to increase the ticket price. This had an impact on numbers who attended – only about 150 people turned-out, which was a bit disappointing from a money making point of view, but those that were there gave some good feed-back.

The inaugural Shire of Murchison local Planning Strategy and Town Planning Scheme No 1 was granted final approval by the Minister and all administrative protocols associated with finalising the plan are complete. The Shire's planning framework includes the establishment of a 70-kilometre radius Special Control Area centred on the MRO to support the protection of radio astronomy activities. The MRO is the location of the CSIRO's Australian SKA Pathfinder and the international Murchison Widefield Array radio telescopes. The framework balances the needs of this international project, local pastoralists and the community within the Shire of Murchison.

Ordinary Local Government elections were held in October 2015. We had two seats vacant in the Darlot Ward and two vacant in the Ballinyoo Ward, one of which was extraordinary for a two year term. Sitting Councillors Broad and Whitmarsh were elected unopposed in the Darlot Ward and we had three nominations for the two seats in Ballinyoo Ward, so went to election in that ward. We had a 77% voter turn-out, with sitting Councillor Rossco Foulkes-Taylor being re-elected for the four year term and new Councillor, Emma Foulkes-Taylor being elected for the two year term.

The Lawn Bowls Rink was installed and ready for a Christmas party roll. 2015-16 didn't see the rink put to a lot of use and so we are keen for community members to join together and make the most of this great facility.

The Murchison Community got together again at Christmas time, as they always do, for a Community Christmas Tree. This was well-attended and as usual, the local ladies dished up delicious food, which was well appreciated by those who attended. Australia Day saw about 30 people congregate down at the local 'turkeys nest'. A Marquee was set up and a good day was had by all as the crowd celebrated being Australian in a very Australian way.

The Shire of Murchison is one of the very few Local Governments in WA to provide water and power to the community. In 2012, the state government introduced new licensing requirements under the Water Services Act 2012, administered by the Department of Water. The outcome from this for the Shire was that, in order to retain its water as a potable supply, it needed to develop and adhere to a Drinking Water Quality Management Plan (DWQMP). The DWQMP includes a strict testing regime which needs to be done by well-trained personnel. At the time, Council decided that the Plan was too onerous and decided on a second option of labelling the water supply as non-potable. Council has decided to re-visit this decision and have established a Settlement Drinking Water Working Group to investigate options for improving the water supplied at the Settlement. The Group first met in March 2016 and discussed the DWQMP, types of treatment systems, the reticulation network, operational monitoring and maintenance and the catchment. It was decided that the first step would be to ensure that the reticulation network was circular and money was put aside in the 2016/17 budget to improve the reticulation.

A community workshop was held on the afternoon of the 17<sup>th</sup> March 2016 to decide the three W's for the proposed Interpretive Centre – Who, Why, What. Who is our target audience, Why do we want to attract them and What will we interpret? The facilitator prepared a preliminary report which was presented to Council in April to give us some direction going forward.

Your council is well-placed to drive the strategic vision of the community, which is documented in the Shire of Murchison Strategic Community Plan. The plan is due for a full review in the 2016/17 financial year and once again, the community will be invited to participate in a survey and workshop – this is your community and it's important that your voice is heard as we shape its direction for the next four years.

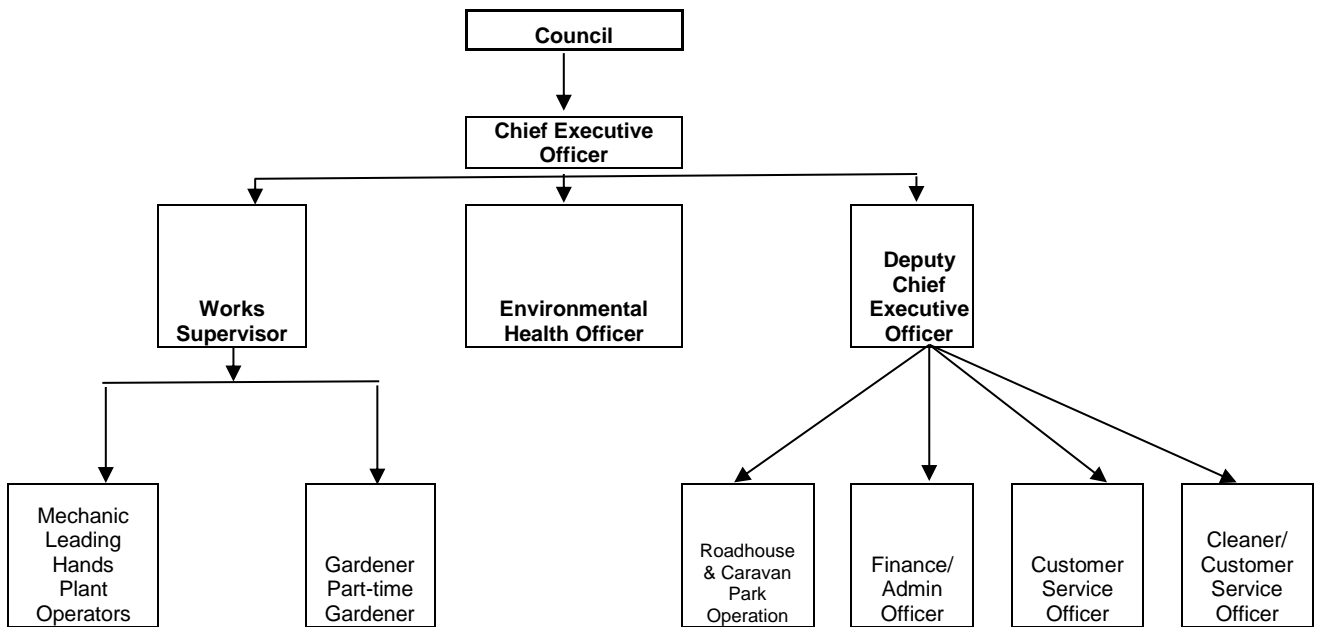


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Dianne Daniels  
Chief Executive Officer  
14 November 2016

# SHIRE OF MURCHISON ORGANISATION STRUCTURE

Structure as at 30<sup>th</sup> June 2016



## **Administration Staff**

Chief Executive Officer  
 Deputy Chief Executive Officer  
 Finance Officer/Administration Officer  
 Customer Service Officer  
 Cleaner/Customer Service Officer (Part Time)

Mrs Dianne Daniels  
 Ms Linda Grey  
 Mrs Sharon Wundenberg  
 Mrs Peta Panting  
 Mrs Vicki Dumbris

## **Works Staff**

Works Supervisor  
 Leading Hand - Construction  
 Leading Hand – Maintenance  
 Mechanic - Trainee  
 Plant Operator  
 Plant Operator  
 Plant Operator (contractor)  
 Plant Operator (contractor)  
 Plant Operator  
 Gardener

Mr Brian Wundenberg  
 Mr Barry Panting  
 Mr Neil Combe  
 Mr Stuart Broad  
 Mr Glen Pinnegar  
 Mr Ivor Dumbris  
 Mr William Herold  
 Mrs Coleen Herold  
 Mr Mark Jones  
 Mr Ryan Prow

## **Environmental Health Officer/Building Surveyor**

Mr Phillip Swain

## **Contract Ranger**

Mr Peter Smith – Canine Control

## PLAN FOR THE FUTURE

Pursuant to Section 5.56 of the Local Government Act 1995 and Regulations 19C and 19DA of the Local Government (Administration) Regulations 1996, “a local government is to ensure that a strategic community plan is made for its district” and “a local government is to ensure that a corporate business plan is made for its district”.

Section 5.53(e) of the Local Government Act 1995 requires local governments to 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 fifteen year Long Term Financial Plan and a four year Corporate Business Plan.

The shire’s vision is ***working together to preserve the unique character of the shire, supporting diverse and sustainable lifestyle and economic opportunities.***

The Strategic Community Plan was originally developed in 2013, after extensive community consultation to cover the four major categories of Economic, Environmental, Social and Civic Leadership. The Plan reflects the Community’s vision for the future and is the principal strategic guide for our future planning and activities. A desktop review of the Plan was undertaken in the latter part of 2014-15 and adopted by Council in June 2015. The purpose of the review was to update the status of ‘Actions taken to Date’ and ‘Actions Planned’ and to address the Key Performance Indicators within each of the four community well-being priorities. A full review will be undertaken before May 2017, when the Community will once again be invited to have their say on the strategic direction of the community for the ensuing years.

There have been no modifications made to the Strategic Community Plan during this reporting period.

The Shire will encounter many challenges and opportunities over the next 15 years. Changes in population levels and demographics bring with them changing community needs and expectations. The Council will require a clear understanding of its capacity to meet these service expectations as it maintains a strong focus on sound financial management. Careful operational planning and prioritisation is required due to limited resources. This planning process is formalised as a Corporate Business Plan which is reviewed annually to assess the progress of projects and to realign actions and priorities with current information and available funding. The 2015-2016 Budget was informed by the Shire of Murchison Long Term Financial Plan 2015-2030 and The Corporate Business Plan 2015-2019, both of which were adopted at the Special Meeting of Council on the 13th August 2015. The Corporate Business Plan 2016-2020 was adopted by Council 19 August 2016 and information regarding major initiatives planned to commence or continue next year, are drawn from that document.

Major items included in the plan for the next four years are:-

Action No	Project	2016-17 \$	2017-18 (\$)	2018-19 (\$)	2019-20 (\$)
<b>Buildings</b>					
1.1.1.3	Museum Cottage Bedroom Addition	10,000	-	-	-
1.2.1.1	Development Plans for Interpretive Centre	50,000	-	-	-
	Interpretive Centre	-	1,500,000	-	-
1.2.1.2	Backpackers Accom and Campers Kitchen	-	-	500,000	-

1.3.1.4	Sheds for Houses	62,000	-	-	-
4.3.1.2	Building Renewals	-	100,000	102,000	104,040
	Admin Office Carports	30,000	-	-	-
	Extend Administration Office	250,000	-	-	-
	<b>Buildings &amp; Improvements Total</b>	<b>402,000</b>	<b>1,600,000</b>	<b>602,000</b>	<b>104,040</b>
				<b>0</b>	
<b>Furniture and Equipment</b>					
1.2.1.2	3 Door Freezer for Roadhouse	10,000	-	-	-
3.3.1.2	Large Flat Screen TV for Community	3,500	-	-	-
4.3.1.2	Racking & Chemical Cabinets for Gardener	8,350	-	-	-
	Furniture & Equipment Renewals	-	15,000	15,300	15,606
	<b>Furniture and Equipment Total</b>	<b>21,850</b>	<b>15,000</b>	<b>15,300</b>	<b>15,606</b>
<b>Other Building &amp; Improvements</b>					
1.1.1.3	Historic Ballinyoo Bridge Span	73,000	-	-	-
	New Loading Ramp	16,500	-	-	-
3.1.1.3	Cemetery Beautification	15,000	-	-	-
4.3.1.2	Improvements to Drinking Water	20,000	-	-	-
	Airport Lighting Upgrade	38,012	-	-	-
	<b>Other Building &amp; Improvements Total</b>	<b>162,512</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plant and Equipment</b>					
4.3.1.2	Other Infrastructure Works	-	7,677	-	-
	Plant & Equipment Renewals - Minor Plant	-	15,000	15,300	15,606
	Plant Replacement – Major Plant	870,672	749,267	895,772	391,840
	<b>Plant and Equipment Total</b>	<b>870,672</b>	<b>771,944</b>	<b>911,072</b>	<b>407,446</b>
<b>Roads</b>					
1.1.1.3	Grids	160,96	-	-	-
	Beringarra - Cue Road Pot-holing	300,00	-	-	-
	Bitumise Carnarvon Mullewa Road SLK 146.535-149.535 2.973km	140,67	-	-	-
	Bitumise Carnarvon Mullewa Road SLK 146.535-149.535 2.973km	2	-	-	-
	Bitumise 5 km South of Ballinyoo Bridge SLK 236.65-241.675 5km	29,109	-	-	-
	Bitumise North of Settlement SLK 149.535-153.390 3.855km	1,651,639	-	-	-
	Bitumise Roads in Settlement	126,04	-	-	-
	Bitumise 1km Bullardoo Dust Supression	7	-	-	-
	Construction as Per Agreed Works	92,037	-	-	-
	Realignment Flood Prone Zone C-M Rd SLK 132.83 - 135.50	79,831	-	-	-
	Realignment Flood Prone Zone C-M Rd SLK 132.83 - 135.50	1,147,	-	-	-
	Reseal 20 km South of Settlement	70,402	-	-	-
	Safety Signage including electronic sign	141,38	-	-	-
	Storage Bunkers for Road Building	6	-	-	-
	Road Construction	373,80	-	-	-
	Road Construction RRG	43,471	-	-	-
	Road Construction RTR	21,157	-	-	-
	Road Renewal	-	1,300,000	1,326,000	1,352,520
		-	180,000	180,000	180,000
		-	960,545	480,273	480,273
		-	29,293	139,645	159,894
	<b>Roads Total</b>	<b>4,378,137</b>	<b>2,469,838</b>	<b>2,125,918</b>	<b>2,172,687</b>
	<b>GRAND TOTAL</b>	<b>5,835,171</b>	<b>4,856,782</b>	<b>3,654,290</b>	<b>2,699,779</b>

## NATIONAL COMPETITION POLICY

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

Local government will also be affected where local laws unnecessarily affect competition.

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

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

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

- Council does not undertake any business enterprises that are classified as either a Public Trading Enterprise or Public Financial Enterprise.
- Competitive neutrality has not been applied to any activities undertaken by the Shire in 2015-16 and no allegations of non-compliance with competitive neutrality principals have been made by any private entity.
- The Shire continues to monitor Council Polices and Local Laws for anti-competitive practices.

## REGISTER OF CERTAIN COMPLAINTS OF MINOR BREACHES

*Local Government Act sections 5.121 and 5.110 (6) (b) or (c)*

The 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, in accordance with s5.120 of the Local Government Act 1995, does not have a designated Complaints Officer and so the Chief Executive Officer fulfils this role in terms of subsection (2).

The Shire reports no complaints as defined under s5.110 (6) (b) or (c) of the Act for the period ending 30 June 2016.

## 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 2015-16.

## DISABILITY ACCESS AND INCLUSION PLAN

The Disability Services Act 1993 states at 29 (2) that a local government or regional local government that has a disability access and inclusion plan must include in its annual report prepared under section 5.53 of the Local Government Act 1995 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 2015-16 are:

1. People with disability have the same opportunities as other people to access the services of and any events organised by a public authority.  
Achievement against Strategies:
  - Feedback is requested via the Shire's website in regard to consultation with people with disability;
  - 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.
2. People with disability have the same opportunities as other people to access the buildings and other facilities of public authority.  
Achievement against Strategies:
  - the Shire has built two new buildings in the reporting period, both with wheelchair access;
  - consideration is given to providing wheelchair access for all new development works;
  - all recreational areas are accessible.
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.  
Achievement against Strategies:
  - All Shire information is available in alternative format upon request;
  - Staff are aware;
  - Website meets contemporary good practice.
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.  
Achievement against Strategies:
  - Staff and Council are aware of disability issues and provide a high standard of customer service to all who attend the Shire.
5. People with disability have the same opportunities as other people to make complaints to public authority.



Achievement against Strategies:

- Grievance mechanisms are in place, but have not yet been utilised by any people with disability.
6. People with disability have the same opportunities as other people to participate in any public consultation by a public authority.

Achievement against Strategies:

- Through our website, people with disability are encouraged to participate in any public consultation.
7. People with disability have the same opportunity as other people to obtain and maintain employment with public authority.

Achievement against Strategies:

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

## **INFORMATION ABOUT CERTAIN EMPLOYEES FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2016**

In accordance with Section 5.53 (2) (g) of the Local government Act 1995 and Regulation 19B of the Local Government (Administration) Regulations 1996, there are three employees entitled to an annual salary of \$100,000 per annum or more.

The following information relates to employee remuneration bands and the number of employees within each band:

<b>Salary Band</b>	<b>Number of Employees</b>
\$100,000 to \$109,999	1
\$110,000 to \$119,999	0
\$120,000 to \$129,999	1
\$130,000 to \$139,999	1

## **FREEDOM OF INFORMATION**

The *Freedom of Information Act 1992* (FOI Act) that came into effect on 1 November 1993, created a general right of access to documents held by state and local government agencies. The FOI Act requires agencies, including local governments, to make available details about the kind of information they hold and enables persons to ensure that personal information held by government agencies about them is "accurate, complete, up to date and not misleading".

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.

An updated information statement will be published at least every twelve months. It is intended that the statement be included in the Annual Report and received each year at the Annual Electors meeting.

Section 96(1) of the Freedom of Information Act 1992 requires each government agency, including local governments, to prepare and publish annually an Information Statement. The Information Statement must set out: -

- The Agency's Mission Statement.
- Details of legislation administered.
- Details of the agency structure.
- Details of decision-making functions.
- Opportunities for public participation in the formulation of policy and performance of agency functions.
- Documents held by the agency.
- The operation of FOI in the agency.

The Shire of Murchison Information Statement 2016 is attached.

## RECORD KEEPING

### Background

The State Records Act 2000 requires that the Shire maintains and disposes of all records in the prescribed matter. An organisation and its employees must comply with the organisations record keeping plan.

The Shire of Murchison 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 shires 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 recordkeeping system and program, and information on their recordkeeping responsibilities.

### Review

The State Records Act 2000 s.28 (5) requires that Records 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 2013 which was submitted to and accepted by the State Records Office. A review of the original plan is underway and will be presented to Council well before the November 2018 deadline.

**SHIRE OF MURCHISON**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

SHIRE OF MURCHISON  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016

LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2016 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the Tenth day of November 2016



---

Dianne Daniels  
Chief Executive Officer

**SHIRE OF MURCHISON**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>				
Rates	23	372,152	328,523	308,201
Operating grants, subsidies and contributions	30	5,163,850	9,716,548	8,854,014
Fees and charges	29	221,016	250,119	346,381
Interest earnings	2(a)	173,855	176,690	304,227
Other revenue	2(a)	126,624	3,000	437,473
		<u>6,057,497</u>	<u>10,474,880</u>	<u>10,250,296</u>
<b>Expenses</b>				
Employee costs		(992,211)	(1,250,187)	(1,125,044)
Materials and contracts		(5,300,383)	(8,687,591)	(4,527,952)
Utility charges		0	0	(2,202)
Depreciation on non-current assets	2(a)	(3,210,329)	(2,176,293)	(2,319,417)
Insurance expenses		(171,171)	(172,181)	(186,145)
Other expenditure		(122,558)	(181,677)	(145,659)
		<u>(9,796,652)</u>	<u>(12,467,929)</u>	<u>(8,306,419)</u>
		(3,739,155)	(1,993,049)	1,943,877
Non-operating grants, subsidies and contributions	30	1,472,999	1,738,878	1,106,817
Profit on asset disposals	21	0	14,405	0
(Loss) on asset disposals	21	(94,903)	(157,454)	(507)
(Loss) on revaluation of furniture and equipment	6(b)	(24,579)	0	0
<b>Net result</b>		<u><b>(2,385,638)</b></u>	<u><b>(397,220)</b></u>	<u><b>3,050,187</b></u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	(14,218)	0	13,230,385
<b>Total other comprehensive income</b>		<u><b>(14,218)</b></u>	<u><b>0</b></u>	<u><b>13,230,385</b></u>
<b>Total comprehensive income</b>		<u><u><b>(2,399,856)</b></u></u>	<u><u><b>(397,220)</b></u></u>	<u><u><b>16,280,572</b></u></u>

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 30TH JUNE 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>				
Governance		13,500	9,500	110,365
General purpose funding		2,228,128	2,243,150	5,781,602
Law, order, public safety		10,746	2,950	3,711
Housing		3,345	4,125	3,420
Community amenities		255	0	0
Recreation and culture		3,140	1,500	4,095
Transport		3,454,470	7,827,436	3,984,616
Economic services		234,170	261,219	232,935
Other property and services		109,743	125,000	129,552
		<u>6,057,497</u>	<u>10,474,880</u>	<u>10,250,296</u>
<b>Expenses</b>				
Governance		(394,462)	(458,184)	(376,789)
General purpose funding		(28,883)	(31,555)	(29,537)
Law, order, public safety		(85,007)	(76,999)	(44,071)
Health		(23,710)	(27,411)	(13,700)
Housing		(11,110)	0	0
Community amenities		(69,063)	(77,583)	(57,463)
Recreation and culture		(263,909)	(355,697)	(270,500)
Transport		(8,097,051)	(10,591,801)	(6,681,130)
Economic services		(771,331)	(841,908)	(766,188)
Other property and services		(52,126)	(6,791)	(67,041)
		<u>(9,796,652)</u>	<u>(12,467,929)</u>	<u>(8,306,419)</u>
		<u>(3,739,155)</u>	<u>(1,993,049)</u>	<u>1,943,877</u>
Non-operating grants, subsidies and contributions	30	1,472,999	1,738,878	1,106,817
Profit on disposal of assets	21	0	14,405	0
(Loss) on disposal of assets	21	(94,903)	(157,454)	(507)
(Loss) on revaluation of furniture and equipment	6(b)	(24,579)	0	0
<b>Net result</b>		<u><b>(2,385,638)</b></u>	<u><b>(397,220)</b></u>	<u><b>3,050,187</b></u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	(14,218)	0	13,230,385
<b>Total other comprehensive income</b>		<u><b>(14,218)</b></u>	<u><b>0</b></u>	<u><b>13,230,385</b></u>
<b>Total comprehensive income</b>		<u><u><b>(2,399,856)</b></u></u>	<u><u><b>(397,220)</b></u></u>	<u><u><b>16,280,572</b></u></u>

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

**SHIRE OF MURCHISON  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2016**

	NOTE	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	4,510,486	11,203,861
Trade and other receivables	4	3,132,342	663,554
Inventories	5	153,985	136,331
<b>TOTAL CURRENT ASSETS</b>		<u>7,796,813</u>	<u>12,003,746</u>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4	1,795	1,795
Property, plant and equipment	6	10,953,905	11,434,605
Infrastructure	7	70,999,204	67,692,635
<b>TOTAL NON-CURRENT ASSETS</b>		<u>81,954,904</u>	<u>79,129,035</u>
<b>TOTAL ASSETS</b>		<u>89,751,717</u>	<u>91,132,781</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	1,484,138	450,828
Provisions	10	111,432	127,157
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,595,570</u>	<u>577,985</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	10	26,774	25,567
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>26,774</u>	<u>25,567</u>
<b>TOTAL LIABILITIES</b>		<u>1,622,344</u>	<u>603,552</u>
<b>NET ASSETS</b>		<u>88,129,373</u>	<u>90,529,229</u>
<b>EQUITY</b>			
Retained surplus		27,480,745	27,566,566
Reserves - cash backed	12	2,081,115	4,380,932
Revaluation surplus	13	58,567,513	58,581,731
<b>TOTAL EQUITY</b>		<u>88,129,373</u>	<u>90,529,229</u>

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



**SHIRE OF MURCHISON  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2014</b>		<b>24,142,608</b>	<b>4,754,703</b>	<b>45,351,346</b>	<b>74,248,657</b>
Comprehensive income					
Net result		3,050,187	0	0	3,050,187
Changes on revaluation of assets	13	0	0	13,230,385	13,230,385
Total comprehensive income		<u>3,050,187</u>	<u>0</u>	<u>13,230,385</u>	<u>16,280,572</u>
Transfers from/(to) reserves		373,771	(373,771)	0	0
		<u>373,771</u>	<u>(373,771)</u>	<u>0</u>	<u>0</u>
<b>Balance as at 30 June 2015</b>		<b>27,566,566</b>	<b>4,380,932</b>	<b>58,581,731</b>	<b>90,529,229</b>
Comprehensive income					
Net result		(2,385,638)	0	0	(2,385,638)
Changes on revaluation of assets	13	0	0	(14,218)	(14,218)
Total comprehensive income		<u>(2,385,638)</u>	<u>0</u>	<u>(14,218)</u>	<u>(2,399,856)</u>
Transfers from/(to) reserves		2,299,817	(2,299,817)	0	0
		<u>2,299,817</u>	<u>(2,299,817)</u>	<u>0</u>	<u>0</u>
<b>Balance as at 30 June 2016</b>		<b><u>27,480,745</u></b>	<b><u>2,081,115</u></b>	<b><u>58,567,513</u></b>	<b><u>88,129,373</u></b>

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

**SHIRE OF MURCHISON  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		375,838	333,523	329,286
Operating grants, subsidies and contributions		2,985,061	9,793,518	8,425,891
Fees and charges		221,016	250,119	346,381
Interest earnings		173,855	176,690	304,227
Goods and services tax		403,241	866,777	554,878
Other revenue		126,624	3,000	423,339
		<u>4,285,635</u>	<u>11,423,627</u>	<u>10,384,002</u>
<b>Payments</b>				
Employee costs		(1,008,899)	(1,251,689)	(1,430,745)
Materials and contracts		(4,282,557)	(8,486,089)	(4,380,617)
Utility charges		0	0	(2,202)
Insurance expenses		(171,171)	(172,181)	(186,145)
Goods and services tax		(696,926)	(866,777)	(779,999)
Other expenditure		(122,558)	(181,677)	(145,659)
		<u>(6,282,111)</u>	<u>(10,958,413)</u>	<u>(6,925,367)</u>
<b>Net cash provided by (used in) operating activities</b>	14(b)	<u>(1,996,476)</u>	<u>465,214</u>	<u>3,458,635</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(768,607)	(1,557,274)	(1,575,243)
Payments for construction of infrastructure		(5,534,927)	(7,312,751)	(2,152,501)
Non-operating grants, subsidies and contributions		1,472,999	1,738,878	1,106,817
Proceeds from sale of fixed assets		133,636	170,850	18,182
<b>Net cash provided by (used in) investment activities</b>		<u>(4,696,899)</u>	<u>(6,960,297)</u>	<u>(2,602,745)</u>
<b>Net increase (decrease) in cash held</b>		(6,693,375)	(6,495,083)	855,890
Cash at beginning of year		11,203,861	11,203,861	10,347,971
<b>Cash and cash equivalents at the end of the year</b>	14(a)	<u>4,510,486</u>	<u>4,708,778</u>	<u>11,203,861</u>

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

**SHIRE OF MURCHISON  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2016**

NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>	<u>7,104,899</u> 7,104,899	<u>7,104,899</u> 7,104,899	<u>5,106,080</u> 5,106,080
<b>Revenue from operating activities (excluding rates)</b>			
Governance	13,500	9,500	110,365
General purpose funding	1,855,976	1,914,627	5,473,401
Law, order, public safety	10,746	2,950	3,711
Housing	3,345	4,125	3,420
Community amenities	255	0	0
Recreation and culture	3,140	1,500	4,095
Transport	3,454,470	7,841,841	3,984,616
Economic services	234,170	261,219	232,935
Other property and services	109,743	125,000	129,552
	<u>5,685,345</u>	<u>10,160,762</u>	<u>9,942,095</u>
<b>Expenditure from operating activities</b>			
Governance	(394,462)	(458,184)	(376,789)
General purpose funding	(28,883)	(31,555)	(29,537)
Law, order, public safety	(85,007)	(76,999)	(44,071)
Health	(23,710)	(27,411)	(13,700)
Housing	(11,110)	0	0
Community amenities	(69,063)	(77,583)	(57,463)
Recreation and culture	(276,693)	(355,697)	(270,500)
Transport	(8,179,170)	(10,749,255)	(6,681,637)
Economic services	(771,331)	(841,908)	(766,188)
Other property and services	(52,126)	(6,791)	(67,041)
	<u>(9,891,555)</u>	<u>(12,625,383)</u>	<u>(8,306,926)</u>
<b>Operating activities excluded from budget</b>			
(Profit) on disposal of assets	21	0	(14,405)
Loss on disposal of assets	21	94,903	157,454
Movement in deferred pensioner rates (non-current)		0	0
Movement in employee benefit provisions (non-current)		2,006	0
Depreciation and amortisation on assets	2(a)	3,210,329	2,176,293
<b>Amount attributable to operating activities</b>		<u>6,205,927</u>	<u>6,959,620</u>
<b>INVESTING ACTIVITIES</b>			
Non-operating grants, subsidies and contributions		1,472,999	1,738,878
Proceeds from disposal of assets	21	133,636	170,850
Purchase of property, plant and equipment	6(b)	(768,607)	(1,557,274)
Purchase and construction of infrastructure	7(b)	(5,534,927)	(7,312,751)
<b>Amount attributable to investing activities</b>		<u>(4,696,899)</u>	<u>(6,960,297)</u>
<b>FINANCING ACTIVITIES</b>			
Transfers to reserves (restricted assets)	12	(3,654,416)	(918,806)
Transfers from reserves (restricted assets)	12	5,954,233	590,960
<b>Amount attributable to financing activities</b>		<u>2,299,817</u>	<u>(327,846)</u>
<b>Surplus(deficiency) before general rates</b>		<u>3,808,845</u>	<u>(328,523)</u>
<b>Total amount raised from general rates</b>	23	<u>372,152</u>	<u>328,523</u>
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	24	<u><u>4,180,997</u></u>	<u><u>0</u></u>
		<u><u>7,104,899</u></u>	<u><u>5,106,080</u></u>

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

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) 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), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

**Critical accounting estimates**

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

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

**Provision for impairment of receivables**

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent revenue experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

**Provision for the impairment of inventories**

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent revenue experience, the ageing of inventories and other factors that affect inventory obsolescence.

**Estimation of useful lives of assets**

The Council determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and infrastructure. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

**Employee benefits provision**

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

**The local government reporting entity**

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 20 to these financial statements.

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(b) 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.

**(c) 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 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.

**(d) 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.

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.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

**(e) Inventories**

***General***

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

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

***Land held for sale***

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

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

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

**(f) Fixed Assets**

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

***Mandatory requirement to revalue non-current assets***

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

***Land under control***

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

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

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

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

***Revaluation***

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 asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

***Land under roads***

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

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

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

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

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

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Depreciation***

The depreciable amount of all fixed assets including buildings but excluding freehold 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.

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) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset are:

Buildings	20 years
Furniture and Equipment	5 to 20 years
Plant and Equipment	5 to 10 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
clearing and formation	not depreciated
construction/road base	50 years
gravel sheet	8 years
Formed roads (unsealed)	
clearing and earthworks	not depreciated
construction/road base	50 years
Water supply piping & drainage systems	75 years

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.

***Capitalisation threshold***

Expenditure on items of equipment under \$2,000 is not capitalised. Rather, it is recorded on an asset inventory listing.



**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fair Value of Assets and Liabilities**

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

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.

***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.

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fair Value of Assets and Liabilities (Continued)**

**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 an asset at its current service capacity.

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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

**(h) Financial Instruments**

***Initial recognition and measurement***

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

***Classification and subsequent measurement***

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

***Classification and subsequent measurement (continued)***

*(i) Financial assets at fair value through profit and loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

*(iv) Available-for-sale financial assets*

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

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

*(v) Financial liabilities*

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

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

***Impairment***

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

***Derecognition***

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

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.

**(i) Impairment of Assets**

In accordance with Australian Accounting Standards the Shire's 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 assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

**(j) Trade and Other Payables**

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

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Employee Benefits**

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. 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.

**(l) 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.

**(m) 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.

**(n) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(o) Investment in Associates**

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

**(p) Interests in Joint Arrangements**

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 17.

**(q) Rates, Grants, Donations and Other Contributions**

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

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

Control of non-operating grants arises where the Shire can benefit from funds transferred to it and deny or regulate the access of the others to those benefits. Therefore, control arises when the Shire can use funds granted or transferred to purchase goods and services or retain those funds for future purposes.

***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 services, photocopying charges, licenses, sale of goods or information, fines, penalties and administration of fees.

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(q) Rates, Grants, Donations and Other Contributions (Continued)**

***Service Charges***

Service charges imposed under Division 6 of Part 6 of the Local Government Act 1995, Regulation 54 of the Local Government (Financial Management) Regulation identifies the charges which can be raised. These are television and radio broadcasting, underground electricity, property surveillance and security and water services. Excludes rubbish removal and charges for the provision of waste services.

***Interest earnings***

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on arrears and interest on debtors.

***Other Revenue***

Other revenue, which cannot be classified under the above headings, includes dividends, discounts, rebates, etc.

**(r) 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.

**(s) Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

**(t) Rounding Off Figures**

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

**(u) 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 statement, 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.

**(v) 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.

**SHIRE OF MURCHISON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods**

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

Management's assessment of the new and amended pronouncements that are relevant to the Shire, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.</p>
(iii) AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.</p>



**SHIRE OF MURCHISON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
<p>(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations</p> <p>[AASB 1 &amp; AASB 11]</p>	August 2014	1 January 2016	<p>This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.</p>
<p>(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation</p> <p>[AASB 116 &amp; 138]</p>	August 2014	1 January 2016	<p>This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p> <p>Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.</p>
<p>(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15</p>	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>

**SHIRE OF MURCHISON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
<p>(vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101</p> <p>[AASB 7, 101, 134 &amp; 1049]</p>	<p>January 2015</p>	<p>1 January 2016</p>	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.</p>
<p>(viii) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</p> <p>[AASB 10, 124 &amp; 1049]</p>	<p>March 2015</p>	<p>1 July 2016</p>	<p>The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.</p>

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

**SHIRE OF MURCHISON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(x) Adoption of New and Revised 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 new and revised standards were as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities



**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(b) Statement of Objective**

In order to discharge its responsibilities to the community, the Shire has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

**COMMUNITY VISION**

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life.

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

**GOVERNANCE**

**Objective:**

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

**Activities:**

Administration and operation of facilities and services to members of council. Other costs that relate to the task of assisting elected members and electors on matters which do not concern specific council services.

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

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

**Activities:**

Supervision of various by-laws, fire prevention and animal control.

**HEALTH**

**Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

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. Analytical services.

**EDUCATION AND WELFARE**

**Objective:**

To provide services to disadvantaged persons, the elderly, children and youth.

**Activities:**

Support of education facilities within the Shire and of any external resources necessary to assist with education programmes for all residents.

**HOUSING**

**Objective:**

To provide and maintain staff housing.

**Activities:**

Provision and maintenance of staff housing.

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(b) Statement of Objective (Continued)**

**COMMUNITY AMENITIES**

**Objective:**

To provide services required by the community.

**Activities:**

Maintain a refuse site for the settlement.

**RECREATION AND CULTURE**

**Objective:**

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

**Activities:**

Provide a library and museum and operation thereof. Maintain recreation centre, sports field, parks, gardens and other recreational facilities.

**TRANSPORT**

**Objective:**

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

**Activities:**

Construction and maintenance of roads, drainage works and traffic signs. Maintenance of settlement airstrip.

**ECONOMIC SERVICES**

**Objective:**

To help promote the shire and its economic wellbeing.

**Activities:**

Building control, provision of power and water supplies. Supply and maintenance of television re-broadcasting installation. Provision of radio communication. Maintenance of caravan park. Vermin control and area promotion.

**OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control Shire's overheads operating accounts.

**Activities:**

Private works operation, plant repair and operation costs.

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(c) Conditions Over Grants/Contributions**

Grant/Contribution	Function/ Activity	Opening Balance <sup>(1)</sup> 1/07/14 \$	Received <sup>(2)</sup> 2014/15 \$	Expended <sup>(3)</sup> 2014/15 \$	Closing Balance <sup>(1)</sup> 30/06/15 \$	Received <sup>(2)</sup> 2015/16 \$	Expended <sup>(3)</sup> 2015/16 \$	Closing Balance 30/06/16 \$
DLG - Cat Act Implementation Grant	Law, Order & Public Safety	520	0	(520)	0	0	0	0
Department of Planning	Community Amenities	9,366	55,000	(23,440)	40,926	0	(25,626)	15,300
MWIP- Ballinyoo Bridge	Transport	3,400,000	0	0	3,400,000	0	(1,855,731)	1,544,269 *
CSIRO - Road Contribution	Transport	499,000	0	(189,635)	309,365	0	(15,681)	293,684
CLGF R4R 11-12 Regional	Transport	385,937	385,937	0	771,874	0	(771,874)	0
Roads to Recovery 14-15	Transport	0	396,939	(215,416)	181,523	0	(181,523)	0
R4R 12-13 Individual Reinstated	Recreation and Culture	0	120,000	(115,152)	4,848	0	(4,848)	0
Regional Grants Scheme - Stabling	Recreation and Culture	0	42,300	0	42,300	0	(42,300)	0
R4R 12-13 Reinstate Laundry & Accomodation Units	Community Amenities	0	385,851	(272,235)	113,616	0	(113,616)	0
R2R - Bridge	Transport	0	0	0	0	0	(500,000)	0
Regional Development - Bridge	Transport	0	0	0	0	100,000	0	100,000
MRWA - Specific Project	Transport	0	0	0	0	124,800	(124,800)	0
DFES - Operating Grant	Law, Order & Public Safety	0	0	0	0	8,546	(8,546)	0
WANDRRA	Transport	0	0	0	0	630,392	(630,392)	0
MRWA - RRG	Transport	0	0	0	0	170,200	(170,200)	0
Roads to Recovery - 15-16	Transport	0	0	0	0	800,999	(800,999)	0
		0		0				
<b>Total</b>		<u><u>4,294,823</u></u>	<u><u>1,386,027</u></u>	<u><u>(816,398)</u></u>	<u><u>4,864,452</u></u>	<u><u>2,334,937</u></u>	<u><u>(5,246,136)</u></u>	<u><u>1,953,253</u></u>

**Notes:**

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

\* - At 30 June 2016 the Shire had committed this funding for use in accordance with the funding agreement.

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	Note	2016 \$	2015 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		476,118	1,958,477
Restricted		<u>4,034,368</u>	<u>9,245,384</u>
		<u>4,510,486</u>	<u>11,203,861</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	12	60,869	60,070
Plant reserve	12	785,711	515,931
Building reserve	12	133,437	131,686
Transaction Centre Reserve	12	6,250	6,169
Ballinyoo Bridge Reserve	12	15,016	14,819
Beringarra - Cue Road Reserve Term Deposit	12	752,513	3,268,337
Beringarra - Cue Road Reserve	12	36,319	383,920
Flood Damage Reserve	12	124,861	0
CSIRO Beringarra Pindar Reserve	12	166,139	0
Unspent grants	2(c)	<u>1,953,253</u>	<u>4,864,452</u>
		<u>4,034,368</u>	<u>9,245,384</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates outstanding		5,247	8,933
Sundry debtors		2,655,956	477,167
GST receivable		<u>471,139</u>	<u>177,454</u>
		<u>3,132,342</u>	<u>663,554</u>
<b>Non-current</b>			
Rates outstanding - pensioners		<u>1,795</u>	<u>1,795</u>
		<u>1,795</u>	<u>1,795</u>
The ageing of the past due but not impaired receivables are as follows:			
0 to 3 months overdue		0	9,715
3 to 6 months overdue		0	0
Over 6 months overdue		<u>7,042</u>	<u>10,728</u>
		<u>7,042</u>	<u>20,443</u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Fuel and materials		152,096	135,631
History books		<u>1,889</u>	<u>700</u>
		<u>153,985</u>	<u>136,331</u>



**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
Non specialised Buildings and Improvements at:		
- Independent valuation 2013 - level 2	7,721,000	7,721,000
- Management valuation 2013 - level 3	34,528	34,528
- Additions after valuation - cost	983,781	770,704
Less: accumulated depreciation	<u>(1,049,287)</u>	<u>(674,618)</u>
	<u>7,690,022</u>	<u>7,851,614</u>
	<u>7,690,022</u>	<u>7,851,614</u>
 Total land and buildings	 <u>7,690,022</u>	 <u>7,851,614</u>
Furniture and equipment at:		
- Management valuation 2013 - level 3	0	5,736
- Independent valuation 2016 - level 2	22,500	0
- Management valuation 2016 - level 3	85,719	0
- Additions after valuation - cost	0	139,901
Less accumulated depreciation	<u>0</u>	<u>(3,680)</u>
	<u>108,219</u>	<u>141,957</u>
Plant and equipment at:		
- Independent valuation 2013 - level 2	0	2,556,370
- Management valuation 2013 - level 3	0	405,994
- Independent valuation 2016 - level 2	3,049,980	0
- Management valuation 2016 - level 3	99,149	0
- Additions after valuation - cost	0	1,402,707
Less accumulated depreciation	<u>0</u>	<u>(924,037)</u>
	<u>3,149,129</u>	<u>3,441,034</u>
 Work in Progress	 <u>6,535</u>	 <u>0</u>
	<u>6,535</u>	<u>0</u>
	<u>10,953,905</u>	<u>11,434,605</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Movements in Carrying Amounts**

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Non specialised Buildings and Improvements	7,851,614	232,076	(12,783)	0	0	0	(380,885)	7,690,022
<b>Total buildings</b>	<b>7,851,614</b>	<b>232,076</b>	<b>(12,783)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(380,885)</b>	<b>7,690,022</b>
<b>Total land and buildings</b>	<b>7,851,614</b>	<b>232,076</b>	<b>(12,783)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(380,885)</b>	<b>7,690,022</b>
Furniture and equipment	141,957	5,696	0		(24,579)	0	(14,855)	108,219
Plant and equipment	3,441,034	524,300	(215,756)	(14,218)	0	0	(586,231)	3,149,129
Work in Progress	0	6,535	0		0	0	0	6,535
<b>Total property, plant and equipment</b>	<b>11,434,605</b>	<b>768,607</b>	<b>(228,539)</b>	<b>(14,218)</b>	<b>(24,579)</b>	<b>0</b>	<b>(981,971)</b>	<b>10,953,905</b>

**SHIRE OF MURCHISON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(c) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
Non specialised Buildings and Improvements	3	Improvements to land valued using cost approach using depreciated replacement cost	Management valuation	June 2013	Improvements to land using residual values and remaining useful life assessments (Level 3) inputs
Non specialised Buildings and Improvements	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Management valuation	June 2013	Improvements to land using construction costs and current condition (Level 2)
<b>Furniture and equipment</b>					
- Independent valuation 2016	2	Market approach using recent observable market data for similar assets	Independent valuer	June 2016	Market price per item
- Management valuation 2016	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Plant and equipment</b>					
- Independent valuation 2016	2/3	Market approach using recent observable market data for similar assets	Independent valuer	June 2016	Market price per item
- Management valuation 2013	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>7 (a). INFRASTRUCTURE</b>		
Roads		
- Management valuation 2015 - level 3	77,176,815	77,176,815
- Additions after valuation at cost	2,348,131	629,526
Less accumulated depreciation	<u>(12,540,942)</u>	<u>(10,329,123)</u>
	<u>66,984,004</u>	<u>67,477,218</u>
Work In Progress		
- Cost	0	215,417
Less accumulated depreciation	<u>0</u>	<u>0</u>
	0	215,417
Ballinyoo Bridge		
- Cost	4,031,740	0
Less accumulated depreciation	<u>(16,540)</u>	<u>0</u>
	4,015,200	0
	<u>70,999,204</u>	<u>67,692,635</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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 infrastructure to be shown at fair value.

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**7. INFRASTRUCTURE (Continued)**

**(b) Movements in Carrying Amounts**

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

	<b>Balance as at the Beginning of the Year</b>	<b>Additions</b>	<b>(Disposals)</b>	<b>Impairment (Losses)/ Reversals</b>	<b>Depreciation (Expense)</b>	<b>Transfers</b>	<b>Carrying Amount at the End of the Year</b>
	\$	\$	\$	\$	\$	\$	\$
Roads	67,477,218	1,718,604	0	0	(2,211,818)	0	66,984,004
Work In Progress	215,417	0	0	0	0	(215,417)	0
Ballinyoo Bridge	0	3,816,323	0	0	(16,540)	215,417	4,015,200
<b>Total infrastructure</b>	<b><u>67,692,635</u></b>	<b><u>5,534,927</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>(2,228,358)</u></b>	<b><u>0</u></b>	<b><u>70,999,204</u></b>

**SHIRE OF MURCHISON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
<b>Roads</b>	3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	1,411,853	98,033
Accrued salaries and wages	7,637	0
ATO liabilities	29,246	39,053
Accrued Expenses	12,855	291,195
Superannuation Liability	22,547	22,547
	<u>1,484,138</u>	<u>450,828</u>

**9. LONG-TERM BORROWINGS**

The Shire did not have any long term borrowings at the reporting date.

**10. PROVISIONS**

	<b>Provision for Annual Leave \$</b>	<b>Provision for Long Service Leave \$</b>	<b>Total \$</b>
<b>Opening balance at 1 July 2015</b>			
Current provisions	74,793	52,364	127,157
Non-current provisions	0	25,567	25,567
	<u>74,793</u>	<u>77,931</u>	<u>152,724</u>
Additional provision	72,062	8,278	80,340
Amounts used	(68,877)	(25,981)	(94,858)
<b>Balance at 30 June 2016</b>	<u>77,978</u>	<u>60,228</u>	<u>138,206</u>
<b>Comprises</b>			
Current	77,978	33,454	111,432
Non-current	0	26,774	26,774
	<u>77,978</u>	<u>60,228</u>	<u>138,206</u>

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**12. RESERVES - CASH BACKED**

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Leave reserve	60,070	799	0	60,869	60,069	1,502	0	61,571	58,900	1,170	0	60,070
Plant reserve	515,931	691,280	(421,500)	785,711	515,930	697,320	(590,960)	622,290	521,473	0	(5,542)	515,931
Building reserve	131,686	1,751	0	133,437	131,686	3,292	0	134,978	277,304	0	(145,618)	131,686
Transaction Centre Reserve	6,169	81	0	6,250	6,169	154	0	6,323	6,049	120	0	6,169
Ballinyoo Bridge Reserve	14,819	197	0	15,016	14,820	371	0	15,191	14,531	288	0	14,819
Beringarra - Cue Road Reserve Term Deposit	3,268,337	64,439	(2,580,263)	752,513	3,268,337	81,708	0	3,350,045	3,876,446	125,811	(733,920)	3,268,337
Beringarra - Cue Road Reserve	383,920	2,604,869	(2,952,470)	36,319	383,921	9,598	0	393,519	0	383,920	0	383,920
Flood Damage Reserve	0	124,861	0	124,861	0	124,861	0	124,861	0	0	0	0
CSIRO Beringarra Pindar Reserve	0	166,139	0	166,139	0	0	0	0	0	0	0	0
	<u>4,380,932</u>	<u>3,654,416</u>	<u>(5,954,233)</u>	<u>2,081,115</u>	<u>4,380,932</u>	<u>918,806</u>	<u>(590,960)</u>	<u>4,708,778</u>	<u>4,754,703</u>	<u>511,309</u>	<u>(885,080)</u>	<u>4,380,932</u>

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

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

Name of Reseve	Anticipated date of use	Purpose of the reserve
Leave reserve	N/A	- to be used to fund annual and long service leave requirements
Plant reserve	N/A	- to be used for the purchase of major plant.
Building reserve	N/A	- to be used for the construction and maintenance of buildings.
Transaction Centre Reserve	30.6.2017	- to be used for the development of the Central Business District.
Ballinyoo Bridge Reserve	30.6.2017	- to be used for the replacement of bridge 837.
Beringarra - Cue Road Reserve Term Deposit	30.6.2020	- to be used for the maintenance and repair of Beringarra - Cue Road. Contribution at the end of the Crosslands Road Train Permit to assist with the eventual conversion of the road back to gravel. Council approved the temporary transfer of up to \$3 million from this reserve to fund flood damage works. The funds are to be repaid to the reserve as cash flows allow.
Beringarra - Cue Road Reserve	30.6.2020	- to be used for the maintenance and repair of Beringarra - Cue Road. Contribution at the end of the Crosslands Road Train Permit to assist with the eventual conversion of the road back to gravel. Council approved the temporary transfer of up to \$3 million from this reserve to fund flood damage works. The funds are to be repaid to the reserve as cash flows allow.
Flood Damage Reserve	N/A	- to be used towards the "trigger"point for WANDRRA funded flood damage works.
CSIRO Beringarra Pindar Reserve	30.6.2018	- to be used as additional maintenance works on the road due to CSIRO traffic



**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**13. REVALUATION SURPLUS**

	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>
	<b>Opening</b>	<b>Revaluation</b>	<b>Revaluation</b>	<b>Movement on</b>	<b>Closing</b>	<b>Opening</b>	<b>Revaluation</b>	<b>Revaluation</b>	<b>Movement on</b>	<b>Closing</b>
	<b>Balance</b>	<b>Increment</b>	<b>Decrement</b>	<b>Revaluation</b>	<b>Balance</b>	<b>Balance</b>	<b>Increment</b>	<b>Decrement</b>	<b>Revaluation</b>	<b>Balance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Buildings and Improvements	5,723,873	0	0	0	5,723,873	5,723,873	0	0	0	5,723,873
Plant and Equipment	1,369,665	0	(14,218)	(14,218)	1,355,447	1,369,665	0	0	0	1,369,665
Roads	51,488,193	0	0	0	51,488,193	38,257,808	13,230,385	0	13,230,385	51,488,193
	<u>58,581,731</u>	<u>0</u>	<u>(14,218)</u>	<u>(14,218)</u>	<u>58,567,513</u>	<u>45,351,346</u>	<u>13,230,385</u>	<u>0</u>	<u>13,230,385</u>	<u>58,581,731</u>

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**14. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) 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:

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Cash and cash equivalents	<u>4,510,486</u>	<u>4,708,778</u>	<u>11,203,861</u>

**(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result**

Net result	(2,385,638)	(397,220)	3,050,187
Non-cash flows in Net result:			
Depreciation	3,210,329	2,176,293	2,319,417
(Profit)/Loss on sale of asset	94,903	143,049	507
Loss on revaluation of fixed assets	24,579	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(2,468,788)	81,970	(646,293)
(Increase)/Decrease in inventories	(17,654)	(15,222)	10,226
Increase/(Decrease) in payables	1,033,310	216,724	(191,599)
Increase/(Decrease) in provisions	(14,518)	(1,502)	23,007
Grants contributions for the development of assets	<u>(1,472,999)</u>	<u>(1,738,878)</u>	<u>(1,106,817)</u>
Net cash from operating activities	<u>(1,996,476)</u>	<u>465,214</u>	<u>3,458,635</u>

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	100,000	100,000
Bank overdraft at balance date	0	0
Credit card limit	5,000	5,000
Credit card balance at balance date	<u>(428)</u>	<u>0</u>
<b>Total amount of credit unused</b>	<u>104,572</u>	<u>105,000</u>

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**15. CONTINGENT LIABILITIES**

The Shire is not aware of any contingent liabilities.

**16. CAPITAL AND LEASING COMMITMENTS**

**(a) Operating Lease Commitments**

The Shire did not have any future operating lease commitments at the reporting date.

**(b) Capital Expenditure Commitments**

The Shire did not have any future capital expenditure commitments at the reporting date, except for, the restrictions imposed by regulations or other externally imposed requirements disclosed in note 3.

**17. JOINT VENTURE ARRANGEMENTS**

The Shire is not involved in any joint venture arrangements.

**18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Governance	1,814,256	2,999,700
General purpose funding	8,323	188,182
Law, order, public safety	264,160	149,467
Health	12,240	11,986
Housing	1,329,553	1,501,037
Community amenities	50,286	42,651
Recreation and culture	1,399,715	1,368,035
Transport	82,406,510	79,853,699
Economic services	2,219,994	2,199,437
Other property and services	246,680	2,818,587
	<u>89,751,717</u>	<u>91,132,781</u>

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	2016	2015	2014
<b>19. FINANCIAL RATIOS</b>			
Current ratio	2.45	5.33	2.12
Asset sustainability ratio	0.14	0.09	0.13
Debt service cover ratio	N/A	N/A	N/A
Operating surplus ratio	(4.39)	1.41	4.64
Own source revenue coverage ratio	0.09	0.17	0.16

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 sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

**Notes:**

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 54 of this document.

One of the 2016 and 2015 ratios disclosed above are distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$1,288,632.

The early payment was considered to be "one-off" and if recognised in the year to which the allocation related the calculations in the 2016 and 2015 columns above would be as follows:

	2016	2015
Debt service cover ratio	N/A	N/A
Operating surplus ratio	(2.92)	0.48

**SHIRE OF MURCHISON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**20. TRUST FUNDS**

Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
Housing bonds	6,350	131,800	(100,800)	37,350
Police Licencing Collection	0	7,770	(7,770)	0
BCITF	0	676	(676)	0
Crosslands Murchison Community Fund	371,825	8,550	(5)	380,370
Nomination Deposit	0	400	(400)	0
Social Club	8,162	3,505	(6,871)	4,796
	<u>386,337</u>			<u>422,516</u>

**21. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
<b>Plant and Equipment</b>								
<b>Recreation and culture</b>								
Polo Stables Lot 13003	12,784	0	0	(12,784)	0	0	0	0
<b>Transport</b>								
MU51 Cat 12m Grader (2008)	184,241	120,000	0	(64,241)	185,162	90,000	0	(95,162)
01MU Canter Maint	31,514	13,636	0	(17,878)	30,746	10,000	0	(20,746)
MU2004 Low Loader 2001	0	0	0	0	67,264	30,000	0	(37,264)
Generator Perkins	0	0	0	0	0	2,000	2,000	0
MU2020 Howard Porter Dog Trailer	0	0	0	0	2,657	10,000	7,343	0
Generator Kubota 2012	0	0	0	0	1,096	2,000	904	0
Generator Kubota 2013	0	0	0	0	6,282	2,000	0	(4,282)
MU1011 Rav 4 Toyota	0	0	0	0	20,692	24,850	4,158	0
	<u>228,539</u>	<u>133,636</u>	<u>0</u>	<u>(94,903)</u>	<u>313,899</u>	<u>170,850</u>	<u>14,405</u>	<u>(157,454)</u>

**SHIRE OF MURCHISON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**22. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

The Shire does not have any borrowings.

The Shire did not take up any new debentures during the year ended 30 June 2016.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2016.

(d) Overdraft

The Shire established an overdraft facility of \$100,000 with Westpac to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2015 and 30 June 2016 was \$nil.

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**23. RATING INFORMATION - 2015/16 FINANCIAL YEAR**

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
<b>Differential general rate</b>											
<b>Gross rental value valuations</b>											
<b>Unimproved value valuations</b>											
UV - Mining	0.2895	9	1,071,373	310,162	0	(772)	309,390	235,593	0	0	235,593
UV - Exploration and Prospecting	0.0976	18	253,280	24,720	(3,979)	0	20,741	30,328	0	0	j
UV - Pastoral	0.0270	23	1,458,105	39,369	0	0	39,369	57,691	0	0	57,691
<b>Sub-Total</b>		50	2,782,758	374,251	(3,979)	(772)	369,500	323,612	0	0	323,612
<b>Minimum payment</b>	<b>Minimum</b> \$										
<b>Gross rental value valuations</b>											
<b>Unimproved value valuations</b>											
UV - Mining	399	0	0	0	0	0	0	0	0	0	0
UV - Exploration and Prospecting	399	4	4,654	1,596	0	0	1,596	3,591	0	0	3,591
UV - Pastoral	264	4	11,763	1,056	0	0	1,056	1,320	0	0	1,320
<b>Sub-Total</b>		8	16,417	2,652	0	0	2,652	4,911	0	0	4,911
<b>Total amount raised from general rate</b>		<b>58</b>	<b>2,799,175</b>	<b>376,903</b>	<b>(3,979)</b>	<b>(772)</b>	<b>372,152</b>	<b>328,523</b>	<b>0</b>	<b>0</b>	<b>328,523</b>
<b>Totals</b>							<u>372,152</u>				<u>328,523</u>
							<u>372,152</u>				<u>328,523</u>

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**24. NET CURRENT ASSETS**

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 15 brought forward</b>	<u>4,180,997</u>	<u>7,104,899</u>	<u>7,104,899</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	476,118	1,958,477	1,958,477
Restricted	4,034,368	9,245,384	9,245,384
Receivables			
Rates outstanding	5,247	8,933	8,933
Sundry debtors	2,655,956	477,167	429,500
GST receivable	471,139	177,454	225,121
Inventories			
Fuel and materials	152,096	135,631	135,631
History books	1,889	700	700
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(1,411,853)	(98,033)	(98,033)
Accrued salaries and wages	(7,637)	0	0
ATO liabilities	(29,246)	(39,053)	(39,053)
Accrued Expenses	(12,855)	(291,195)	(291,195)
Superannuation Liability	(22,547)	(22,547)	(22,547)
Provisions			
Provision for annual leave	(77,978)	(74,793)	(74,793)
Provision for long service leave	(33,454)	(52,364)	(52,364)
<b>Unadjusted net current assets</b>	<u>6,201,243</u>	<u>11,425,761</u>	<u>11,425,761</u>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(2,081,115)	(4,380,932)	(4,380,932)
Add: Cash Backed Leave Reserve	60,869	60,070	60,070
<b>Adjusted net current assets - surplus/(deficit)</b>	<u>4,180,997</u>	<u>7,104,899</u>	<u>7,104,899</u>

**Difference**

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.



**SHIRE OF MURCHISON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**25. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR**

The Shire did not impose any Specified Area Rates.

**26. SERVICE CHARGES - 2015/16 FINANCIAL YEAR**

The Shire did not impose any service charges.

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2015/16 FINANCIAL YEAR**

No discount of rates or early payment incentive scheme was offered.

**28. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR**

	<b>Date Due</b>	<b>Instalment Plan Admin Charge \$</b>	<b>Unpaid Rates Interest Rate %</b>
<b>Instalment Options</b>			
<b>Option One</b>			
Single full payment	30 September 2015	15	8.00%
<b>Option Two</b>			
First Instalment	30 September 2015	15	8.00%
Second Instalment	30 November 2015	15	8.00%
Third Instalment	31 January 2016	15	8.00%
Fourth Instalment	3 March 2016	15	8.00%
		<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on unpaid rates		1,167	500
Charges on instalment plan		0	1,000
		<u>1,167</u>	<u>1,500</u>

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

<b>29. FEES &amp; CHARGES</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Governance	1,718	109,592
General purpose funding	0	135
Law, order, public safety	720	841
Community amenities	255	0
Recreation and culture	2,516	1,646
Economic services	215,472	230,876
Other property and services	335	3,291
	<u>221,016</u>	<u>346,381</u>

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

**30. GRANT REVENUE**

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

<b>By Nature or Type:</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>			
Governance	0	6,000	0
General purpose funding	1,681,931	1,736,937	5,154,082
Law, order, public safety	10,026	2,050	2,870
Housing	75	4,125	0
Recreation and culture	519	0	2,000
Transport	3,454,151	7,827,436	3,695,062
Economic services	17,148	20,000	0
Other property and services	0	120,000	0
	<u>5,163,850</u>	<u>9,716,548</u>	<u>8,854,014</u>
<b>Non-operating grants, subsidies and contributions</b>			
Law, order, public safety	0	0	102,750
Community amenities	0	0	55,000
Recreation and culture	0	5,000	124,545
Transport	1,472,999	1,513,878	438,671
Economic services	0	220,000	385,851
	<u>1,472,999</u>	<u>1,738,878</u>	<u>1,106,817</u>
	<u>6,636,849</u>	<u>11,455,426</u>	<u>9,960,831</u>

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**31. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

	11	12
--	----	----

**32. ELECTED MEMBERS REMUNERATION**

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

	2016 \$	2016 Budget \$	2015 \$
Meeting Fees	47,035	52,000	26,634
President's allowance	6,875	6,800	8,463
Deputy President's allowance	1,718	1,725	993
Travelling expenses	32,549	25,656	56,718
Telecommunications allowance	7,270	8,020	6,815
	95,447	94,201	99,623

**33. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2015/16.

**34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

If the Shire did participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**35. FINANCIAL RISK MANAGEMENT**

The Shire's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Shire's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Shire.

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 Shire held the following financial instruments at balance date:*

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>				
Cash and cash equivalents	4,510,486	11,203,861	4,510,486	11,203,861
Receivables	<u>3,134,137</u>	<u>665,349</u>	<u>3,134,137</u>	<u>665,349</u>
	<u><u>7,644,623</u></u>	<u><u>11,869,210</u></u>	<u><u>7,644,623</u></u>	<u><u>11,869,210</u></u>
<b>Financial liabilities</b>				
Payables	<u>1,484,138</u>	<u>450,828</u>	<u>1,484,138</u>	<u>450,828</u>
	<u><u>1,484,138</u></u>	<u><u>450,828</u></u>	<u><u>1,484,138</u></u>	<u><u>450,828</u></u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

**SHIRE OF MURCHISON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(a) Cash and Cash Equivalents**

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

**Available-for-sale financial assets**

**Held-to-maturity investments**

The Shire's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	45,105	112,039
- Statement of Comprehensive Income	45,105 <sup>(1)</sup>	112,039 <sup>(1)</sup>

**Notes:**

<sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible market movements.

**SHIRE OF MURCHISON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**35. FINANCIAL RISK MANAGEMENT (Continued)**  
**(b) Receivables**

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

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

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

The Shire makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Shire's credit risk at balance date was:

	<b>2016</b>	<b>2015</b>
Percentage of rates and annual charges		
- Current	0.00%	64.53%
- Overdue	100.00%	35.47%
Percentage of other receivables		
- Current	100.00%	99.42%
- Overdue	0.00%	0.58%

**SHIRE OF MURCHISON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(c) Payables**

**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.

The contractual undiscounted cash flows of the Shire's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2016</u></b>					
Payables	1,484,138	0	0	1,484,138	1,484,138
	<u>1,484,138</u>	<u>0</u>	<u>0</u>	<u>1,484,138</u>	<u>1,484,138</u>
<b><u>2015</u></b>					
Payables	450,828	0	0	450,828	450,828
	<u>450,828</u>	<u>0</u>	<u>0</u>	<u>450,828</u>	<u>450,828</u>



**RSM Australia Pty Ltd**

8 St Georges Terrace Perth WA 6000

GPO Box R1253 Perth WA 6844

T +61(0) 8 9261 9100

F +61(0) 8 9261 9111

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## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE RATEPAYERS OF**

### **SHIRE OF MURCHISON**

#### **Report on the financial report**

We have audited the financial report of Shire of Murchison, which comprises the statement of financial position as at 30 June 2016 and the statements of comprehensive income, statement of changes in equity, statement of cash flows and rate setting statement for the year ended on that date, the summary of significant accounting policies and other explanatory notes and the statement by the Chief Executive Officer.

#### **Chief Executive Officer's responsibility for the financial report**

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. Our audit has been conducted in accordance with Australian Auditing Standards. Those standards require that we comply with the relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial report.

#### **THE POWER OF BEING UNDERSTOOD**

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We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Local Government Act 1995* Part 6, the Regulations under that Act and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Shire of Murchison's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

### **Auditor's opinion on the financial report**

In our opinion, the financial report of Shire of Murchison:

- (i) Gives a true and fair view of the financial position of Shire of Murchison as at 30 June 2016 and of its financial performance for the year ended on that date;
- (ii) Complies with the *Local Government Act 1995* Part 6 and the Regulations under that Act and Australian Accounting Standards (including the Australian Accounting Interpretations); and
- (iii) In relation to the Supplementary Ratio Information presented in the financial report, we have reviewed the calculations as presented and in our opinion these are based on verifiable information and reasonable assumptions.

### **Report on statutory compliance**

We did not during the course of our audit become aware of any instances where the Shire of Murchison did not comply with the requirements of the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996* as they relate to the financial report.



RSM AUSTRALIA PTY LTD



D J WALL  
Director

Perth, WA  
Dated: 10 November 2016

**SHIRE OF MURCHISON  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2016**

**RATIO INFORMATION**

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Asset consumption ratio	0.86	0.89	0.83
Asset renewal funding ratio	0.39	0.42	0.43

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$



Western Australia

*'SHIRE WITH NO TOWN'*

# INFORMATION STATEMENT 2016

Adopted by Council 18 November 2016

## Introduction

The *Freedom of Information Act 1992* (FOI Act) that came into effect on 1 November 1993, created a general right of access to documents held by state and local government agencies. The FOI Act requires agencies, including local governments, to make available details about the kind of information they hold and enables persons to ensure that personal information held by government agencies about them is "accurate, complete, up to date and not misleading".

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.

An updated information statement will be published at least every twelve months. It is intended that the statement be included in the Annual Report and received each year at the Annual Electors meeting.

Section 96(1) of the Freedom of Information Act 1992 requires each government agency, including local governments, to prepare and publish annually an Information Statement. The Information Statement must set out:-

- The Agency's Mission Statement.
- Details of legislation administered.
- Details of the agency structure.
- Details of decision-making functions.
- Opportunities for public participation in the formulation of policy and performance of agency functions.
- Documents held by the agency.
- The operation of FOI in the agency

## The Shire of Murchison's Mission Statement

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

Results Area	Objective
Economic	To develop the region's economic potential to encourage families and businesses to stay in the area.
Environmental	To improve the sustainability of land use and improve the condition of the environment.
Social	To develop, co-ordinate, provide and support services and facilities which enhance the quality of community life in the Shire by: <ul style="list-style-type: none"><li>• Supporting and assisting in coordinating projects and events as required.</li><li>• Providing information on services (funding opportunities, Grant processes etc.).</li><li>• Supporting community groups.</li><li>• Supporting and maintaining social infrastructure (i.e. Parks, Gardens, Cemetery) and support those groups who use them.</li></ul>

Civic Leadership	<p>To provide Good Governance to the Murchison Shire through:</p> <ul style="list-style-type: none"> <li>• Regional collaboration where possible</li> <li>• Detailed and professional administration;</li> <li>• High levels of accountability;</li> <li>• Compliance with statutory requirements;</li> <li>• High-quality forward planning, particularly for assets and finances;</li> <li>• Openness and transparency and enhanced consultation and public participation;</li> <li>• Provision of quality customer services, good financial management and pursuit of excellence in professional administration and communication.</li> </ul>
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## Structure and Functions of Council

### 1) Establishment

The Shire of Murchison is constituted as a Local Authority under the Local Government Act, 1995. The general function of a Local Government is to provide for the good government of people living and working within its district and includes legislative and executive powers and responsibilities.

Other major legislation which creates a duty or an authority for Council to act includes –

- Agriculture and Related Resources Protection Act 1976
- Building Act 2011
- Bush Fires Act 1954
- Caravan Parks and Camping Grounds Act 1995
- Cat Act 2011
- Cemeteries Act 1986
- Disability Discrimination Act 1992
- Dog Act 1976
- Equal Employment Opportunity Act 1984
- Environmental Protection Act 1986
- Food Act 2008
- Freedom of Information Act 1992
- Health Act 1911
- Heritage of Western Australia Act 1990
- Industrial Awards
- Land Administration Act 1997
- Library Board of Western Australia Act 1951
- Litter Act 1979
- Liquor Control Act 1988
- Local Government Act 1995
- Local Government (Miscellaneous Provisions) Act 1960
- Main Roads Act
- Occupational Safety and Health Act 1984
- Public Interest Disclosure Act 2003
- Racial Discrimination Act 1976

- Sex Discrimination Act 1984
- Shire of Murchison Town Planning Scheme
- State Records Act 2000
- Strata Titles Act 1985
- Town Planning and Development Act 2005
- Western Australia Disability Services Act 1993
- Workers Compensation and Assistance Act 1981

## 2) Structure

Council's affairs are managed by six people elected by the community. The Shire President is elected by the councillors. Council acts as a "community board", establishing policies and making decisions in accordance with the Local Government Act 1995.

The following Statutory Committees have been established:

- Shire of Murchison Audit Committee
- Shire of Murchison Local Emergency Management Committee

The following working groups and committees have been established to assist with the sound governance of the Shire:

- Accident Prevention Working Group
- Bridge Opening Committee
- Community Advisory Working Group
- Murchison Community Fund Committee
- Plant Working Group
- Project Officer Working Group
- Settlement Building Working Group
- Settlement Drinking Water Working Group
- Settlement Power Supply Working Group
- Wild Dog Control Working Group

## 3) Function

### Roles of Council, the Shire President, Councillors and the CEO

#### **Council:**

- (a) governs the local government's affairs;
- (b) is responsible for the performance of the local government's functions.
- (c) oversees the allocation of the local government's finances and resources; and
- (b) determines the local government's policies.

#### **The Shire President:**

- (a) presides at meetings in accordance with the Local Government Act;
- (b) provides leadership and guidance to the community in the district;
- (c) carries out civic and ceremonial duties on behalf of the local government;
- (d) speaks on behalf of the local government;
- (e) performs such other functions as are given to the president by the Local Government Act or any other written law; and
- (f) liaises with the CEO on the local government's affairs and the performance of its functions.

### **Councillors:**

- (a) represent the interests of electors, ratepayers and residents of the district;
- (b) provide leadership and guidance to the community in the district;
- (c) facilitate communication between the community and the Council.
- (d) participate in the Local Government's decision-making processes at Council and Committee Meetings.

### **The CEO:**

- (a) advises the council in relation to the functions of a local government under the Local Government Act and other written laws;
- (a) ensures that advice and information is available to the council so that informed decisions can be made;
- (c) causes council decisions to be implemented;
- (d) manages the day to day operations of the local government;
- (e) liaises with the mayor or president on the local government's affairs and the performance of the local government's functions;
- (f) speaks on behalf of the local government if the president agrees;
- (g) is responsible for the employment, management supervision, direction and dismissal of other employees;
- (h) ensures that records and documents of the local government are properly kept for the purposes of the Local Government Act and any other written law; and
- (i) performs any other function specified or delegated by the local government or imposed under the Local Government Act or any other written law as a function to be performed by the CEO.

Council makes decisions which give strategic direction to the organisation. Such decisions include the development of comprehensive business plans, budgets, financial plans and policies with the aim of good governance.

The Chief Executive Officer has delegated authority to make decisions on a number of specified administration and policy matters. These delegations are listed in the Delegations Register and are reviewed annually by Council.

Meetings of Council and Committees are advertised at least once each year. Unless changed, Ordinary Meetings of Council are held on the third Friday of each month commencing at 10.00 am, except for the month of January, when there is a traditional recess. All members of the public are welcome to attend. Local public notice is given before any change of date of a meeting.

### **Regional Involvement**

Elected members are involved with many organisations within the community, and also actively represent the community at a regional or state level. Council's nominations include –

- 4) Murchison Country Zone of the WA Local Government Association (regional)
- 5) Mid West Regional Road Group Murchison Sub-Group

### **Agendas**

To ensure that all items are included in the agenda, matters for consideration should reach the Council office at least 7 days before the Council meeting date as agendas are prepared for distribution 72 hours in advance. A copy of the agenda is available to the public before the meeting.

## **Minutes**

The un-confirmed Minutes are made available to the public within ten business days of a Council Meeting as required by the Local Government (Administration) Regulations 1996. All Minutes are subject to confirmation by Council at the following meeting.

## **Service to the Community**

Council provides an extensive variety of services for the community under authority of a wide range of legislation. Services provided include –

- building control
- cemetery
- bush fire control
- citizenship ceremonies
- dog control
- environmental health
- demolition permits
- drainage
- parks & reserves
- fire prevention
- playground equipment
- library services
- public toilets
- media releases
- planning control
- public buildings for hire
- recreational /sporting facilities
- street lighting
- roads / footpaths /kerbing
- vehicle licencing agency
- street tree planting

## **Public Participation**

Members of the public have a number of opportunities to put forward their views on particular issues before Council. These include:

- Deputations – With the permission of the President, a member of the public may address Council personally, on behalf of another or on behalf of an organisation.
- Submissions – Some development applications do not require special approval of Council. Where special approval is required, residents are notified by advertising in the local newspaper, and in some instances they may also be notified individually by Council or the developer. When an application is advertised, residents have the opportunity to make a written submission to Council expressing their views regarding the application.
- Petitions – Written petitions can be addressed to Council on any issue within the Council's jurisdiction.
- Written request – Members of the public can write to Council on any Council policy, activity or service.
- Elected members – Members of the public can contact any of the elected members to discuss any issue relevant to Council.
- Council meetings – public question time.



## Access to Council Documents

Many documents are available for public inspection free of charge at the Council office or on the website. Copies of some documents can be made available, although some will incur a charge to cover photocopying. Information that is available includes –

- Annual Budget
- Annual Report
- Annual Financial Statement
- Code of Conduct
- Committee Agendas
- Council Agendas
- Council Local Laws
- Delegations Manual
- Disability and Inclusion Plan
- Freedom of Information Statement
- Minutes of Committee Meetings
- Minutes of Council Meetings
- Minutes of Electors Meetings
- Plan for the Future made in accordance with s 5.56
- Policy Manual
- Rates Schedule
- Register of Complaints
- Register of Financial Interests
- Register of owners & occupiers and electoral roles
- Schedule of Fees & Charges
- Town Planning Strategy & Scheme
- Such other information relating to the Local Government:
  - Required by a provision of this Act to be available for public inspection;
  - As may be prescribed.

Requests for other information will be considered in accordance with the Freedom of Information Act. Under this legislation, an application fee and search fee must be submitted with the completed request form unless the information required is personal or an exemption is granted.

## Freedom of Information Operations

### Procedures and Access Arrangements

It is the aim of the Shire of Murchison to make information available promptly and at the lowest cost. Documents will therefore be provided outside the FOI process where possible.

If information is not routinely available, the *Freedom of Information Act* 1992 provides the right to apply for documents held by the agency and to enable the public to ensure that personal information in documents is accurate, complete, up to date and not misleading.

While the Act provides for general right of access to documents it also recognises that some documents require protection – these exemptions are listed in Schedule 1 of the Act and include:

- Personal information;
- Information concerning trade secrets;
- Other commercially valuable information; or

- Any other information concerning the business, professional, commercial or financial affairs of a third party who is not the applicant.

### FOI applications are to:

- be in writing;
- proof of identity may be required eg drivers licence
- give enough information so that the documents requested can be identified;
- give an Australian address to which notices can be sent; and
- be lodged at the agency with any application fee payable.

FOI applications, payments, correspondence and general inquiries may be directed to:

Chief Executive Officer  
Shire of Murchison  
PO Box 61  
MULLEWA WA 6630

Tel: (08) 9963 7999

Fax: (08) 9963 7966

Email: [ceo@murchison.wa.gov.au](mailto:ceo@murchison.wa.gov.au)

An application form is attached to this statement or they are available on the website at [www.murchison.wa.gov.au](http://www.murchison.wa.gov.au).

### FOI Charges:

The scale of fees and charges is set under the FOI Act Regulations. Apart from the application fee for non-personal information all charges are discretionary. The charges are as follows.

• <i>Personal information about the applicant</i>	<i>No fee</i>
• <i>Application fee (for non personal information)</i>	<i>\$30.00</i>
• <i>Charge for time dealing with the application (per hour, or pro rata)</i>	<i>\$30.00</i>
• <i>Access time supervised by staff (per hour, or pro rata)</i>	<i>\$30.00</i>
• <i>Photocopying staff time (per hour, or pro rata)</i>	<i>\$30.00</i>
• <i>Per photocopy</i>	<i>\$0.20</i>
• <i>Transcribing from tape, film or computer (per hour, or pro rata)</i>	<i>\$30.00</i>
• <i>Duplicating a tape, film or computer information</i>	<i>Actual Cost</i>
• <i>Delivery, packaging and postage</i>	<i>Actual Cost</i>

### Deposits

• <i>Advance deposit may be required of the estimated charges</i>	<i>25%</i>
• <i>Further advance deposit may be required to meet the charges for dealing with the application</i>	<i>75%</i>

For financially disadvantaged applicants or those issued with prescribed pensioner concession cards, the charge payable is reduced by 25%.

### Access Arrangements

Access to documents can be granted by way of inspection, a copy of a document, a copy of an audio or video tape, a computer disk, a transcript of a recorded, shorthand or encoded document from which words can be reproduced.

## **Notice of Decision**

As soon as possible but in any case within 45 days you will be provided with a notice of decision which will include details such as -

- the date which the decision was made;
- the name and the designation of the officer who made the decision;
- if the document is an exempt document the reasons for classifying the matter exempt; or the fact that access is given to an edited document;
- Information on the right to review and the procedures to be followed to exercise those rights.

## **Refusal of Access**

Applicants who are dissatisfied with a decision of the agency are entitled to ask for an internal review by the agency. Application should be made in writing within 30 days of receiving the notice of decision.

You will be notified of the outcome of the review within 15 days.

If you disagree with the result you then can apply to the Information Commissioner for an external review:

Office of the Information Commissioner  
Albert Facey House  
469 Wellington Street  
PERTH WA 6000

Phone: 6551 7888 or 1800 621 244

Fax: 6551 7889

Email: [info@foi.wa.gov.au](mailto:info@foi.wa.gov.au)

Website: [www.foi.wa.gov.au](http://www.foi.wa.gov.au)