



# Annual Report

2019/20

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# Introduction



## OUR VISION

Leads the Way

## OUR MISSION

We will achieve our vision by maintain and enhancing the Bruce Rock lifestyle, increase business and employment opportunities and achieve population growth in an environmentally sustainable way.

## OUR VALUES

We will conduct our business with:

Respect

- Value people and places and the contribution they make to the Shire
- Develop an environment of respect for different cultures
- Be appreciative of the aspirations of the community and what it does for itself

Inclusiveness

- Be receptive, proactive and responsive as an organisation
- Foster the community that has the ability to capacity build
- Demonstrate leadership by promoting Council and community teamwork

Fairness and equity

- Maintain a 'whole of Shire' outlook, but recognise that each community is unique and likely to have variations on their needs
- Provide services for a variety of ages and needs
- Respond to the community in a fair and equal way depending on need

Communication

- Create opportunities for consultation with the broad community
- Ensure appropriate, accessible information will be made available to the community



# Our Shire

The Shire of Bruce Rock covers an area of 2,772 km<sup>2</sup> in the Wheatbelt of Western Australia and has a population of approximately 930 (ABS, Census, 2016).

## SHIRE OF BRUCE ROCK STATISTICS

### Localities

Ardath, Babakin, Belka, Bruce Rock, Kwolyin, Shackleton

### Significant Local Events

Bruce Rock Agricultural Show – Biannually in September

Back to the Bush Reunion – Annually - 1<sup>st</sup> Weekend in November

### Ordinary Council Meeting

Meets third Thursday of each month except January



### Tourist Attractions

- Granite Way, including Kokerbin Rock
- Kwolyin Camping Grounds
- Shackleton – “Australia's Smallest Bank”
- Steve's Art Shackleton
- Mosaic and Centenary Path, Bruce Rock
- Babakin – the underground orchid
- Spring Wildflowers
- Bruce's Rock
- Bruce Rock Museum
- Ardath Hotel
- Railway Dam
- Ardath Lake
- Scenic Rural Vistas
- Old Club – Art Gallery
- Federation Amphitheatre and Sculpture Park



### Local Industries

Wheat and other cereals, steel fabrication, livestock and agricultural support industries.



**Council Statistics (2019-20)**

Distance from Perth (km)	245
Area (sq. km)	2,772
Length of Sealed Roads (km)	501.1
Length of Unsealed Roads (km)	757.6
Population	930
Number of Electors	642
Number of Dwellings	470
Total Rates Levied	\$1,503,228
Total Revenue	\$6,929,410
Number of Employees	45



# The Council

Council meets on every third Thursday of the month, except January, to consider local and regional issues of importance to the district.

The Council is made up of nine Councillors representing the Bruce Rock District.

## President

Cr SA Strange

## Deputy President

Cr R Rajagopalan

<b>Councillors</b>	<b>Telephone</b>	<b>Years of Service</b>	<b>Term Expires</b>
Cr Stephen Strange	0429 611 324	30	2023
Cr Ramesh Rajagopalan	0448 012 656	11	2021
Cr Ian Dolton	0427 623 010	21	2021
Cr Phillip Negri	0428 611 228	5	2023
Cr Brendan Waight	0428 149 654	3	2021
Cr Natalie Kilminster	0428 611 975	3	2021
Cr Anthony Crooks	0428 911 922	2	2023
Cr Kevin Foss	0427 998 878	2	2023
Cr Rebecca Waye	0429 683 428	1	2023

Council elections are held on the third Saturday in October.

## SHIRE OF BRUCE ROCK CONTACT NUMBERS

### Office Hours

8.30am to 4.30pm

Shire Office	9061 1377
Shire Office Fax	9061 1340
Workshop / Fax	9061 1030
Recreation Centre	9061 1169
Swimming Pool	9061 1278
Harvest Ban Information <i>(Recorded Message Only)</i>	9061 1600

### After Hours

Chief Executive Officer	Darren Mollenoyux	0428 611 377
Deputy Chief Executive Officer	Alan O'Toole	0408 383 530
Manager of Finance	Jennifer Bow	0427 611 229
Manager of Works and Services	Dave Holland	0418 745 217
Works Supervisor - Construction	Brock Williams	0499 599 468
Works Supervisor - Town	Vern Jetta	0427 211 104
Workshop Mechanic	Craig Smith	0428 611 061

### Contact

Phone 08 9061 1377  
Fax 08 9061 1340  
Email [admin@brucerock.wa.gov.au](mailto:admin@brucerock.wa.gov.au)

54 Johnson Street  
Bruce Rock WA 6418

PO Box 113  
Bruce Rock WA 6418

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





**Fire Contact Numbers**

Emergency	000
Harvest Ban Information (Recorded Message Only)	9061 1600

**Emergency Numbers**

Ambulance/Police/Fire	000
Police Station	9061 1035
Hospital	9061 0222
Doctor's Surgery	9061 1166
Dental Surgery	9061 1954
Water Corporation	13 13 75
Synergy	13 13 53



## PRESIDENT'S REPORT



I am pleased to provide this report on the activities of the Shire of Bruce Rock for the year ending 30 June 2020.

The year 2019-20 has seen a change to the composition of Council, with an Election in October bringing the arrival of one new Councillor, Rebecca Waye. The Council welcomes Rebecca and is sure that she will bring new ideas and energy to Council's activities. I would like to thank all the candidates for their willingness to stand for Council, and for the commitment that current members continue to bring to their roles.

For the Bruce Rock Shire and Council, 2020 stands as the most challenging year in recent memory and, in fact, of our respective lifetimes. In early 2020 Bruce Rock was struck by two of the most significant events to impact upon the Shire for a century. The first was one which has obviously affected the whole world: the Covid 19 pandemic. The effects of this were wide-ranging, including lockdowns and the need to monitor the wellbeing of the community through the initial phases. Throughout it all the Shire continued to deliver its services, albeit in modified fashion due to the restrictions to keep the community safe. Our business, community and sporting groups adhered to the recommendations announced by our State and Federal Governments, and I would like to thank you all.

Secondly, the tragic fire on the evening of March 25<sup>th</sup> 2020 that destroyed Masons Supermarket and presented our community with an extra challenge, which

had to be managed in the midst of the pandemic's first wave. I would like to thank the whole community for the way in which we rallied to deal with the terrible incident and help to minimise the impact. In the first instance I would particularly like to give thanks to all the volunteers that attended that night from Bruce Rock, and surrounding towns, and I believe your efforts were truly remarkable and saved our Main Street.

In the immediate aftermath we all knew what had to be done, and while also supporting the Mason family, it was essential that a temporary supermarket had to be set up quickly.

The Bruce Rock spirit, resilience and generosity stood tall in establishing the temporary store in our Shire Hall, especially given that the Covid 19 restrictions made the task even more challenging, but not impossible.

I would like to offer my sincere thank you to all involved, and in particular our CEO Darren Mollenoyux, and his staff.

I would also like to make mention of the support we received outside of Bruce Rock. There were many calls of offers to help but due to the Covid 19 restrictions there were many we couldn't take up.

One that I would like to mention was a call from Jim Trandos from Trandos Farms, a Wanneroo market grower, whose family donated a truck load of fruit and vegetables to us, and for the freight donated by Countrywide Freight services.

The produce was packed and delivered by Bruce Rock volunteers, which also reassured our community that they were being supported while a temporary store

was being set up. Thank you to everyone who supported us in our hour of need.

Other main projects which were finalized during the year include the completion of the building of the 8 Central East Aged Care Alliance (CEACA) units in the Bruce Rock townsite. This has created high quality housing opportunities for local seniors who may wish to stay in the area but are finding difficulties in maintaining a large family home. Additionally, they may also attract other seniors who are looking to relocate to the Wheatbelt and are seeking new housing opportunities.

Planning has also continued with regard to the Main Street Revitalisation Project, which will rejuvenate the main business area and make it more attractive to both locals, visitors and potential new businesses. Council has kept the community informed and engaged in the development of this project which will reach fruition in the coming year.

Councillors and staff continue to work together to meet the strategic goals of the Shire and are regularly reassessing priorities, setting new objectives in each of the key areas as required. By regularly reassessing priorities and looking at both the opportunities and challenges that occur over the course of the year, Council is constantly seeking options to improve the range and quality of services available to the community.

The Shire has an ongoing commitment towards responsible and sustainable development and so we continue to investigate and implement the further installation of solar panels across the Shire's facilities.

We also aim to improve the dams and water catchment in the Shire to conserve water for all. In addition to this the gardening crew employs modern techniques to maintain the landscaping, gardens and trees around town to best present the town for locals and visitors.

During the year the Shire was successful in hosting the inaugural year of the Wheatbelt Secondary Freight Network Project Manager position, which was appointed to oversee the development of road improvement projects throughout the Wheatbelt on behalf of a group of 42 Local Governments working collaboratively to create interconnecting regional freight routes.

Councillors continue to attend a variety of meetings and workshops throughout the course of the year in addition to the regular monthly Council meetings and briefings. The following is a selection of the types of events that Councillors and staff have attended or participated in:

- Wheatbelt East Regional Organisation of Councils (WERO) meetings;
- Wheatbelt Communities Inc.
- WA Local Government Association (WALGA) Zone meetings;
- WA Local Government Association Annual Conference;
- Regional Road Group meetings;
- Local and Regional Health meetings;
- Local and District Fire Advisory meetings;
- Local Emergency Management meetings;
- Structural Reform and Strategic Planning;
- Grain Freight Network Meetings

- Central East Aged Care Alliance meetings; and
- Local community and recreation group meetings.

A key role of Council is to oversee and advise in the area of essential infrastructure and the importance of maintaining and developing the roads in the Shire so that they meet the needs of the community, both residential and business. Therefore, over the past twelve months, Shire staff have worked hard on road construction and maintenance, building works, and town landscaping and gardens. All the Shire-owned buildings and facilities including the Aquatic Centre and Medical Centre have received significant attention and maintenance over the year to ensure they remain a valuable resource for the community.

While we have many challenges still ahead in transforming the remainder of our many community projects into a reality, the way that the whole community pulled together last year is a reminder of how lucky we are to live in the Shire of Bruce Rock.

I would like to thank my fellow Councillors for the leadership they have shown in the community and particularly the support and trust you gave me during our most trying year.

Thank you also to the Shire CEO, Darren Mollenoyux, and his dedicated staff for an outstanding year of achievement in the face of adversity.



Cr Stephen Strange

PRESIDENT

## CHIEF EXECUTIVE OFFICER'S REPORT



I am pleased to present the 2019-2020 Annual Report to all the residents and ratepayers of the Shire of Bruce Rock.

Council and staff entered the 2019-2020 year with some exciting projects on the table, and planning to continue to develop our main street. The onset of the Covid 19 pandemic and loss of Masons grocery and hardware store changed our direction and priorities by the end of the financial year.

This year has been like no other and tested Council, staff and the community on many levels.

I would like to thank and acknowledge the President Stephen Strange and all Councillors for their flexibility, decision making and the way they conducted themselves through some very challenging times. To each and every staff member who worked tirelessly, and went above and beyond this year, and in particular from the onset of the pandemic in early March, I thank you. The dedication they showed providing the response to the tragedy of the Masons fire on the 25<sup>th</sup> March 2020, and then the establishment and operation of the temporary grocery store in the ensuing days, weeks and months was exemplary.

It is pleasing to work with a cooperative and forward-thinking Council, which is backed up by the dedicated staff to ensure the effective governance, administration and delivery of works and services to the ratepayers and wider Bruce Rock community.

2019-2020 saw some major changes to the leadership and management of our Works crews and teams. We farewelled Glenn Casley as our Manager of Works and Services, and then welcomed the return of David Holland to the role.

Our two longest serving employees, Colin Brownley (39 years) and Peter Elliot (46 years) retired. These two employees have dedicated their working lives to the Shire. Both have contributed tirelessly and provided their invaluable commitment to ensure that a high level of services was delivered to the community over a long period of time. We wish Colin and Peter all the best in their well-earned retirement.

Whilst the administration team remained predominately unchanged, we did welcome Maddison Aurisch as our new Customer Service Officer. During the year also saw various temporary role changes during staff absences due to long service leave and health reasons. This provided an opportunity to diversify staff knowledge within the organisation.

Towards the end of the financial year, we did farewell a long-term administration staff member in Ashleigh Waight. Ashleigh worked in the office for just over 10 years and worked in various roles including during her last few years as the Community Development Officer. Ashleigh was a valuable member of our office and contributed to the growth of the team, as well as providing great service to the community. We wish Ashleigh the best in the next phase of her life.

Our rebrand is now fully implemented and has been embraced by the Shire and community, and we look forward to the School, sporting and community groups

also coming on board with some rebranding in 2020-21.

2019-2020 continued to see the improvement of the Shire's physical infrastructure, whilst improving and enhancing governance strategies, and introducing better practices and future planning.

Council continues to work towards delivering for its community and, by being guided from the community consultation and workshops undertaken in 2018-19, looks forward to delivering the main street revitalization over the next few years.

2019-2020 also saw various amendments to the Local Government Act and other relevant legislation which has seen staff working diligently to ensure that we are meeting the new requirements and implementing the mandatory changes.

In our role as a Wheatbelt Regional Shire, we continue our support and involvement in the Central East Aged Care Alliance ("CEACA"), Aged Friendly Communities Resource Sharing, Wheatbelt Eastern Regional Operating Council ("WERO"), the Great Eastern Zone of WALGA and LG Professionals Central Wheatbelt Branch.

Bruce Rock Council remains a strong advocate, and represents the Shire and its community in the fight to manage our road network operations, seeking to retain the necessary funding to maintain and upgrade the strategic freight network. Our Works crews continue to work hard to implement our funded road program and deliver an efficient and safe road network.

Council continues its support of Tourism and this will be a continued focus as we look to move forward following the impacts of Covid 19, and an improved

focus on regional tourism. Council continues to fund the Bruce Rock CRC as our Tourist Visitors Center and coordinate the local Tourism Committee. Council is also involved in a variety of tourism groups and initiatives across the region, including Roe Tourism and the Wheatbelt Visitors Centre.

I look forward to facing the challenges ahead, as we work through the pandemic and the impacts that still flow from it, with a major priority being the long-term solution for our new grocery store.

Once again, thank you to the President, Councillors, staff and the community. Once more the Shire and the Bruce Rock community have rallied during 2019/2020, and the resilience and community spirit of Bruce Rock has shown through.

Darren Mollenoyux

CHIEF EXECUTIVE OFFICER

## **CORPORATE AND COMMUNITY**

The Corporate and Community Directorate of the Shire of Bruce Rock is responsible for the following areas:

- Administration and Office Support
- IT
- Records Management
- Compliance
- Emergency Management
- Integrated Planning
- NRMO
- Library
- Bruce Rock Aquatic Centre
- Bruce Rock Medical Centre

During the 2019-2020 year, a major focus has been towards compliance with legislation and regulation in areas such as record keeping, procurement and also



with reviewing and improving internal systems, where appropriate.

The Shire has engaged in a project to review its compliance with Regulation 17 of the Local Government Act, which requires local governments to consider and test their governance processes and systems and make improvements where necessary. This is reported back to Council to ensure correct oversight of the organisation.

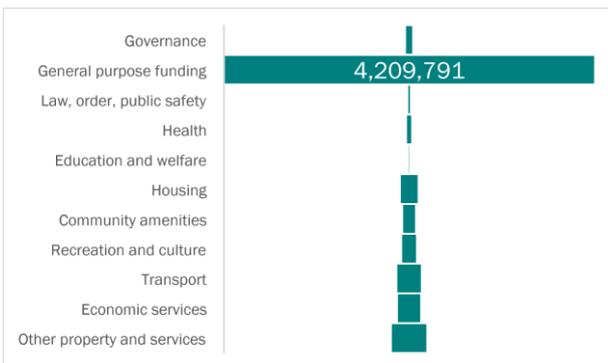
Emergency management and planning were also at the forefront in our response to the Covid 19 pandemic, and also when responding to the loss of the Masons store.

### FINANCE

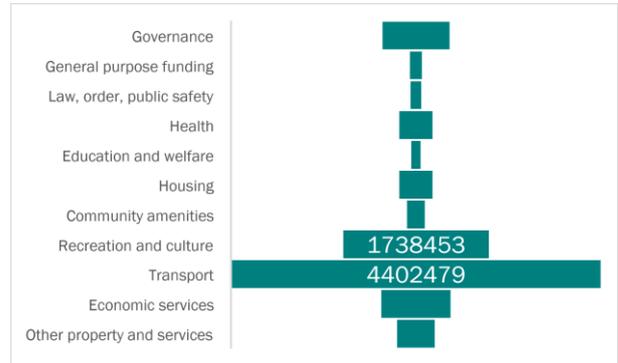
The Finance department is responsible for the sound financial management of the Shire. It maintains accurate accounting records and produces financial reports to Council each month. The department is also responsible for the preparation and presentation of the Shire's Annual Financial Reports, Annual Budgets and Strategic Resources Plan (Long Term Financial Plan & Asset Management Plans).

Council completed 2019/20 with a net operating loss of \$2,956,549. This reflected a total operating revenue of \$5,785,713, \$1,143,697 of Non-Operating Grants and total operating expenditure of \$9,639,805.

### Operating Revenue by Program



### Operating Expense by Program



### Capital Expenditure

Council also undertook an extensive capital works program totaling \$2,465,332. This expenditure consisted of \$650,405 in land and buildings, \$288,347 in plant acquisition, and \$1,496,520 in roads and other infrastructure development.

### Debt Management

Through a conservative approach to financial management Council has been able to retain its loan indebtedness to low levels allowing Council in the future access to loan funds for large projects. Most projects are funded by operating income or the use of reserve funds. Careful use of loan borrowings is considered to be an effective way to fund large projects and spread the cost burden over a number of years. As at 30 June 2020 Council had repaid its two loans which funded the Caravan Park upgrade and installation of solar panels on public buildings, however took out an additional loan of \$272,000 to part fund the construction of a second residence in Curlew Drive, which Council has since leased to GROH for a 10 year lease.

## REGULATORY

The Regulatory Services department is responsible for the following areas:

- Waste Management, public health and food hygiene
- Health Compliance
- Environmental management
- Local Laws and Local Law Enforcement
- Building control
- Town Planning

The Regulatory Services Department completed the following in relation to Building Control, Health, and Waste Management:

Assisting with the Covid-19 State of Emergency, and Public Health Emergency, by liaising with the WA Country Health Service, Department of Health, Environmental Health Directorate, Public Health Emergency Operations Centre, and Shire staff. Information as it came to hand was reviewed, interpreted, and provided to affected businesses and events as well being used to assist the local Police Force in their undertakings.

Assisting people and licensed plumbers with septic tank and disposal field decommissioning as well as advising re: connections to the Septic Tank Effluent Disposal System operated by Water Corporation.

Received Building Permit applications have been reviewed and matters requiring attention have been discussed with applicants to ensure suitable for lodgment with the Shire of Bruce Rock.

Building works undertaken not in accordance with an issued and served Building Permit have been investigated

and a mutually satisfactory outcome achieved for compliance.

Inspections of food premises and lodging accommodations occurred as scheduled and/or necessary. Public Health and Safety Inspections were undertaken prior to public events at Halls and Recreation Grounds to ensure potential hazards to the public were identified and managed. Compliance through education is at the forefront of engaging with persons undertaking food businesses. Registration of Food Businesses as well as changes to Proprietors have been undertaken using the delegated authority of Council.

Routine monitoring of the Hydrotherapy and Aquatic Centre facilities/swimming pools has been undertaken including upgrades to aging infrastructure. Housing, public buildings and commercial buildings were inspected, and a schedule of works listed for ongoing maintenance and replacements.

The landfill and septage pit facilities is monitored with ongoing works to ensure longevity of this asset. Routine compliance inspections with the landfill contractor are ongoing to ensure that contractual arrangements are maintained in a satisfactory manner.

Planning matters have been undertaken to provide constructive outcomes with good controls for a variety of business and residential developments within the townsite of Bruce Rock and the rural areas.

Historical compliance matters are being followed up to achieve a mutually beneficial outcome for the Shire of Bruce Rock and persons who have been made previously aware of compliance issues.

## WORKS AND SERVICES

The Works and Services Department is responsible for:

- Roads Construction and Maintenance
- Town Maintenance
- Private Works
- Plant and Equipment Management
- Bruce Rock Recreation Centre

### Construction Crew

In the 2019/20 year the Construction Crew worked on the following projects:

- Regional Road Group
  - Bruce Rock-Naremben Rd
  - Lawrie Road (Blackspot Funding)
- Roads to Recovery
  - Bees Road (Re-Sheet)
  - Kwolyin South Road (Re-Sheet)
  - Yerrapin Boundary Road (Re-Sheet)
  - Lawrie Road (Re-Sheet)
  - Carger Road (Re-Sheet)
  - McGellin Road (Re-Sheet)
  - Belka East Road (Re-Seal)
  - Cumminin Road (Re-Seal)
  - Erikin South Road (Re-Seal)
  - Bruce Rock East Road (Re-Seal)

### Town Crew

The Town Crew in the 2019/20 year worked on the following projects:

- Footpath repairs
- Storm water drainage sealing
- Culvert works on various roads
- Drainage on Hughes Road, bridge converted to culverts
- Cole Rd Bridge to culverts
- Belka West Road Bridge to culvert
- Old Beverley Road Bridge to culvert
- Private Works
- General Maintenance and Gardening around the townsites

### Workshop

The following Plant and Equipment were purchased throughout the 2019/20 year:

- BK1 (CEO's vehicle)
- BK2 (DCEO's Car)

## THE YEAR AHEAD

The major sources of funding for the 2020/21 budget are;

- \$1.141 million from Federal Financial Assistance Grants. This was reduced as an advanced payment of \$1.379 million received in May 2019.
- Recovery of \$1.573 million from Council Rates with an additional \$45,000 raised which will go directly to the supermarket rebuild
- \$0.5 million Drought Funding towards several projects
- \$0.526 funding for Local Roads and Community Infrastructure which will also fund several projects including new ablutions at Caravan Park and upgrade of Sculptural Park and Amphitheatre
- \$0.489 million from the Federal Government's Roads to Recovery Program
- \$0.704 million for Specific road and bridge funding through Main Roads and the WA Grants Commission.

Council's total operating expenditure will be \$11.28 million for the 2020/21 financial year. In addition to this, Council will have significant expenditure on capital works and purchases of \$3.75 million.

The 2020/21 budget has been set during a time of unprecedented challenges during the State of Emergency related to Covid-19. The budget is a direct response to the current economic situation. It continues to reference where possible the Strategic Community Plan and focuses on supporting local residents, businesses and

economic groups through these trying economic times. Council will continue to fund the maintenance of many of its buildings and community facilities, however the following is an overview of expenditure on new projects and improvements.

Key highlights include:

- Investigations into the construction of a building for the supermarket
- Funding allocation for Council subsidy for connection to the new STED Scheme
- Implementation works on the revitalization of the CBD
- Exciting upgrades to the War Memorial and Sculpture Park.

The safety and efficiency of our transport network throughout the Shire remains a priority and includes:

- Bruce Rock Narembeen Road – reconstruction
- Completion of Black Spot Project on Lawrie Road and Cumminin Intersection
- Totadgin Road – commence reconstruction and sealing
- Roads to Recovery funded projects on Belka West Road – reseal, Hines Hill Road – reconstruction and reseal, Kwolyin South Road, Old Beverley Road, Cook Road, Carger Road and Cole Boundary Road – gravel reseal
- Replace bridges with culverts on Narembeen Boundary Road, Babakin South East Road, Bruce Rock South Road and Old Beverley Road.

## DISABILITIES SERVICE PLAN

Council reviews the provision of facilities and services on a regular basis to identify barriers that may prevent the effective delivery of the services to people with a disability.

As Council continues to build new facilities and improve others it is always mindful of considering and improving access for people with disabilities.

Recent initiatives to support people with disabilities within Bruce Rock include:

- Continuing the townscape grant program
- Continued work to improve the footpath network around the town;
- Affiliating with the Companion Card program.

### DISABILITY ACCESS AND INCLUSION PLAN

The Disability Services Act 1993 was amended in December 2003, creating a requirement for public authorities to develop and implement Disability Access and Inclusion Plans (DAIPs). These plans replace and build on the achievements of the Disability Services Plans (DSPs).

The Disability Services Commission requires Local Governments to report on the seven outcomes relating to DAIPs to the public annually.

#### Outcome 1: Services and Events

Council is continually adapting our existing services to give people with disabilities the same opportunities as other people to access the services of, and any events organised by the Shire.

Council ensures people with disabilities are given access to all Shire events and to access the services of the Shire. Events

such as the 'Back to the Bush Reunion' Week progress because the Council ensures that adequate and proper facilities are provided. These facilities include level ground for caravan parking, new footpaths to the town centre from temporary overflow facilities and access to the heated pool facilities.

#### **Outcome 2: Buildings and Other Facilities**

Council also continues with improvements to buildings and footpath infrastructure to assist with both wheelchair and gopher access.

#### **Outcome 3: Information**

Wherever possible people with disabilities can receive information from the Shire in a format that will enable them to access the information readily as other people are able to access it.

People with disabilities can access information produced by the Shire of Bruce Rock in different formats. Anyone requiring a different format are encouraged to contact the Shire Office. Council also has a website which enables ease of access to public documents, information and other Council related data.

#### **Outcome 4: Level and Quality of Service**

The staff is encouraged and supported to be aware of the needs of people with disabilities to ensure they receive the same level and quality of service as other people receive.

Staff at the Shire of Bruce Rock are made aware that people with disabilities may have different needs. Staff are encouraged to ensure that people with disabilities receive the same level and quality of service as other people receive.

#### **Outcome 5: Complaints Process**

People with disabilities have the same opportunities as other people to make complaints to staff, and can be via written letters, email, SMS or verbally.

People with disabilities are able to make complaints and can do this via written letters, email, SMS or verbally.

#### **Outcome 6: Public Consultation Process**

Council provides many ways for people to participate in public consultation and we are more than happy to discuss any grievances community members may have regarding the services available to the disabled.

Council has made the DAIP available on the website for the community to access. The community was also given the opportunity to comment on the DAIP for 2017 – 2021.

#### **Outcome 7: Employment**

During the year Council maintained its awareness of reducing barriers to employment for people with disability. As a number of works had been conducted in the previous year, no further capital money was spent, however Council remained aware of its obligations when recruiting.

## **INTEGRATED STRATEGIC PLANNING**

The changes to the *Local Government Act 1995* have replaced the need for the Plan for the Future of the District with the requirement that Local Governments produce plans that are in line with the Integrated Strategic Planning and Reporting Framework.

In June 2013 Council adopted the Strategic Community Plan 2017-2027. This plan contains a number of strategic outcomes and drivers which are classified into four key areas:

1. Infrastructure;
2. Economy;
3. Community; and
4. Governance

This plan builds on the innovations and achievements of Bruce Rock – our success in attracting new businesses and residents to the Shire, the quality of our facilities and lifestyle, the financial sustainability of the Shire Council, and most importantly, the strengths, energy and commitment of our community. It was developed in consultation with the community and is available for viewing on the Shire's website. While this is the overarching document, the development of this plan included the creation of a number of other informing strategies which include the Long Term Financial Plan, Asset Management Plan, Workforce Plan and Corporate Business Plan.

**Key goals for the community that have been identified by the Strategic Community Plan 2017-2027 are:**

- Road infrastructure meets the freight task and is sustainable in the long term
- A recognizable Shire of Bruce Rock identity;
- Asset maintenance and preservation is in line with community needs and Shire financial resources advocate and provide for an integrated transport network;
- Appealing and vibrant main street in Bruce Rock;
- Actively used main street in Bruce Rock;
- Occupied business units;
- Workers and their families reside in and contribute to the local economy;
- Reliable telecommunications and an extension of coverage across the whole Shire;
- Our tourism profile is increased in the region and State;
- Residents can age in-home;
- Bruce Rock Hospital is retained;
- Improved Civic leadership within the community;
- Less reliance on the Shire to lead projects and change;
- Improved mental and physical health outcomes for local residents;
- There are enough volunteers for voluntary services to be retained;
- Access to local early childhood programs and services is retained;
- Our community feels safe;
- Building upon our positive work culture;
- Collaboration amongst staff units;
- Improved understanding of each other's roles in the organization (works and administration staff);
- Technology reduces delays and improves accuracy in organisational processes;
- Be part of a strong regional group representing all members;
- We are financially viable while meeting all levels of compliance;
- Sustainable resource, land and waste management.

### Major Initiatives proposed or continuing during 2020/21 are:

- Continued implementation and embedding of the Shire rebrand;
- Continued implementation of strategies and direction identified in the Workforce Plan
- Implementation of the strategic planning, asset management, workforce plan and other integrated strategic plans.
- Work towards solutions on the current shortage of long and short term accommodation within Bruce Rock.
- Continue to investigate options regarding the demand and requirements to further develop facilities for retirees, the aged and frail aged people.
- Continue to work with the Water Corporation on the implementation of a STED scheme.

The Shire of Bruce Rock consulted with the community for the new Strategic Community Plan covering 2017-2027, and this has now been adopted.

Copies of these plans are available from the Shire Office or can be downloaded from the Council's website at [www.brucerock.wa.gov.au](http://www.brucerock.wa.gov.au)

## NATIONAL COMPETITION POLICY

National Competition Policy (NCP) is designed to enhance the efficiency and effectiveness of public sector agencies and lead to more efficient use of all economic resources. There are a number of specific requirements placed on Local Government in the areas of competitive neutrality, legislation review and structural reform. Each Local Government is

required to report its progress in achieving NCP reforms in its annual report.

In respect to Council's responsibility in relation to the National Competition Policy, the Shire reports as follows:

- No business enterprise of the Shire has been classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or a Public Financial Enterprise.
- Competitive neutrality has not been applied to any activities undertaken by the Shire in this reporting period.
- No allegations of non-compliance with the competitive neutrality principles have been made by any private enterprise.
- The principles of competitive neutrality were implemented in respect of any relevant activities undertaken during the 2019/20 year.

A further requirement of the National Competition Policy is that all Council Local Laws are reviewed every 8 years to determine whether they are in conflict with competitive neutrality and comply with the Local Government Act 1995.

## STATE RECORDKEEPING ACT

The *State Records Act 2000* requires that the Shire maintains and disposes of all records in the prescribed manner.

The Shire of Bruce Rock carried out a review of its Record Keeping Plan in 2018 with amendments finalised in 2019.

Standard 2, Principle 6 – Compliance: Government organisations ensure their employees comply with the record keeping plan.

**Rationale:**

*An organisation and its employees must comply with the organisation's record keeping plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities.*

**Minimum Compliance Requirements:**

The record keeping plan is to provide evidence to adduce that:

1. The efficiency and effectiveness of the organisation's record keeping system is evaluated not less than once every 5 years.
2. The organisation conducts a record keeping training program.
3. The efficiency and effectiveness of the record keeping training program is reviewed from time to time.
4. The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's record keeping plan.

The Shire of Bruce Rock has complied with items 1-4. The Shire reviewed the recordkeeping plan during 2018 financial year and the new Record Keeping Plan was adopted by the State Records Commission in March 2019. The Shire continued the implementation of the new Record keeping Plan in 2019-2020.

**PUBLIC INTEREST DISCLOSURES**

The *Public Interest Disclosure Act 2003* facilitates the disclosure of public interest information, and provides for the

protection of those making such disclosure and those who are subject of the disclosures. The Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken.

The Chief Executive Officer has complied with the obligation under the Act, including:

- appointing the Deputy Chief Executive Officer as the PID Officer for the Shire of Bruce Rock and publishing an internal procedure manual relating to the Shire's obligations.
- providing protection from detrimental action or the threat of detrimental action for any employee of the Shire who makes an appropriate disclosure of public interest information.

The Shire of Bruce Rock had no Public Interest Disclosures during the reporting period 2019/20.

**FREEDOM OF INFORMATION**

Part 5 of the *Freedom of Information Act 1992* requires an agency such as a local government to prepare and publish an Information Statement.

The Shire of Bruce Rock has developed an Information Statement which can be inspected via Council's website or by contacting the Shire Office. This Information Statement was adopted in 2007 and reviewed in 2010.

The Shire of Bruce Rock received no valid applications under the *Freedom of Information Act 1992* during 2019-2020.



## EMPLOYEE PAYMENTS

For the purpose of Regulation 19B of the *Local Government (Administration) Regulations 1996* the following is required to be contained in Council's Annual Report;

1. The number of employees of the Local Government entitled to an annual salary of \$100,000 or more; and
2. The number of those employees with an annual salary entitlement that fall within each band of \$10,000 over \$100,000.

The Shire of Bruce Rock has the following employees entitled to an annual salary more than \$100,000:

Salary Range	2020	2019
\$130,000 - \$139,999	0	0
\$140,000 - \$149,999	1	1

## REGISTER OF CERTAIN COMPLAINTS FOR MINOR BREACHES

For the purpose of Section 5.121 of the *Local Government Act 1995* Council must report entries recorded in the Register of Complaints during the financial year. Council did not receive any complaints during the 2019/20 financial year.



# Auditor General

## INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Bruce Rock

Report on the Audit of the Financial Report

### **Opinion**

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

In my opinion the annual financial report of the Shire of Bruce Rock:

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

### **Basis for Opinion**

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

### **Emphasis of Matter – Basis of Accounting**

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

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

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

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of the annual financial report that is free from material misstatement, whether due to fraud or error. In preparing the annual financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

### ***Auditor's Responsibility for the Audit of the Financial Report***

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

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

### **Report on Other Legal and Regulatory Requirements**

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
  - a. The Operating Surplus Ratio as reported in Note 33 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.
  - b. The Asset Sustainability Ratio as reported in Note 33 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.
  - c. The Own Source Revenue Coverage Ratio as reported in Note 33 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last three years.
- (ii) There were no instances of non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

**Other Matter**

The financial ratios for 2018 in Note 33 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2018. The auditor expressed an unmodified opinion on the annual financial report for that year.

**Matters Relating to the Electronic Publication of the Audited Financial Report**

This auditor's report relates to the annual financial report of the Shire of Bruce Rock for the year ended 30 June 2020 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



MARK AMBROSE  
SENIOR DIRECTOR FINANCIAL AUDIT  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
19 May 2021

**SHIRE OF BRUCE ROCK**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**COMMUNITY VISION**

The Shire of Bruce Rock "Leads the Way" by maintaining and enhancing the lifestyles, and increasing business and employment opportunities in an environmentally sustainable way.

Principal place of business:  
54 Johnson St  
Bruce Rock WA 6418

**SHIRE OF BRUCE ROCK  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Bruce Rock for the financial year ended 30 June 2020 is based on proper accounts and records to present fairly the financial position of the Shire of Bruce Rock at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 11 day of MAY 2021



Chief Executive Officer

Mr Darren Mollenoyux

Name of Chief Executive Officer

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
Rates	25(a)	1,503,228	1,503,859	1,434,475
Operating grants, subsidies and contributions	2(a)	3,164,492	1,771,767	2,929,140
Fees and charges	2(a)	1,010,847	841,070	790,185
Interest earnings	2(a)	49,720	66,278	76,080
Other revenue	2(a)	57,426	59,000	141,928
		<b>5,785,713</b>	<b>4,241,974</b>	<b>5,371,808</b>
<b>Expenses</b>				
Employee costs		(2,529,998)	(2,520,167)	(2,451,563)
Materials and contracts		(1,642,809)	(1,754,916)	(1,387,452)
Utility charges		(229,310)	(226,620)	(242,427)
Depreciation on non-current assets	11(b)	(4,841,355)	(3,961,066)	(5,578,423)
Interest expenses	2(b)	(3,103)	(4,027)	(3,676)
Insurance expenses		(232,936)	(182,190)	(175,719)
Other expenditure		(160,294)	(89,863)	(107,103)
		<b>(9,639,805)</b>	<b>(8,738,849)</b>	<b>(9,946,363)</b>
		<b>(3,854,092)</b>	<b>(4,496,875)</b>	<b>(4,574,555)</b>
Non-operating grants, subsidies and contributions	2(a)	1,143,697	1,019,102	1,120,849
Profit on asset disposals	11(a)	9,887	27,000	12,530
(Loss) on asset disposals	11(a)	(128,835)	(37,500)	(33,021)
(Loss) on revaluation of Other infrastructure - airstrip	10(a)	(127,206)	0	0
		<b>897,543</b>	<b>1,008,602</b>	<b>1,100,358</b>
<b>Net result for the period</b>		<b>(2,956,549)</b>	<b>(3,488,273)</b>	<b>(3,474,197)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	(18,747,660)	0	(9,809,407)
<b>Total other comprehensive income for the period</b>		<b>(18,747,660)</b>	<b>0</b>	<b>(9,809,407)</b>
<b>Total comprehensive income for the period</b>		<b>(21,704,209)</b>	<b>(3,488,273)</b>	<b>(13,283,604)</b>

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

**SHIRE OF BRUCE ROCK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
Governance		73,680	58,245	58,644
General purpose funding		4,209,791	2,804,248	4,043,139
Law, order, public safety		25,276	29,400	34,252
Health		54,856	55,970	74,964
Education and welfare		4,081	2,640	2,576
Housing		194,574	172,400	176,496
Community amenities		136,854	144,400	139,680
Recreation and culture		163,556	207,397	85,149
Transport		268,645	303,475	329,450
Economic services		259,009	216,000	167,598
Other property and services		395,390	247,800	259,859
		<b>5,785,712</b>	<b>4,241,975</b>	<b>5,371,807</b>
<b>Expenses</b>				
Governance		(802,124)	(775,060)	(771,197)
General purpose funding		(147,084)	(79,901)	(91,736)
Law, order, public safety		(128,135)	(128,224)	(130,160)
Health		(401,970)	(589,151)	(405,270)
Education and welfare		(116,452)	(132,372)	(109,449)
Housing		(401,881)	(444,499)	(417,358)
Community amenities		(215,383)	(214,028)	(195,993)
Recreation and culture		(1,738,453)	(1,684,940)	(1,654,275)
Transport		(4,402,479)	(3,659,697)	(5,141,250)
Economic services		(829,776)	(742,777)	(628,227)
Other property and services		(452,964)	(284,174)	(397,771)
		<b>(9,636,701)</b>	<b>(8,734,823)</b>	<b>(9,942,686)</b>
<b>Finance Costs</b>				
Housing	2(b)	(672)	(2,747)	0
Recreation and culture		(422)	(331)	(951)
Economic services		(1,544)	(949)	(2,725)
Other property and services		(465)	0	0
		<b>(3,103)</b>	<b>(4,027)</b>	<b>(3,676)</b>
		<b>(3,854,092)</b>	<b>(4,496,875)</b>	<b>(4,574,555)</b>
Non-operating grants, subsidies and contributions	2(a)	1,143,697	1,019,102	1,120,849
Profit on disposal of assets	11(a)	9,887	27,000	12,530
(Loss) on disposal of assets	11(a)	(128,835)	(37,500)	(33,021)
(Loss) on revaluation of Other infrastructure - airstrip	10(a)	(127,206)	0	0
		<b>897,543</b>	<b>1,008,602</b>	<b>1,100,358</b>
<b>Net result for the period</b>		<b>(2,956,549)</b>	<b>(3,488,273)</b>	<b>(3,474,197)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	(18,747,660)	0	(9,809,407)
<b>Total other comprehensive income for the period</b>		<b>(18,747,660)</b>	<b>0</b>	<b>(9,809,407)</b>
<b>Total comprehensive income for the period</b>		<b>(21,704,209)</b>	<b>(3,488,273)</b>	<b>(13,283,604)</b>

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

**SHIRE OF BRUCE ROCK**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	NOTE	2020	2019
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	2,069,240	2,667,677
Trade and other receivables	6	238,338	273,018
Other financial assets	5(a)	1,331,661	1,260,128
Inventories	7	82,106	34,774
Contract assets	2(a)	74,205	0
Other assets	8	8,746	8,050
<b>TOTAL CURRENT ASSETS</b>		<b>3,804,296</b>	<b>4,243,647</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	6	12,753	11,069
Financial assets at fair value through profit and loss	5(b)	71,221	70,068
Property, plant and equipment	9	33,440,314	34,105,424
Infrastructure	10	56,983,813	77,741,139
Right of use assets	12(a)	21,792	0
<b>TOTAL NON-CURRENT ASSETS</b>		<b>90,529,893</b>	<b>111,927,700</b>
<b>TOTAL ASSETS</b>		<b>94,334,189</b>	<b>116,171,347</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	444,584	646,084
Lease liabilities	15(a)	3,763	0
Borrowings	16(a)	25,419	70,719
Employee related provisions	17	333,327	408,126
<b>TOTAL CURRENT LIABILITIES</b>		<b>807,093</b>	<b>1,124,929</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	15(a)	18,392	0
Borrowings	16(a)	246,581	0
Employee related provisions	17	44,539	63,239
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>309,512</b>	<b>63,239</b>
<b>TOTAL LIABILITIES</b>		<b>1,116,605</b>	<b>1,188,168</b>
<b>NET ASSETS</b>		<b>93,217,584</b>	<b>114,983,179</b>
<b>EQUITY</b>			
Retained surplus		28,921,149	32,010,617
Reserves - cash/financial asset backed	4	1,331,661	1,260,128
Revaluation surplus	13	62,964,774	81,712,434
<b>TOTAL EQUITY</b>		<b>93,217,584</b>	<b>114,983,179</b>

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



**SHIRE OF BRUCE ROCK**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2020**

		RESERVES CASH/FINANCIAL			
	NOTE	RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS	
		\$	\$	\$	
				TOTAL EQUITY	
				\$	
<b>Balance as at 1 July 2018</b>		<b>35,435,822</b>	<b>1,309,120</b>	<b>91,521,841</b>	<b>128,266,783</b>
Comprehensive income					
Net result for the period		(3,474,197)	0	0	(3,474,197)
Other comprehensive income	13	0	0	(9,809,407)	(9,809,407)
Total comprehensive income		(3,474,197)	0	(9,809,407)	(13,283,604)
Transfers from reserves	4	140,000	(140,000)	0	0
Transfers to reserves	4	(91,008)	91,008	0	0
<b>Balance as at 30 June 2019</b>		<b>32,010,617</b>	<b>1,260,128</b>	<b>81,712,434</b>	<b>114,983,179</b>
Change in accounting policy	29(c)	(61,386)	0	0	(61,386)
<b>Restated total equity at 1 July 2019</b>		<b>31,949,231</b>	<b>1,260,128</b>	<b>81,712,434</b>	<b>114,921,793</b>
Comprehensive income					
Net result for the period		(2,956,549)	0	0	(2,956,549)
Other comprehensive income	13	0	0	(18,747,660)	(18,747,660)
Total comprehensive income		(2,956,549)	0	(18,747,660)	(21,704,209)
Transfers from reserves	4	36,700	(36,700)	0	0
Transfers to reserves	4	(108,233)	108,233	0	0
<b>Balance as at 30 June 2020</b>		<b>28,921,149</b>	<b>1,331,661</b>	<b>62,964,774</b>	<b>93,217,584</b>

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,535,465	1,553,859	1,451,923
Operating grants, subsidies and contributions		3,111,243	1,771,767	2,908,747
Fees and charges		1,010,847	841,070	790,185
Interest received		49,720	66,278	76,080
Other revenue		57,426	59,000	56,352
		5,764,701	4,291,974	5,283,287
<b>Payments</b>				
Employee costs		(2,626,656)	(2,782,431)	(2,414,146)
Materials and contracts		(1,970,761)	(2,254,916)	(1,055,757)
Utility charges		(229,310)	(226,620)	(242,427)
Interest expenses		(3,103)	(4,027)	(2,658)
Insurance paid		(232,936)	(182,190)	(175,719)
Other expenditure		(160,300)	(89,863)	(107,103)
		(5,223,066)	(5,540,047)	(3,997,810)
<b>Net cash provided by (used in) operating activities</b>	18	541,635	(1,248,073)	1,285,477
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	9(a)	(968,812)	(1,437,299)	(866,626)
Payments for construction of infrastructure	10(a)	(1,496,520)	(1,337,207)	(1,275,430)
Non-operating grants, subsidies and contributions	2(a)	1,143,697	1,019,102	1,120,849
Proceeds from financial assets at amortised cost - term deposits		(71,533)	0	48,992
Proceeds from financial assets at fair values through profit and loss		(1,153)	0	0
Proceeds from sale of property, plant & equipment	11(a)	56,601	229,000	226,269
<b>Net cash provided by (used in) investment activities</b>		(1,337,720)	(1,526,404)	(745,946)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	16(b)	(70,719)	(83,061)	(69,045)
Payments for principal portion of lease liabilities	15(b)	(3,639)		
Proceeds from new borrowings	16(b)	272,000	272,000	0
<b>Net cash provided by (used in) financing activities</b>		197,642	188,939	(69,045)
<b>Net increase (decrease) in cash held</b>		(598,437)	(2,585,538)	470,486
Cash at beginning of year		2,667,677	3,917,868	2,197,191
<b>Cash and cash equivalents at the end of the year</b>	18	2,069,240	1,332,330	2,667,677

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	26 (b)	1,981,242	1,945,478	1,925,686
		1,981,242	1,945,478	1,925,686
<b>Revenue from operating activities (excluding rates)</b>				
Governance		73,680	58,245	62,457
General purpose funding		2,721,563	1,315,389	2,620,625
Law, order, public safety		25,276	29,400	34,252
Health		54,856	55,970	74,964
Education and welfare		4,081	2,640	2,576
Housing		194,574	172,400	176,496
Community amenities		136,854	144,400	139,680
Recreation and culture		173,443	213,397	85,149
Transport		268,645	324,475	338,167
Economic services		259,009	216,000	167,598
Other property and services		395,390	247,800	277,874
		4,307,371	2,780,116	3,979,838
<b>Expenditure from operating activities</b>				
Governance		(810,610)	(786,060)	(777,116)
General purpose funding		(147,084)	(79,901)	(91,736)
Law, order, public safety		(128,135)	(128,224)	(130,160)
Health		(401,970)	(589,151)	(411,563)
Education and welfare		(116,452)	(132,372)	(109,449)
Housing		(402,553)	(447,246)	(417,358)
Community amenities		(215,383)	(214,028)	(195,993)
Recreation and culture		(1,738,875)	(1,685,271)	(1,655,226)
Transport		(4,432,099)	(3,686,197)	(5,162,059)
Economic services		(921,676)	(743,726)	(630,952)
Other property and services		(580,180)	(284,174)	(397,771)
		(9,895,017)	(8,776,350)	(9,979,383)
Non-cash amounts excluded from operating activities	26(a)	5,067,125	3,971,566	5,524,473
<b>Amount attributable to operating activities</b>		1,460,721	(79,190)	1,450,614
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	1,143,697	1,019,102	1,120,849
Proceeds from disposal of assets	11(a)	56,601	229,000	226,269
Purchase of property, plant and equipment	9(a)	(968,812)	(1,437,299)	(882,135)
Purchase and construction of infrastructure	10(a)	(1,496,520)	(1,337,207)	(1,275,430)
<b>Amount attributable to investing activities</b>		(1,265,034)	(1,526,404)	(810,447)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	16(b)	(70,719)	(83,061)	(69,045)
Proceeds from borrowings	16(c)	272,000	272,000	0
Payments for principal portion of lease liabilities	15(b)	(3,639)	0	0
Transfers to reserves (restricted assets)	4	(108,233)	(72,203)	(91,008)
Transfers from reserves (restricted assets)	4	36,700	0	140,000
<b>Amount attributable to financing activities</b>		126,109	116,736	(20,053)
<b>Surplus/(deficit) before imposition of general rates</b>		321,796	(1,488,859)	620,114
<b>Total amount raised from general rates</b>	25(a)	1,488,228	1,488,859	1,422,514
<b>Surplus/(deficit) after imposition of general rates</b>	26(b)	<b>1,810,024</b>	<b>0</b>	<b>2,042,628</b>

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

**SHIRE OF BRUCE ROCK**  
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**FOR THE YEAR ENDED 30 JUNE 2020**

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## 1. BASIS OF PREPARATION

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

### AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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

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

The Shire of Bruce Rock did not account for ROU vested land values therefore no adjustments were required to the revaluation reserve as at 1 July 2019.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and

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

### NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

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

### CRITICAL ACCOUNTING ESTIMATES

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

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

### THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 30 to these financial statements.

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

**2. REVENUE AND EXPENSES**

**REVENUE RECOGNITION POLICY**

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Property hire and entry	Use of halls, rec centres and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Residential & commercial property rent	Rental of residential properties, units or housing	Single point in time	Paid at least weekly or monthly in advance	Refund if tenancy cancelled within 28 days	Adopted by council annually	Based on timing of entry to property	Returns limited to repayment of transaction price	Revenue recognised during tenancy of property
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Applied fully based on timing of provision	Returns limited to repayment of transaction price	When membership paid for
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Supermarket and other miscellaneous stock	Single point in time	Payment in full on sale	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

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

**2. REVENUE AND EXPENSES**

**(a) Grant revenue**

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

	<b>2020</b>	<b>2020</b>	<b>2019</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>			
Governance	72,962	57,700	57,756
General purpose funding	2,652,047	1,229,510	2,456,895
Law, order, public safety	20,629	23,700	29,116
Health	0	100	21,011
Education and welfare	1,573	140	135
Housing	10,751	9,500	20,341
Community amenities	0	4,000	4,491
Recreation and culture	114,699	153,342	18,938
Transport	256,454	256,475	283,003
Economic services	8,035	26,500	7,586
Other property and services	27,342	10,800	29,868
	<b>3,164,492</b>	<b>1,771,767</b>	<b>2,929,140</b>
<b>Non-operating grants, subsidies and contributions</b>			
Recreation and culture	76,733	76,732	61,386
Transport	1,066,964	942,370	1,059,463
	<b>1,143,697</b>	<b>1,019,102</b>	<b>1,120,849</b>
	<b>4,308,189</b>	<b>2,790,869</b>	<b>4,049,989</b>
<b>Fees and charges</b>			
Governance	719	545	888
General purpose funding	3,644	4,600	5,371
Law, order, public safety	4,648	5,700	5,136
Health	51,314	52,870	51,143
Education and welfare	2,508	2,500	2,441
Housing	183,823	162,900	156,155
Community amenities	136,854	140,400	135,188
Recreation and culture	48,857	54,055	50,703
Transport	12,190	47,000	46,448
Economic services	250,974	183,500	159,013
Other property and services	315,316	187,000	177,699
	<b>1,010,847</b>	<b>841,070</b>	<b>790,185</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, subsidies and contributions**

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

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

**Fees and Charges**

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

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

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

**(a) Revenue (Continued)**

	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Contracts with customers and transfers for recognisable non-financial assets</b>			
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:			
Operating grants, subsidies and contributions	3,164,492	1,771,767	2,929,140
Fees and charges	1,010,847	841,070	790,185
Non-operating grants, subsidies and contributions	1,143,697	1,019,102	1,120,849
	5,319,036	3,631,939	4,840,174
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:			
Performance obligations satisfied in the previous year	74,205	0	0
Other revenue from contracts with customers recognised during the year	4,175,339	2,612,837	3,719,325
Other revenue from performance obligations satisfied during the year	1,008,106	1,019,102	1,120,849
	5,319,036	3,631,939	4,840,174
Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:			
Trade and other receivables from contracts with customers	170,511		147,487
Contract assets	74,205		0

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2020. Assets associated with contracts with customers were not subject to an impairment charge.

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

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

**(a) Revenue (Continued)**

	<b>2020 Actual</b>	<b>2020 Budget</b>	<b>2019 Actual</b>
	\$	\$	\$
<b>Revenue from statutory requirements</b>			
Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:			
General rates	1,488,228	1,488,859	1,422,514
	<b>1,488,228</b>	<b>1,488,859</b>	<b>1,422,514</b>
<b>Assets and services acquired below fair value</b>			
Contributed assets	0	0	15,509
	<b>0</b>	<b>0</b>	<b>15,509</b>
<b>Other revenue</b>			
Other	57,426	59,000	141,928
	<b>57,426</b>	<b>59,000</b>	<b>141,928</b>
<b>Interest earnings</b>			
Interest on reserve funds	23,108	25,203	36,132
Rates instalment and penalty interest (refer Note 25(e))	12,488	14,300	14,585
Other interest earnings	14,124	26,775	25,363
	<b>49,720</b>	<b>66,278</b>	<b>76,080</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Interest earnings**

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

**Interest earnings (continued)**

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

**(b) Expenses**

Note	<b>2020 Actual</b>	<b>2020 Budget</b>	<b>2019 Actual</b>
	\$	\$	\$
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report	30,700	26,000	24,700
	<b>30,700</b>	<b>26,000</b>	<b>24,700</b>
<b>Interest expenses (finance costs)</b>			
Borrowings	1,280	4,027	2,955
Interest expense accrued	986	0	721
Lease liabilities	837	0	0
	<b>3,103</b>	<b>4,027</b>	<b>3,676</b>
<b>Other expenditure</b>			
Sundry expenses	129,133	89,863	107,103
	<b>160,294</b>	<b>89,863</b>	<b>107,103</b>

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

**3. CASH AND CASH EQUIVALENTS**

	NOTE	2020 \$	2019 \$
Cash at bank and on hand		2,069,240	2,667,677
<b>Total cash and cash equivalents</b>		<b>2,069,240</b>	<b>2,667,677</b>
<b>Restrictions</b>			
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		0	61,386
- Financial assets at amortised cost	5	1,331,661	1,260,128
		<b>1,331,661</b>	<b>1,321,514</b>

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

Reserves - cash/financial asset backed	4	1,331,661	1,260,128
Unspent grants, subsidies and contributions		0	61,386
<b>Total restricted assets</b>		<b>1,331,661</b>	<b>1,321,514</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

**Restricted assets**

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

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

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

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Reserves cash backed - Long Service Leave Reserve	113,319	1,981	0	115,300	113,319	2,266	0	115,585	110,813	2,506	0	113,319
(b) Reserves cash backed - Plant Replacement Reserve	6,179	108	0	6,287	6,179	124	0	6,303	6,042	137	0	6,179
(c) Reserves cash backed - Housing Reserve	224,116	3,917	0	228,033	224,115	4,482	0	228,597	219,160	4,956	0	224,116
(d) Reserves cash backed - Council Housing Reserve	3,604	63	0	3,667	3,604	72	0	3,676	140,429	3,175	(140,000)	3,604
(e) Reserves cash backed - Transport Infrastructure Reserve	756,794	13,968	(29,700)	741,062	756,794	15,136	0	771,930	733,921	22,873	0	756,794
(f) Reserves cash backed - Sports Facility Replacement Reserve	86,429	11,511	0	97,940	86,429	11,728	0	98,157	64,757	21,672	0	86,429
(g) Reserves cash backed - Bowls Sporting Club Facility Replacement Reserve	12,148	6,272	0	18,420	12,148	6,243	0	18,391	5,999	6,149	0	12,148
(h) Reserves cash backed - Cricket Sporting Club Facility Replacement Reserve	9,079	6,203	0	15,282	9,079	6,182	0	15,261	3,000	6,079	0	9,079
(i) Reserves cash backed - Football Sporting Club Facility Replacement Reserve	11,661	261	(7,000)	4,922	11,661	6,233	0	17,894	6,999	4,662	0	11,661
(j) Reserves cash backed - Hockey Sporting Club Facility Replacement Reserve	12,148	6,272	0	18,420	12,148	6,243	0	18,391	6,000	6,148	0	12,148
(k) Reserves cash backed - Netball Sporting Club Facility Replacement Reserve	12,138	1,397	0	13,535	12,138	6,243	0	18,381	6,000	6,138	0	12,138
(l) Reserves cash backed - Squash Sporting Club Facility Replacement Reserve	375	8	0	383	375	1,008	0	1,383	0	375	0	375
(m) Reserves cash backed - Tennis Sporting Club Facility Replacement Reserve	12,138	6,272	0	18,410	12,138	6,243	0	18,381	6,000	6,138	0	12,138
(n) Reserves cash backed - Supermarket Guarantee Reserve	0	50,000	0	50,000	0	0	0	0	0	0	0	0
	<b>1,260,128</b>	<b>108,233</b>	<b>(36,700)</b>	<b>1,331,661</b>	<b>1,260,127</b>	<b>72,203</b>	<b>0</b>	<b>1,332,330</b>	<b>1,309,120</b>	<b>91,008</b>	<b>(140,000)</b>	<b>1,260,128</b>

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

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

**4. RESERVES - CASH/FINANCIAL ASSET BACKED (cont.)**

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

<b>Name of Reserve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
(a) Reserves cash backed - Long Service Leave Reserve	Ongoing	To be used to fund long service leave requirements for employees.
(b) Reserves cash backed - Plant Replacement Reserve	Ongoing	To be used to fund major plant purchases.
(c) Reserves cash backed - Housing Reserve	Ongoing	To be used for the construction of future joint venture housing projects.
(d) Reserves cash backed - Council Housing Reserve	Ongoing	To be used for the construction of housing for Council staff.
(e) Reserves cash backed - Transport Infrastructure Reserve	Ongoing	To be used for the road infrastructure network within the Shire.
(f) Reserves cash backed - Sports Facility Replacement Reserve	Ongoing	To be used towards the replacement of sporting playing surfaces and facilities within the Shire.
(g) Reserves cash backed - Bowls Sporting Club Facility Replacement Reserve	Ongoing	To be used for the Bruce Rock Bowling Club's contribution to upgrade or replacement of facilities at the Bruce Rock Recreation Centre.
(h) Reserves cash backed - Cricket Sporting Club Facility Replacement Reserve	Ongoing	To be used for the Bruce Rock Shackleton Ardath Cricket Club's contribution to upgrade or replacement of facilities at the Bruce Rock Recreation Centre.
(i) Reserves cash backed - Football Sporting Club Facility Replacement Reserve	Ongoing	To be used for the Bruce Rock Football Club's contribution to upgrade or replacement of facilities at the Bruce Rock Recreation Centre.
(j) Reserves cash backed - Hockey Sporting Club Facility Replacement Reserve	Ongoing	To be used for the Bruce Rock Hockey Club's contribution to upgrade or replacement of facilities at the Bruce Rock Recreation Centre.
(k) Reserves cash backed - Netball Sporting Club Facility Replacement Reserve	Ongoing	To be used for the Bruce Rock Netball Club's contribution to upgrade or replacement of facilities at the Bruce Rock Recreation Centre.
(l) Reserves cash backed - Squash Sporting Club Facility Replacement Reserve	Ongoing	To be used for the Bruce Rock Squash Club's contribution to upgrade or replacement of facilities at the Bruce Rock Recreation Centre.
(m) Reserves cash backed - Tennis Sporting Club Facility Replacement Reserve	Ongoing	To be used for the Bruce Rock Tennis Club's contribution to upgrade or replacement of facilities at the Bruce Rock Recreation Centre.
(n) Reserves cash backed - Supermarket Guarantee Reserve	Ongoing	To be used as a bank security guarantee for a trading account with Metcash Trading Ltd to purchase groceries and stock for the Bruce Rock Supermarket.

**SHIRE OF BRUCE ROCK**  
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**FOR THE YEAR ENDED 30 JUNE 2020**

**5. OTHER FINANCIAL ASSETS**

**(a) Current assets**

Financial assets at amortised cost

**Other financial assets at amortised cost**

Term deposits

**(b) Non-current assets**

Financial assets at fair value through profit and loss

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

Units in Local Government House Trust

	2020	2019
	\$	\$
	1,331,661	1,260,128
	1,331,661	1,260,128
	1,331,661	1,260,128
	1,331,661	1,260,128
	71,221	70,068
	71,221	70,068
	71,221	70,068
	71,221	70,068

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

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

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

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

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 27.

SHIRE OF BRUCE ROCK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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6. TRADE AND OTHER RECEIVABLES

**Current**

Rates receivable	98,988	125,531
Trade and other receivables	170,511	147,487
Allowance for impairment of receivables	(31,161)	0

**Non-current**

Pensioner's rates and ESL deferred	12,753	11,069
------------------------------------	--------	--------

**Reconciliation of changes in the allowance for impairment of receivables:**

Balance at the start of the year	0	0
Restated balance at start of period	0	0
Expected credit losses expense	(31,161)	0
Amount written off during the period	0	0

**Balance at end of the period**

2020	2019
\$	\$
98,988	125,531
170,511	147,487
(31,161)	0
238,338	273,018
12,753	11,069
12,753	11,069
0	0
0	0
(31,161)	0
0	0
0	0

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other receivables**

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

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

**Impairment and risk exposure**

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 27.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Classification and subsequent measurement**

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

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

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

**SHIRE OF BRUCE ROCK**  
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**7. INVENTORIES**

**Current**

Fuel and materials  
 Supermarket Stock

	2020	2019
	\$	\$
	37,133	34,774
	44,973	0
	82,106	34,774
	34,774	41,624
	(348,536)	(253,499)
	395,868	246,649
	82,106	34,774

The following movements in inventories occurred during the year:

**Carrying amount at beginning of period**

Inventories expensed during the year

Additions to inventory

**Carrying amount at end of period**

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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

SHIRE OF BRUCE ROCK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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8. OTHER ASSETS

**Other assets - current**

Accrued income

	2020	2019
	\$	\$
	8,746	8,050
	8,746	8,050

**SIGNIFICANT ACCOUNTING POLICIES**

**Other current assets**

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

## 9. PROPERTY, PLANT AND EQUIPMENT

### (a) Movements in Carrying Amounts

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

	Land	Buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	1,428,607	30,033,946	31,462,553	196,806	3,687,196	35,346,555
Additions	18,000	336,985	354,985	0	527,150	882,135
(Disposals)	0	0	0	0	(246,762)	(246,762)
Depreciation (expense)	0	(1,434,970)	(1,434,970)	(45,424)	(396,110)	(1,876,504)
<b>Carrying amount at 30 June 2019</b>	1,446,607	28,935,961	30,382,568	151,382	3,571,474	34,105,424
<b>Comprises:</b>						
Gross carrying amount at 30 June 2019	1,446,607	31,774,609	33,221,216	286,610	4,587,655	38,095,481
Accumulated depreciation at 30 June 2019	0	(2,838,648)	(2,838,648)	(135,229)	(1,016,180)	(3,990,057)
<b>Carrying amount at 30 June 2019</b>	1,446,607	28,935,961	30,382,568	151,381	3,571,475	34,105,424
Additions	2,242	648,163	650,405	30,060	288,347	968,812
(Disposals)	(99,729)	0	(99,729)	(540)	(75,280)	(175,549)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	(7,669)	503,204	495,535
Depreciation (expense)	0	(1,434,908)	(1,434,908)	(35,755)	(407,195)	(1,877,858)
Transfers	0	(76,050)	(76,050)	0	0	(76,050)
<b>Carrying amount at 30 June 2020</b>	1,349,120	28,073,166	29,422,286	137,477	3,880,551	33,440,314
<b>Comprises:</b>						
Gross carrying amount at 30 June 2020	1,349,120	32,346,721	33,695,841	137,477	3,885,648	37,718,966
Accumulated depreciation at 30 June 2020	0	(4,273,555)	(4,273,555)	0	(5,097)	(4,278,652)
<b>Carrying amount at 30 June 2020</b>	1,349,120	28,073,166	29,422,286	137,477	3,880,551	33,440,314

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

**(b) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Land	2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent registered valuers	June 2017	Price per hectare/ market borrowing rate
Buildings	3	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent registered valuers	June 2017	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
<b>Furniture and equipment</b>	2	Market approach using recent observable market data for similar assets	Independent registered valuers	June 2020	Market price per item
<b>Plant and equipment</b>	2	Market approach using recent observable market data for similar assets	Independent registered valuers	June 2020	Market price per item

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

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

**(b) Leases arrangements**

Residential properties are leased to GROH (Government Regional Officers Housing) under long-term leases with rentals payable monthly. Minimum lease payments receivable on leases of residential properties are as follows;

	2020 Actual
Within one year	\$ 62,949
Later than one year but not later than 5 years	332,910
Later than 5 years	162,800
	<b>558,659</b>

**SHIRE OF BRUCE ROCK**  
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**10. INFRASTRUCTURE**

**(a) Movements in Carrying Amounts**

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

	Infrastructure - roads	Other infrastructure - bridges	Other infrastructure - footpaths	Other infrastructure - drainage	Other infrastructure - other	Other infrastructure - airstrip	Other infrastructure- carparks	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	55,674,004	23,026,776	1,007,412	7,195,662	2,543,953	529,228	0	89,977,035
Additions	1,051,625	202,425	0	2,843	18,537			1,275,430
Revaluation increments / (decrements) transferred to revaluation surplus	(9,809,407)	0	0	0	0	0	0	(9,809,407)
Depreciation (expense)	(2,942,575)	(495,394)	(40,590)	(157,327)	(28,383)	(37,598)	(52)	(3,701,919)
Transfers	0	0	0	0	(2,180)	0	2,180	0
<b>Carrying amount at 30 June 2019</b>	43,973,647	22,733,807	966,822	7,041,178	2,531,927	491,630	2,128	77,741,139
<b>Comprises:</b>								
Gross carrying amount at 30 June 2019	43,973,647	23,229,201	1,007,412	7,198,505	2,560,309	529,228	2,180	78,500,482
Accumulated depreciation at 30 June 2019	0	(495,394)	(40,590)	(157,327)	(28,382)	(37,598)	(52)	(759,343)
<b>Carrying amount at 30 June 2019</b>	43,973,647	22,733,807	966,822	7,041,178	2,531,927	491,630	2,128	77,741,139
Additions	1,119,258	232,592	0	95,242	49,428	0	0	1,496,520
Revaluation increments / (decrements) transferred to revaluation surplus	0	(11,497,055)	(182,232)	(5,491,529)	(2,281,586)	(46,826)	256,033	(19,243,195)
Revaluation (loss) / reversals transferred to profit or loss	0	0	0	0	0	(127,206)	0	(127,206)
Depreciation (expense)	(2,190,418)	(499,844)	(40,590)	(157,391)	(33,492)	(37,598)	(161)	(2,959,494)
Transfers	0	0			76,050	0	0	76,050
<b>Carrying amount at 30 June 2020</b>	42,902,487	10,969,500	744,000	1,487,500	342,326	280,000	258,000	56,983,815
<b>Comprises:</b>								
Gross carrying amount at 30 June 2020	45,092,905	10,969,500	744,000	1,487,500	345,915	280,000	258,000	59,177,820
Accumulated depreciation at 30 June 2020	(2,190,418)	0	0	0	(3,589)	0	0	(2,194,007)
<b>Carrying amount at 30 June 2020</b>	42,902,487	10,969,500	744,000	1,487,500	342,326	280,000	258,000	56,983,815

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**10. INFRASTRUCTURE (Continued)**

**(b) 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>
<b>Infrastructure - roads</b>	3	Cost approach using depreciated replacement cost	Independent valuation	June 2019	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
<b>Other infrastructure - bridges</b>	3	Cost approach using depreciated replacement cost	Independent valuation	June 2020	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
<b>Other infrastructure - footpaths</b>	3	Cost approach using depreciated replacement cost	Independent valuation	June 2020	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
<b>Other infrastructure - drainage</b>	3	Cost approach using depreciated replacement cost	Independent valuation	June 2020	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
<b>Other infrastructure - other</b>	3	Cost approach using depreciated replacement cost	Independent valuation	June 2020	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
<b>Other infrastructure - airstrip</b>	3	Cost approach using depreciated replacement cost	Independent valuation	June 2020	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
<b>Other infrastructure- carparks</b>	3	Cost approach using depreciated replacement cost	Independent valuation	June 2020	Construction costs (level 2) and current condition (level 3), 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 BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**11. FIXED ASSETS**

**SIGNIFICANT ACCOUNTING POLICIES**

**Fixed assets**

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

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

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

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

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

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

**Revaluation**

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing (i.e. vested improvements) on vested land acquired by the Shire. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 1996 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

**AUSTRALIAN ACCOUNTING STANDARDS – INCONSISTENCY**

**Land under control prior to 1 July 2019**

In accordance with the then *Local Government (Financial Management) Regulation 16(a)(ii)*, the Shire was previously required to include as an asset (by 30 June 2013), vested Crown Land

operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 16. They were then classified as Land and revalued along with other land.

**Land under roads prior to 1 July 2019**

In Western Australia, most land under roads in 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 Standards AASB 1051 Land Under Roads and the then *Local Government (Financial Management) Regulation 16(a)(i)* which arbitrarily prohibited local governments from recognising such land as an asset. This regulation has now been deleted.

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

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

**Land under roads from 1 July 2019**

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

The Shire did not need to remove land values associated with land for sporting or recreational facilities as they were not of regional or state significance.

**Vested improvements from 1 July 2019**

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

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

**SHIRE OF BRUCE ROCK**  
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**11. FIXED ASSETS**

**(a) Disposals of Assets**

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Land	\$ 99,729	\$ 9,000	\$ 0	\$ (90,729)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Furniture and equipment	540	0	0	(540)	0	0	0	0	0	0	0	0
Plant and equipment	75,280	47,601	9,887	(37,566)	239,500	229,000	27,000	(37,500)	246,762	226,269	12,530	(33,023)
	175,549	56,601	9,887	(128,835)	239,500	229,000	27,000	(37,500)	246,762	226,269	12,530	(33,023)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
<b>Plant and Equipment</b>				
<b>Governance</b>	\$	\$	\$	\$
F5079 - Photocopier	540	0	0	(540)
P3412 - BK2	26,354	18,409	0	(7,946)
<b>Recreation and culture</b>				
P3109 - Mower	9,213	19,100	9,887	0
<b>Transport</b>				
P3113 - Roller	39,712	10,092	0	(29,620)
	75,819	47,601	9,887	(38,106)
<b>Land</b>				
<b>Other Property and Services</b>				
L1049 - 106 Butcher St	11,000	3,000	0	(8,000)
L1050 - 108 Butcher St	11,000	3,000	0	(8,000)
L1051 - 110 Butcher St	11,000	3,000	0	(8,000)
L1015 - Lots 26-28 Butcher St	45,000	0	0	(45,000)
L1017 - 81 Butcher St	21,729	0	0	(21,729)
	99,729	9,000	0	(90,729)
	175,549	56,601	9,887	(128,835)

**SHIRE OF BRUCE ROCK**  
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**11. FIXED ASSETS**

**(b) Depreciation**

	<b>2020 Actual</b>	<b>2020 Budget</b>	<b>2019 Actual</b>
	\$	\$	\$
Buildings	1,434,908	1,434,970	1,434,970
Furniture and equipment	35,755	45,424	45,424
Plant and equipment	407,195	396,110	396,110
Infrastructure - roads	2,190,418	2,084,562	2,942,575
Other infrastructure - bridges	499,844	0	495,394
Other infrastructure - footpaths	40,590	0	40,590
Other infrastructure - drainage	157,391	0	157,327
Other infrastructure - other	33,492	0	28,383
Other infrastructure - airstrip	37,598	0	37,598
Other infrastructure- carparks	161	0	52
Right of use assets - land	4,003	0	0
	<b>4,841,355</b>	<b>3,961,066</b>	<b>5,578,423</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Depreciation**

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

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

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

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

**Depreciation rates**

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

<b>Asset Class</b>	<b>Useful life</b>
Buildings	5 to 50 years
Furniture and equipment	4 to 20 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement	20 to 50 years
seal	
- bituminous seals	20 to 50 years
- asphalt surfaces	20 to 50 years
Gravel roads formation	not depreciated
pavement	10 years
Bridges	80 years
Footpaths	30 to 65 years
Drainage	10 to 80 years
Other Infrastructure	10 to 80 years
Airstrip	5 to 50 years
Carparks	10 to 50 years
Right of use (land)	Based on the remaining lease

**Depreciation on revaluation**

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

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

**Amortisation**

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

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

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

## 12. LEASES

### (a) Right of Use Assets

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

	Right of use assets - land	Right of use assets Total
	\$	
<b>Carrying amount at 30 June 2019</b>	0	0
Recognised on initial application of AASB 16	25,795	25,795
<b>Restated total equity at the beginning of the financial year</b>	25,795	25,795
Depreciation (expense)	(4,003)	(4,003)
<b>Carrying amount at 30 June 2020</b>	21,792	21,792
<b>(b) Cash outflow from leases</b>		
Interest expense on lease liabilities	837	837
Lease principal expense	3,639	3,639
Total cash outflow from leases	4,476	4,476

### SIGNIFICANT ACCOUNTING POLICIES

#### Leases

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

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

Right of use assets are subsequently measured under the revaluation model as they relate to asset classes that are also revalued.

#### Leases (continued)

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

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

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

**SHIRE OF BRUCE ROCK**  
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**FOR THE YEAR ENDED 30 JUNE 2020**

**13. REVALUATION SURPLUS**

	2020 Opening Balance	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land	1,272,266	0	0	0	1,272,266	1,272,266	0	0	0	1,272,266
Revaluation surplus - Buildings	22,358,743	0	0	0	22,358,743	22,358,743	0	0	0	22,358,743
Revaluation surplus - Furniture and equipment	91,733	0	(7,669)	(7,669)	84,064	91,733	0	0	0	91,733
Revaluation surplus - Plant and equipment	554,191	503,204	0	503,204	1,057,395	554,191	0	0	0	554,191
Revaluation surplus - Infrastructure - roads	25,637,680	0	0	0	25,637,680	35,447,088	0	(9,809,407)	(9,809,407)	25,637,680
Revaluation surplus - Other infrastructure - bridges	22,009,156	0	(11,497,055)	(11,497,055)	10,512,101	22,009,156	0	0	0	22,009,156
Revaluation surplus - Other infrastructure - footpaths	430,861	0	(182,232)	(182,232)	248,629	430,861	0	0	0	430,861
Revaluation surplus - Other infrastructure - drainage	7,008,511	0	(5,491,529)	(5,491,529)	1,516,982	7,008,511	0	0	0	7,008,511
Revaluation surplus - Other infrastructure - other	2,302,468	0	(2,281,586)	(2,281,586)	20,881	2,302,468	0	0	0	2,302,468
Revaluation surplus - Other infrastructure - airstrip	46,826	0	(46,826)	(46,826)	0	46,826	0	0	0	46,826
Revaluation surplus - Other infrastructure- carparks	0	256,033	0	256,033	256,033	0	0	0	0	0
	81,712,435	759,237	(19,506,897)	(18,747,660)	62,964,774	91,521,841	0	(9,809,407)	(9,809,407)	81,712,432

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

**SHIRE OF BRUCE ROCK**  
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**14. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors  
 Prepaid rates  
 Accrued salaries and wages  
 Bonds and deposits held  
 Accrued Interest on Loans  
 Accrued expenses

	2020	2019
	\$	\$
	260,736	562,056
	14,016	6,638
	63,960	67,119
	3,904	9,936
	672	335
	101,296	0
	444,584	646,084

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other payables**

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

**Prepaid rates**

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

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**15. LEASE LIABILITIES**

	2020	2019
	\$	\$
(a) Lease Liabilities		
Current	3,763	0
Non-current	18,392	0
	22,155	0

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual	30 June 2020	30 June 2020	30 June 2020	30 June 2020	Budget	30 June 2020	30 June 2020	30 June 2020	30 June 2020	Actual	30 June 2019	30 June 2019	30 June 2019	30 June 2019	
					Lease Principal 1 July 2019	Actual New Leases	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments	Lease Principal 1 July 2019	Budget New Leases	Budget Lease Principal Repayments	Budget Lease Principal Outstanding	Budget Lease Interest Repayments	Lease Principal 1 July 2018	Actual New Leases	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments	
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Economic services</b>																				
PTAWA - Saleyards (50%)	L7109	Burgess Rawson	3.60%	10 years	11,086	0	1,265	9,821	373	0	0	0	0	0	0	0	0	0	0	0
<b>Other property and services</b>																				
PTAWA - Batching plant (50%)	L7109	Burgess Rawson	3.60%	10 years	11,086	0	1,266	9,820	372	0	0	0	0	0	0	0	0	0	0	0
PTAWA - Sandpit	L7338	Burgess Rawson	3.00%	10 years	3,622	0	1,108	2,514	92	0	0	0	0	0	0	0	0	0	0	0
					25,794	0	3,639	22,155	837	0	0	0	0	0	0	0	0	0	0	0

**SHIRE OF BRUCE ROCK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**16. INFORMATION ON BORROWINGS**

(a) Borrowings	2020	2019
	\$	\$
Current	25,419	70,719
Non-current	246,581	0
	<u>272,000</u>	<u>70,719</u>

**(b) Repayments - Borrowings**

Particulars	Loan Number	Institution	Interest Rate	30 June 2020					30 June 2019										
				Actual Principal 1 July 2019	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2019	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2018	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Housing</b>																			
44 Curlew Dr House	3	WATC	1.49%	0	272,000	0	0	272,000	0	272,000	12,341	2,747	259,659	0	0	0	0	0	0
<b>Recreation and culture</b>																			
Solar Panels	2	WATC	2.41%	18,295	0	18,295	331	0	18,296	0	18,296	331	0	36,157	0	17,862	765	18,295	
<b>Economic services</b>																			
Caravan Park Accommodation	1	WATC	2.41%	52,424	0	52,424	949	0	52,424	0	52,424	949	0	103,607	0	51,183	2,190	52,424	
				<u>70,719</u>	<u>272,000</u>	<u>70,719</u>	<u>1,280</u>	<u>272,000</u>	<u>70,720</u>	<u>272,000</u>	<u>83,061</u>	<u>4,027</u>	<u>259,659</u>	<u>139,764</u>	<u>0</u>	<u>69,045</u>	<u>2,955</u>	<u>70,719</u>	

All borrowing repayments were financed by general purpose revenue.

**SHIRE OF BRUCE ROCK**  
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**FOR THE YEAR ENDED 30 JUNE 2020**

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

**(c) New Borrowings - 2019/20**

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2020 Actual	2020 Budget	2020 Actual	2020 Budget		
Loan 3 - 44 Curlew Dr House	WATC	Debenture	10	1.49%	\$ 272,000	\$ 272,000	\$ 272,000	\$ 272,000	\$ 21,777	\$ 0
					272,000	272,000	272,000	272,000	21,777	0

**(d) Undrawn Borrowing Facilities**

**Credit Standby Arrangements**

	2020	2019
	\$	\$
Bank Guarantee (Cash Backed)	50,000	0
Bank guarantee balance a balance date	0	0
Credit card limit	5,000	5,000
Credit card balance at balance date	(106)	(300)
<b>Total amount of credit unused</b>	<b>54,894</b>	<b>4,700</b>

**Loan facilities**

Loan facilities - current	25,419	70,719
Loan facilities - non-current	246,581	0
Lease liabilities - current	3,763	0
Lease liabilities - non-current	18,392	0
<b>Total facilities in use at balance date</b>	<b>294,155</b>	<b>70,719</b>

**Unused loan facilities at balance date**

NIL NIL

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Borrowing costs**

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

**Risk**

Information regarding exposure to risk can be found at Note 27.

## 17. EMPLOYEE RELATED PROVISIONS

### (a) Employee Related Provisions

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
<b>Opening balance at 1 July 2019</b>			
Current provisions	180,781	227,345	408,126
Non-current provisions	0	63,239	63,239
	180,781	290,584	471,365
Additional provision	391,630	18,564	410,194
Amounts used	(386,198)	(117,495)	(503,693)
<b>Balance at 30 June 2020</b>	186,213	191,653	377,866
<b>Comprises</b>			
Current	186,213	147,114	333,327
Non-current	0	44,539	44,539
	186,213	191,653	377,866

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

	2020 \$	2019 \$
Less than 12 months after the reporting date	333,327	408,126
More than 12 months from reporting date	52,540	71,961
Expected reimbursements from other WA local governments	(8,001)	(8,722)
	377,866	471,365

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

### SIGNIFICANT ACCOUNTING POLICIES

#### Employee benefits

##### Short-term employee benefits

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

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

##### Other long-term employee benefits

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

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

##### Other long-term employee benefits (Continued)

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

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

##### Provisions

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

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

## 18. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

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

	2020 Actual \$	2019 Actual \$
Cash and cash equivalents	2,069,240	2,667,677
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>		
Net result	(2,956,549)	(3,474,197)
Non-cash flows in Net result:		
Adjustments to fair value of financial assets at fair value through profit and loss	0	(70,068)
Adjustments to fair value of land	0	(15,508)
Depreciation on non-current assets	4,841,355	5,578,423
(Profit)/loss on sale of asset	118,948	20,493
Loss on revaluation of fixed assets	127,206	0
Changes in assets and liabilities:		
(Increase)/decrease in receivables	32,996	(2,945)
(Increase)/decrease in other assets	(696)	
(Increase)/decrease in inventories	(47,332)	6,850
(Increase)/decrease in contract assets	(74,205)	0
Increase/(decrease) in payables	(201,500)	331,676
Increase/(decrease) in provisions	(93,499)	31,604
Non-operating grants, subsidies and contributions	(1,143,697)	(1,120,849)
Net cash from operating activities	541,635	1,285,479

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

	2020	2019
	\$	\$
Governance	159,382	136,480
Law, order, public safety	216,883	172,201
Health	113,838	123,826
Education and welfare	51,012	56,879
Housing	3,449,483	3,315,808
Community amenities	75,912	97,074
Recreation and culture	7,552,183	7,129,448
Transport	56,432,065	78,374,324
Economic services	1,347,281	1,437,432
Other property and services	197,178	232,758
Unallocated	24,738,973	25,095,117
	94,334,189	116,171,347

## 20. CONTINGENT LIABILITIES

The Shire has identified the following sites, in relation to land owned, vested or leased, that is known to be, or is suspected of being contaminated.

i. Belka - Reserve 20196 (Lot 25322 on Plan 154374) and corresponding Road Reserve

As per Department of Water and Environment Regulation (DWER), notification these sites were contaminated and have been remediated such that is suitable for the current land use, but may not be suitable for a more sensitive land use. Therefore, DWER has classified these sites as 'remediated for restricted use'.

ii. Shackleton - Lot 424 - Old Rubbish Tip Site

As per DWER notification, the site was historically used as a rubbish disposal facility for an unknown period of time. This is a land use that has the potential to cause contamination.

As the site has not been investigated, a comment cannot be made on the suitability of the site as a whole for any land use. The site is classified by DWER as 'possibly contaminated - investigation required'. However DWER have confirmed that investigation is only required if the land is to be sold, exit the site or development for a more sensitive land use.

**21. CAPITAL AND LEASING COMMITMENTS**

**(a) Capital Expenditure Commitments**

Contracted for:

- capital expenditure projects

Payable:

- not later than one year

	2020	2019
	\$	\$
	0	378,161
	0	378,161
	0	378,161

**SIGNIFICANT ACCOUNTING POLICIES**

**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 of 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.

**Leases (Continued)**

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

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

## 22. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	11,046	15,000	13,941
President's allowance	14,140	14,140	14,000
Deputy President's allowance	3,535	3,535	3,500
Travelling expenses	975	3,000	1,064
Telecommunications allowance	4,025	9,500	3,500
	33,721	45,175	36,005

### Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	635,732	543,476
Post-employment benefits	76,651	69,545
Other long-term benefits	42,172	51,864
Termination benefits	23,091	0
	777,646	664,885

#### *Short-term employee benefits*

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

#### *Post-employment benefits*

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

#### *Other long-term benefits*

These amounts represent long service benefits accruing during the year.

#### *Termination benefits*

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

## 22. RELATED PARTY TRANSACTIONS (Continued)

### Transactions with related parties

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

The following transactions occurred with related parties:	2020 Actual	2019 Actual
	\$	\$
Sale of goods and services	40,144	53,119
Purchase of goods and services	263,130	182,907
Short term employee benefits -other related parties	201,504	278,710
<b>Amounts outstanding from related parties:</b>		
Trade and other receivables	282	4,521
<b>Amounts payable to related parties:</b>		
Trade and other payables	12,809	14,251

### Related Parties

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

##### *i. Key management personnel*

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

##### *ii. Other Related Parties*

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

##### *iii. Entities subject to significant influence by the Shire*

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

### **23. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2019-20 financial year.

### **24. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the 2019-20 financial year.

**SHIRE OF BRUCE ROCK**  
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**25. RATING INFORMATION**

(a) Rates

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>2019/20 Actual Rateable Value \$</b>	<b>2019/20 Actual Rate Revenue \$</b>	<b>2019/20 Actual Interim Rates \$</b>	<b>2019/20 Actual Back Rates \$</b>	<b>2019/20 Actual Total Revenue \$</b>	<b>2019/20 Budget Rate Revenue \$</b>	<b>2019/20 Budget Interim Rate \$</b>	<b>2019/20 Budget Back Rate \$</b>	<b>2019/20 Budget Total Revenue \$</b>	<b>2018/19 Actual Total Revenue \$</b>
<b>General rate</b>												
<b>Gross rental valuations</b>												
General Rate (GRV)	0.06897	190	1,729,048	119,252	624	0	119,876	119,252	0	0	119,252	114,993
<b>Unimproved valuations</b>												
General Rate (UV)	0.01182	318	110,992,500	1,311,931	(9)	0	1,311,922	1,311,931	0	0	1,311,931	1,254,852
<b>Sub-Total</b>		508	112,721,548	1,431,183	615	0	1,431,798	1,431,183	0	0	1,431,183	1,369,845
<b>Minimum payment</b>												
Minimum \$												
<b>Gross rental valuations</b>												
General Rate (GRV)	469	176	690,572	82,544	0	0	82,544	82,544	0	0	82,544	78,126
<b>Unimproved valuations</b>												
General Rate (UV)	469	25	573,000	11,725	0	0	11,725	11,725			11,725	11,225
Mining Tenaments (UV)	469	3	47,363	1,407	0	0	1,407	1,407			1,407	1,347
<b>Sub-Total</b>		204	1,310,935	95,676	0	0	95,676	95,676	0	0	95,676	90,698
		712	114,032,483	1,526,859	615	0	1,527,474	1,526,859	0	0	1,526,859	1,460,543
Discounts (Note 25(d))							(39,246)				(38,000)	(38,029)
<b>Total amount raised from general rate</b>							1,488,228				1,488,859	1,422,514
Ex-gratia rates							15,000				15,000	11,961
							1,503,228				1,503,859	1,434,475
Prepaid rates							(14,016)				0	(6,638)
<b>Totals</b>							1,489,212				1,503,859	1,427,837

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates**

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

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

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**25. RATING INFORMATION (Continued)**

**(b) Specified Area Rate**

No specified area rates were imposed by the Shire.

**(c) Service Charges**

No service charges were imposed by the Shire.

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

**25. RATING INFORMATION (Continued)**

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

**Rates Discounts**

Rate or Fee Discount Granted	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$	Circumstances in which Discount is Granted
Rates	3.00%	N/A	39,246	38,000	38,029	A discount of 3% of the current rates levied (excluding service charges) will be offered to rate payers who make payment of the full amount owing, including arrears and service charges on or before the 25th September 2019 or 35 days after the date of service appearing on the rates notice, whichever is the later.
			39,246	38,000	38,029	

**Waivers or Concessions**

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$
Rubbish charge	Pensioner	50.00%	143.50	16,382	12,341	14,820
	Senior	25.00%	71.75		1,076	
Recycling charge	Pensioner	50.00%	57.50	6,155	4,600	5,564
	Senior	25.00%	28.75		431	
				22,537	18,448	20,384
Total discounts/concessions				61,783	56,448	58,413

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Rubbish charge	Rate payer must be registered as a pensioner, concession card holder or senior under the Rates & Charges (Rebates & Deferements) Act 1992.	Discount of 50% applicable for pensioners and 25% applicable for seniors for rubbish charge	Reduction in service charge if registered as a pensioner, senior, concession card holder.
Recycling charge	Rate payer must be registered as a pensioner, concession card holder or senior under the Rates & Charges (Rebates & Deferements) Act 1992.	Discount of 50% applicable for pensioners and 25% applicable for seniors for recycling charge	Reduction in service charge if registered as a pensioner, senior, concession card holder.

## 25. RATING INFORMATION (Continued)

### (e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	25/09/2019	0.00	0.00%	11.00%
<b>Option Two</b>				
First instalment	25/09/2019	0.00	5.50%	11.00%
Second instalment	26/11/2019	10.70	5.50%	11.00%
<b>Option Three</b>				
First instalment	25/09/2019	0.00	5.50%	11.00%
Second instalment	26/11/2019	10.70	5.50%	11.00%
Third instalment	28/01/2020	10.70	5.50%	11.00%
Fourth instalment	31/03/2020	10.70	5.50%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	11,429	13,000	13,347
Interest on instalment plan	1,059	1,300	1,238
Charges on instalment plan	1,466	1,600	1,575
	13,954	15,900	16,160

SHIRE OF BRUCE ROCK  
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26. RATE SETTING STATEMENT INFORMATION

Note	2019/20 (30 June 2020 Carried Forward) \$	2019/20 (1 July 2019 Brought Forward) \$	2018/19 (30 June 2019 Carried Forward) \$	
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	11(a)	(9,887)	(12,530)	(12,530)
Less: Non-cash grants and contributions for assets		0	(15,508)	(15,508)
Less: Fair value adjustments to financial assets at amortised cost		0	(70,068)	(70,068)
Movement in pensioner deferred rates (non-current)		(1,684)	(448)	(448)
Movement in employee benefit provisions (non-current)		(18,700)	11,583	11,583
Add: Loss on disposal of assets	11(a)	128,835	33,021	33,021
Add: Loss on revaluation of fixed assets	10(a)	127,206	0	0
Add: Depreciation on non-current assets	11(b)	4,841,355	5,578,423	5,578,423
<b>Non cash amounts excluded from operating activities</b>		<b>5,067,125</b>	<b>5,524,473</b>	<b>5,524,473</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
Less: Reserves - cash/financial asset backed	4	(1,331,661)	(1,260,128)	(1,260,128)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	16(a)	25,419	70,719	70,719
- Current portion of lease liabilities	15(a)	3,763	0	0
- Employee benefit provisions		115,300	113,319	113,319
<b>Total adjustments to net current assets</b>		<b>(1,187,179)</b>	<b>(1,076,090)</b>	<b>(1,076,090)</b>
<b>Net current assets used in the Rate Setting Statement</b>				
Total current assets		3,804,296	4,243,647	4,243,647
Less: Total current liabilities		(807,093)	(1,186,315)	(1,124,929)
Less: Total adjustments to net current assets		(1,187,179)	(1,076,090)	(1,076,090)
<b>Net current assets used in the Rate Setting Statement</b>		<b>1,810,024</b>	<b>1,981,242</b>	<b>2,042,628</b>
<b>(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards</b>				
<b>Total current assets at 30 June 2019</b>				
- Contract assets	29(a)		4,243,647	4,243,647
<b>Total current assets at 1 July 2019</b>			<b>0</b>	<b>4,243,647</b>
<b>Total current liabilities at 30 June 2019</b>				
- Contract liabilities from contracts with customers	29(a)		(1,124,929)	(1,124,929)
<b>Total current liabilities at 1 July 2019</b>			<b>(61,386)</b>	<b>(1,186,315)</b>

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**27. FINANCIAL RISK MANAGEMENT**

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

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

**(a) Interest rate risk**

**Cash and cash equivalents**

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

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

	<b>Weighted Average Interest Rate</b>	<b>Carrying Amounts</b>	<b>Fixed Interest Rate</b>	<b>Variable Interest Rate</b>	<b>Non Interest Bearing</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2020</b>					
Cash and cash equivalents	0.24%	2,069,240	0	2,067,040	2,200
Financial assets at amortised cost - term deposits	1.56%	1,331,661	1,331,661	0	0
<b>2019</b>					
Cash and cash equivalents	1.19%	2,667,677	0	2,666,977	700
Financial assets at amortised cost	2.42%	1,260,128	1,260,128	0	0

**Sensitivity**

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

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% movement in interest rates on profit and loss and equity*	20,670	26,677

\* Holding all other variables constant

**Borrowings**

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

## 27. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk

#### Trade and Other Receivables

The Shire's major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk - the risk that the debt 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 secured charge over land, that is, the land can be sold to recover the debt. While the Shire was historically able to charge interest on overdue rates at higher than market rates, which further encourage payment, the effect of COVID-19 needs to be considered.

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

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

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

The loss allowance as at 30 June 2020 for rates receivable was determined as follows and takes into account the properties that were passed in at auction for the non-payment of rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2020</b>					
Rates receivable					
Expected credit loss	0.23%	0.23%	0.23%	79.87%	
Gross carrying amount	25,498	21,002	13,646	38,842	98,988
Loss allowance	59	48	31	31,023	31,161
<b>30 June 2019</b>					
Rates receivable					
Expected credit loss	0.21%	0.21%	0.21%	0.21%	
Gross carrying amount	3,026	32,948	23,544	66,013	125,531
Loss allowance	6	69	49	139	264

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2020</b>					
Trade and other receivables					
Expected credit loss	0.39%	0.39%	0.39%	0.39%	
Gross carrying amount	92,297	4,123	39,827	34,265	170,512
Loss allowance	360	16	155	134	665
<b>30 June 2019</b>					
Trade and other receivables					
Expected credit loss	0.37%	0.37%	0.37%	0.37%	
Gross carrying amount	107,008	4,386	16,203	19,890	147,487
Loss allowance	396	16	60	74	546

## 27. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### Payables and borrowings

Payables and borrowings are both subject to liquidity risk - that is the risk that sufficient 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 expected.

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2020</b>					
Payables	444,584	0	0	444,584	444,584
Borrowings	25,419	105,536	146,889	277,844	272,000
Lease liabilities	4,476	14,504	5,733	24,713	22,155
	<u>474,479</u>	<u>120,040</u>	<u>152,622</u>	<u>747,141</u>	<u>738,739</u>
<b>2019</b>					
Payables	646,084	0	0	646,084	646,084
Borrowings	74,746	0	0	74,746	70,719
	<u>720,830</u>	<u>0</u>	<u>0</u>	<u>720,830</u>	<u>716,803</u>

## 28. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire of Bruce Rock has opened a temporary supermarket after the town's only grocery store was lost to arson in March 2020. It is being operated from the Bruce Rock Shire Hall and stocks essential grocery lines. Council is working to construct a suitable building that will be leased to a commercial operator. It is estimated that the new supermarket will be operational by mid 2022.

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**29. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS**

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

**(a) AASB 15: Revenue from Contracts with Customers**

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	Note	AASB 118 carrying amount 30 June 2019 \$	Reclassification \$	AASB 15 carrying amount 01 July 2019 \$
<b>Contract liabilities - current</b>				
Contract liabilities from contracts with customers	14	0	(61,386)	(61,386)
Adjustment to retained surplus from adoption of AASB 15	29(c)		(61,386)	

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

	Note	2020 \$	Adjustment due to application of AASB 15 and AASB 1058	2020 \$	Compared to AASB 118 and AASB 1004
<b>Statement of Comprehensive Income</b>					
<b>Revenue</b>					
Rates	25(a)	1,503,228	14,016	1,517,244	
Operating grants, subsidies and contributions	2(a)	3,164,492	(61,386)	3,103,106	
Fees and charges	2(a)	1,010,847	(74,205)	936,642	
Non-operating grants, subsidies and contributions	2(a)	1,143,697	0	1,143,697	
Net result		(2,956,549)	(121,575)	(3,078,124)	
<b>Statement of Financial Position</b>					
Contract assets	2(a)	74,205	(74,205)	0	
Trade and other payables	14	444,584	(14,016)	430,568	
Net assets		93,217,584	(60,189)	93,157,395	
<b>Statement of Changes in Equity</b>					
Net result		(2,956,549)	(121,575)	(3,078,124)	
Retained surplus		28,921,149	(121,575)	28,799,574	

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

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**29. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)**

**(b) AASB 16: Leases**

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

	<u>Note</u>	<u>2020</u>
		\$
Discount applied using incremental borrowing rate		25,794
Lease liability recognised as 1 July 2019 discounted using the Shire's incremental borrowing rate of 3.60%	15(b)	25,794
Lease liability - current		3,639
Lease liability - non-current		22,155
Right-of-use assets recognised at 1 July 2019		25,794

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

Right-of-use assets and lease liabilities increased by \$25,794 on 1 July 2019 resulting in no impact on retained surplus.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

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

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

**(c) Impact of New Accounting Standards on Retained Surplus**

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

	<u>Note</u>	<u>Adjustments</u>	<u>2019</u>
			\$
Retained surplus - 30 June 2019			32,010,617
Adjustment to retained surplus from adoption of AASB 15	29(a)	(61,386)	
Adjustment to retained surplus from adoption of AASB 16	29(b)	0	(61,386)
Retained surplus - 1 July 2019			31,949,231

### 30. TRUST FUNDS

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

	1 July 2019	Amounts Received	Amounts Paid	30 June 2020
	\$	\$	\$	\$
Factory unit & Housing Bonds	1,483	1,324	(700)	2,107
Fundraisers	300	0	(300)	0
Kwolyin Progress Association	501	0	(501)	0
Sale of Land Deposits	1,000	22,448	(23,448)	0
Bruce Rock Museum funds	34	0	(34)	0
Overpayment of rates	120	0	(120)	0
Community Rec centre	25	0	(25)	0
Tidy Towns	1,512	0	(1,512)	0
Vietnam Veterans	7,541	0	0	7,541
Wind Up Committee	125	0	(125)	0
Wheatbelt Women	7,839	0	0	7,839
	20,480	23,772	(26,765)	17,487

# SHIRE OF BRUCE ROCK

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

### 31. OTHER SIGNIFICANT ACCOUNTING POLICIES

#### a) Goods and services tax (GST)

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

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

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

#### b) Current and non-current classification

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

#### c) Rounding off figures

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

#### d) Comparative figures

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

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

#### e) Budget comparative figures

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

#### f) Superannuation

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

#### g) Fair value of assets and liabilities

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

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

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

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

#### h) Fair value hierarchy

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

##### Level 1

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

##### Level 2

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

##### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

#### Valuation techniques

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

##### Market approach

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

##### Income approach

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

##### Cost approach

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

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

#### i) Impairment of assets

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

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

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

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

## 32. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<b>GOVERNANCE</b>	Administration and operation of facilities and services to its members of Council and other costs that relate to the costs of the tasks of elected members and ratepayers on matters which do not concern specific areas of Council.
<b>GENERAL PURPOSE FUNDING</b>	Rates, general purpose government grants and interest revenue.
<b>LAW, ORDER, PUBLIC SAFETY</b>	Assistance to the Shire's Bush Fire Services, fire prevention, animal control, crime prevention and community safety and the supervision of various by-laws.
<b>EDUCATION AND WELFARE</b>	Provision of facilities for local playgroup, senior citizen association, day-care and men's shed.
<b>HOUSING</b>	Maintenance of the shire aged, single and community, and other houses.
<b>COMMUNITY AMENITIES</b>	Rubbish collection services, operation of refuse site, recycling centre, bulk litter drives and Drummuster and maintenance of cemetery.
<b>RECREATION AND CULTURE</b>	Maintenance and operation of amphitheatre, halls and the recreation centre, the swimming pool, various courts, cricket pitches and oval. Maintenance of Council's parks and gardens and various reserves. Operation and control of Library and Museum and heritage inventory.
<b>TRANSPORT</b>	Construction and maintenance of streets, roads, drainage works, lighting of streets, depot maintenance and airstrip maintenance. Vehicle inspections are conducted on behalf of Department of Transport.
<b>ECONOMIC SERVICES</b>	Provision of tourism promotion through caravan park and camping ground, provision of community bus, assistance with Vietnam Veterans Back to the Bush Reunion, building surveyor, saleyards and water Landcare projects. standpipes. Operation of Bruce Rock Natural Resource Management and various Landcare projects.
<b>OTHER PROPERTY AND SERVICES</b>	Private works operations, public works overheads, plant repairs and operation costs.

### 33. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	3.60	2.89	3.80
Asset consumption ratio	0.93	0.69	0.98
Asset renewal funding ratio	1.17	1.19	N/A
Asset sustainability ratio	0.30	0.28	0.24
Debt service cover ratio	10.34	13.71	15.51
Operating surplus ratio	(1.59)	(1.99)	(1.87)
Own source revenue coverage ratio	0.26	0.23	0.22

The above ratios are calculated as follows:

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