



# Shire of **Ngaanyatjaraku**

ON A JOURNEY

## **ANNUAL GENERAL MEETING OF ELECTORS**

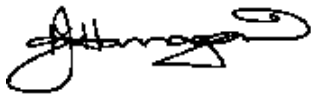
### **MINUTES**

**Tjulyuru Cultural and Civic Centre  
Warburton Community**

**24 July 2019  
1.10 pm**

**SHIRE OF NGAANYATJARRAKU**  
**ANNUAL GENERAL MEETING OF ELECTORS**

The Acting Chief Executive Officer recommends the endorsement of these minutes at the next Annual General Meeting of Council.



**Chief Executive Officer**

Date: 25-7-2019

These minutes were confirmed by Council as a true and correct record of proceedings of the Annual General Meeting of Electors held on the 24 July 2019.

**Presiding Member** \_\_\_\_\_ Date:...../...../2019

## 1. DECLARATION OF OPENING

The Presiding Member declared the meeting open at 1.10 pm.

## 2. ANNOUNCEMENT OF VISITORS

The Presiding Member welcomed members of the public to the gallery.

## 3. ATTENDANCE

### 3.1 PRESENT

<b>Elected Members:</b>	President Deputy President Councillor Councillor Councillor Councillor	D McLean P Thomas (by telephone) D Frazer A Jones L West J Frazer
<b>Staff:</b>	CEO DCS	K Hannagan (by telephone) K Fisher
<b>Guests:</b>	Nil	
<b>Members of Public:</b>	There were 3 members of the public in attendance at the commencement of the meeting. <ul style="list-style-type: none"><li>• Dereck Harris, Chairperson, NG Council</li><li>• Julie Porter, Member, NG Council</li><li>• Harriet Olney, Independent Member, NG Council</li></ul>	

### 3.2 APOLOGIES

Cr. A Bates

## 4. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

### 4.1 MINUTES OF AGM OF ELECTORS 2016/17 (Att 4.1)

#### Officers Recommendation and Council Resolution

**Moved: Cr P Thomas**

**Seconded: Cr A Jones**

That the Unconfirmed Minutes of the AGM of Electors held on 27 March 2019 at the Council Chambers, Tjulyuru Cultural and Civic Centre, Warburton Community (ATTACHMENT 4.1) be confirmed as a true and accurate record.

**Carried: 6/0**

## 5. PRESENTATION OF REPORTS FOR 2017/18

### Voting Requirement

Simple Majority

### 5.1 PRESIDENTS REPORT

President, Cr D McLean presented the Presidents Report for the period ending 30th June, 2018.

#### Council Resolution

**Moved: Cr P Thomas**

**Seconded: Cr A Jones**

That the Presidents Report for the period ending 30th June 2018 be received.

**Carried: 6/0**

### 5.2 CHIEF EXECUTIVE OFFICERS REPORT

CEO, K Hannagan presented the Chief Executive Officers Report for the period ending 30th June 2018.

#### Council Resolution

**Moved: Cr P Thomas**

**Seconded: Cr D Frazer**

That the Chief Executive Officers Report for the period ending 30th June 2018 be received.

**Carried: 6/0**

### 5.3 AUDITORS REPORT

CEO, K Hannagan presented the Audit Report for the period ending 30th June 2018.

#### Council Resolution

**Moved: Cr A Jones**

**Seconded: Cr L West**

That the Audit Report for the period ending 30th June 2018 be received.

**Carried: 6/0**

### 5.4 FINANCIAL REPORT

CEO, K Hannagan presented the Financial Report and Statements for the period ending 30th June, 2018.

**Council Resolution**

**Moved: Cr D Frazer**

**Seconded: Cr A Jones**

That the Audit Report for the period ending 30th June 2018 be received.

**Carried: 6/0**

**7. NEW BUSINESS OF AN URGENT NATURE AS ADMITTED BY DECISION**

**8. CLOSURE OF MEETING**

There being no further business to discuss the Presiding Member closed the meeting at 1.35 pm.

# Annual Report for the year ended 30 June 2019



Shire of **Ngaanyatjaraku**  
ON A JOURNEY



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## Our Vision

### **The Shire of Ngaanyatjarraku – on a journey**

The Shire's Integrated Strategic Plan (ISP) was adopted in November 2018 and will help shape the services that the Shire of Ngaanyatjarraku will deliver over the next ten years and has been developed with our community's aspirations and needs at its heart. These have been gathered through an in-depth process of consultation and engagement.

It is apparent from the results of the community engagement process that there is an expectation the Shire provides a wide range of social services when in fact the Shire doesn't and doesn't have the resources to do this. The majority of social services are provided by either the Ngaanyatjarra Council Aboriginal Corporation and / or State or Federal agencies.

Nonetheless, the Shire has a significant role to play in providing infrastructure and buildings to support delivery by other social services providers and the Shire does in fact provide limited social services to the community by way of Early Years Learning, Recreation, Environmental Health and Waste Collection services.

With no freehold land, the Shire has limited capacity to raise income and is therefore dependent upon State and Federal Grants to continue service delivery. Many of these grants are tied to specific purposes which limits the range of services the Shire can provide.

The ISP provides a valuable management tool to allow the Shire to maintain focus on its primary role as a provider and manager of infrastructure and where capacity allows, to provide a limited range of social services to compliment services provided by others.

Community engagement has led to the development of two key themes which communicate the role of the Shire and underpin the development of goals and strategies. The goals and strategies under each theme create the framework for the delivery of sustainable outcomes to achieve our vision. The two key themes formed from the community engagement process include:

- (1) Our Land – Looking after Our Land**
- (2) Our People -Looking after Our People**

Added to this, to ensure we can deliver services in line with these themes and address any concerns the State Government may have in relation to achieving satisfactory outcomes associated with statutory compliance, we have added a third theme.

- (3) Our Leadership – Show the way for our community**

In response to feedback received during the highly successful engagement process, the plan formalises our current approach to service delivery and helps us to build upon this in a sustainable way, providing future opportunities. An example is the sealing of the Great Central Road to provide more reliable and safer access to our communities and open up economic development opportunities around tourism and resources development. The provision of a safe and reliable road network interconnecting our communities is paramount. Through the consultation process the Shire is now aware of a number of social issues affecting some townships. The Shire will work with all stakeholders to try and facilitate resolution of these issues.





## President's Foreword

The Shire of Ngaanyatjarraku has been working toward achieving the goals of the community as identified within our Integrated Strategic Plan. Provision of services and infrastructure and the creation of opportunities to realise these goals, continue to be the prime focus of our Council, and it is very positive for the Ngaanyatjarra Lands communities and residents to note our continued progress in these areas. As such, it gives me great pleasure to present the Annual Report for the Shire of Ngaanyatjarraku for the 2018-2019 financial year.

Whilst the Shire has made considerable achievements in line with its strategic goals and our key IPRF plans, there have been significant developments and challenges within the broader State and Commonwealth government policy landscape that have profound consequences for our communities and the residents. Of keynote in this area is the Commonwealth's remote work for the dole/income support Community Development Program or CDP, previously known as the Regional Jobs Creation Program, and prior to that the Community Development and Employment Program ('CDEP'). The old CDEP was the primary funding base for all of the very remote and isolated Ngaanyatjarra communities. This provided a payroll for all types of community work, from which a local deduction from all participants could be made to contribute to the functions of their own community in addition to their rents, essential services and other areas of income management. In addition, it allowed for a 14% management support and activity fee (paid to the provider) to provide for the community administration and delivery of administrative services to the local residents.

The redirection of Ngaanyatjarra people into RJCP and now CDP and the redirection of former CDEP funds to pay for the operations of an ineffectual and unproductive JobActive and 'Work for the Dole' system has starved the local community organisations of funding. Audit management letters for these entities always noted that they were 'going concerns' provided they continued to receive annual Commonwealth grant funding as per previous years' terms and conditions. The Commonwealth has attempted to divest itself of responsibility in this area by expecting the WA State to ultimately take its place in providing the monies for this; this has also resulted in the Shire losing over \$380,000 in funds to provide essential municipal services across the Lands. This has been compounded in a reduction in Mining Tenement Income of \$170,000 p.a.

It is seriously likely that the result will be a collapse of viability and the dissolution of the Ngaanyatjarra Communities and their regional organization. This is of extreme concern to the Shire. Presently such a scenario is being staved off very expensively by the use of community's own-source non grant income which has been reserved over a long period of time; unfortunately this is in no way sustainable and thus money that should be available for investment in community facilities and economic investment is being burned off in recurrent funding of community management and compliance with statutory

obligations, subsidizing underfunded State and Federal service programs and the maintenance of community assets. Unfortunately, the Shire is not in any way in a position to step in and meet all of these needs. Our position is a return to a community-based grant wage program with the wage pool available to community participants on the basis of a schedule of eligibility for income support. The Shire initiated a complaint to the Human Rights and Equal Opportunity Commission about the Commonwealth of Australia's introduction of the ineffectual and unproductive JobActive and 'Work for the Dole' system and the discriminatory effects on the local communities.

In June 2018 the Shire and Ngaanyatjarra Council Aboriginal Corporation (NCAC) attended a mediation meeting with the Commonwealth of Australia that has resulted in an unsuitable response from them. The Shire adopted its Long-Term Financial Plan in November 2018, and it identified major risks in that the Shire would exhaust its cash reserves in year 2021/2022. As such the Shire is no longer a party to the complaint and NCAC are now pursuing this matter in the High Court. The Shire is now focusing a lot of its energy on its long-term financial survival.

I would like to thank our Deputy Shire President Cr. Preston Thomas and my fellow Councillors for all their support and commitment over the last twelve months, and also all of the Shire staff members for their efforts and dedication to the Shire of Ngaanyatjarraku.

**Cr. John Damian McLean**  
**PRESIDENT**



## Message from Chief Executive Officer

As Chief Executive Officer I advise that the Shire is now compliant with the Local Government Act and various supporting Regulations. The Shire has also undertaken other key work to gain compliance with every other act and supporting regulation for local government operations. Kerry Fisher started in January 2019 as Deputy Chief Executive Officer and has been assisting in ensuring that Shire operations use contemporary management systems and processes for compliance and audit.

The Shire adopted all elements of the Integrated Planning and Reporting Framework (IPRF) in November 2018 and has invested significant resources to ensure that the plans and documents being produced are as accurate, meaningful and useful as possible.

Of major concern is that the Shire's Long-Term Financial Plan has identified major risks in that the Shire would exhaust its cash reserves in year 2021/2022 and face insolvency. In 2019 the Shire has conducted reviews of all its service provision and practices to ensure efficient operations. The review identified:

- A reduction in revenue from exploration mining tenements of \$170,000 p.a. for the last three years;
- Loss of Federal, National Job Creation Program funding of \$380,000 p.a. that was used to employ aboriginal municipal workers for rubbish collection and subsidise this service;
- Underfunded State / Federal grants for service programs that the Shire does not have a rate payer base to support; and
- Wastage of funds in some service provision programs.

The Shire has now resolved to exit underfunded programs or reduce services where underfunded:

- Exit State, Aboriginal Environmental Health program at 30 June 2019;
- Exit Federal, Early Years Services program at 31 December 2019;
- Exited Local rubbish collection services at Jameson, Blackstone and Wingellina with a further review of Wanarn and Warakurna in 2019/20; and
- Exited provision of Recreation Services at Jameson, Blackstone, Blackstone and Wanarn for which the Shire received no grant income.

These initiatives will assist the Shire to extend the date that it would exhaust its cash reserves to enable time to work with Government to address:

- A review of service provision across the Ngaanyatjarra Lands;
- A review of rubbish service funding; and
- A review of rating models for the Shire.

As mentioned on page 3, Vision, the provision of a safe and reliable road network interconnecting our communities is paramount. I am pleased to advise that the level of capital grants to renew the Shire's road network appears to be satisfactory, but more work must be done on collection of better data related to the Shire's large road network. Of concern, is the shortage of maintenance funding. Whilst the Shire receives grants towards this the Shire needs to generate its 'own source funds' to match these grants and maintain smaller remote community roads that don't qualify for funding.

I am pleased to report our participation at a national level through our membership of the Outback Highway Development Council (OHDC). Through the shire's membership and participation in the OHDC, significant State and Federal funds are now being allocated to sealing the Great Central Road. The Shire also acknowledges other road funding grant programs such as Roads to Recovery, Aboriginal Access Roads, Regional Road Group and Main Roads WA Direct Grants that contribute towards the Shire maintaining its road network connecting remote communities and support locations.

I would like to thank staff at the Shire for their hard work and support during a year of major change, and the Elected Members for their dedication to ensuring the Shire maintains financial sustainability.

**Kevin Hannagan**  
**Chief Executive Officer**

## Council member information

Councillors have a specific role in relation to developing the local government's vision and long-term goal setting with appropriate key performance indicators (KPIs). These are responsibilities that require specific skills and experience.

The Shire's eight Councillors facilitate the development and implementation of our community's aspirations and goals. The Councillors meet monthly to discuss issues and imperative areas arising in the community along with general council matters.

**Mr (John) Damian McLean**  
PRESIDENT  
**Mr Andrew Jones**  
COUNCILLOR  
**Ms Lalla West**  
COUNCILLOR  
**Ms Debra Frazer**  
COUNCILLOR

**Mr Preston Thomas**  
DEPUTY PRESIDENT  
**Ms Joylene Frazer**  
COUNCILLOR  
**Mr Alwyn Bates**  
COUNCILLOR  
**Vacant**  
COUNCILLOR

## Shire snapshot

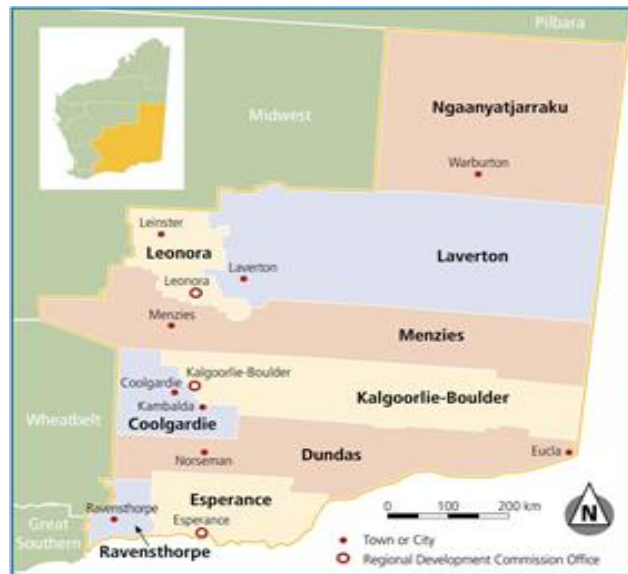
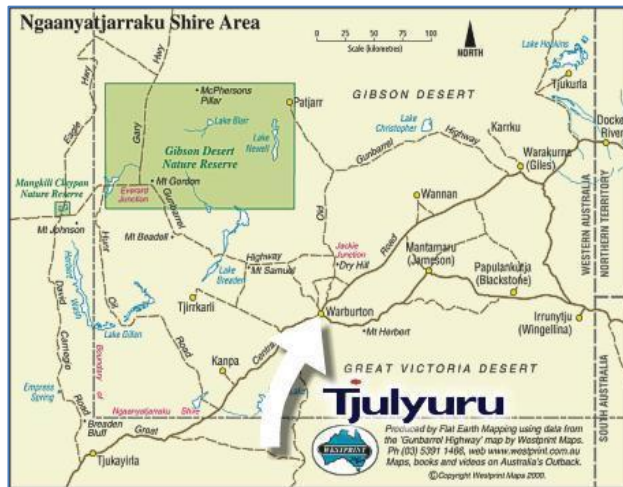
The Shire of Ngaanyatjarraku is responsible for the provision of "mainstream" local government and delivery of services to the ten communities and visitors within its boundaries.

The Shire encompasses an area of 159,948 square kilometres and is located approximately 1,542km from Perth. The region itself is diverse in natural beauty from the magnificent Rawlinson ranges to the red sandy plains of the Gibson Desert.

The Shire is a unique local government in that its community of interest is contained within the traditional lands of the Ngaanyatjarra people of the Central Desert of Western Australia. The 99 year leases held by the Ngaanyatjarra Land Council on behalf of the traditional owners also form the boundaries of the Shire of Ngaanyatjarraku.

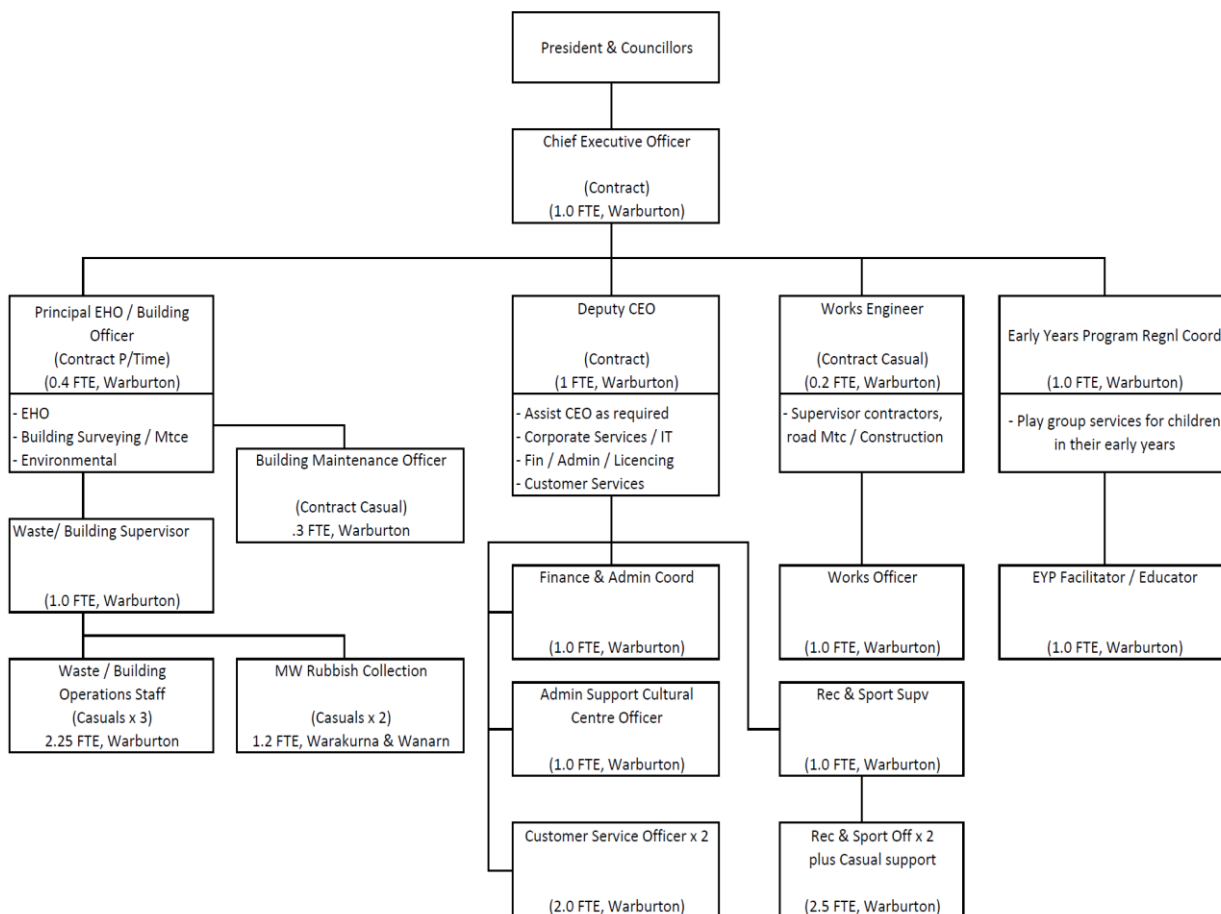
The Shire's main township is Warburton, which is also the largest of the 10 Indigenous communities within the Shire. Warburton is positioned 1,542kms north-east of Perth, 560kms of gravel road north-east of Laverton, 750kms north-east of Kalgoorlie and 1,050kms south-west of Alice Springs. Neighbouring shires include the Shire of Wiluna, Laverton, and East Pilbara. The Shire offices are located in the Tjulyuru Cultural and Civic Centre in Warburton.

In the 2011 local Census the Shire had an estimated residential population of 1,437 people, comprised of 49% male and 51% female residents and there are approximately 509 residential dwellings within the Shire. The Shire has a higher percentage of residents aged between 0-29 years and a lower proportion of residents aged 65+ years compared with the wider Australian population.



## Organisation Structure 2018/19

Approved Organisational Structure, 1 July 2019



### Planning & Reporting

In 2011, the Department of Local Government introduced the Integrated Planning and Reporting Framework to encourage a movement towards best practice strategic planning and reporting standards across the Western Australian local government industry.

The Shire of Ngaanyatjarraku is building on a successful history of community engagement to ensure that the community can grow and thrive as a vibrant and attractive place to live, work and visit.

Developing our aspirations and plans for the future will shape the delivery of services to the community and the direction of economic development. This integration of community aspiration and service delivery is called the Integrated Planning and Reporting Framework (IPR). This will ensure that the Shire of Ngaanyatjarraku's policies and services are aligned to the community's aspirations.

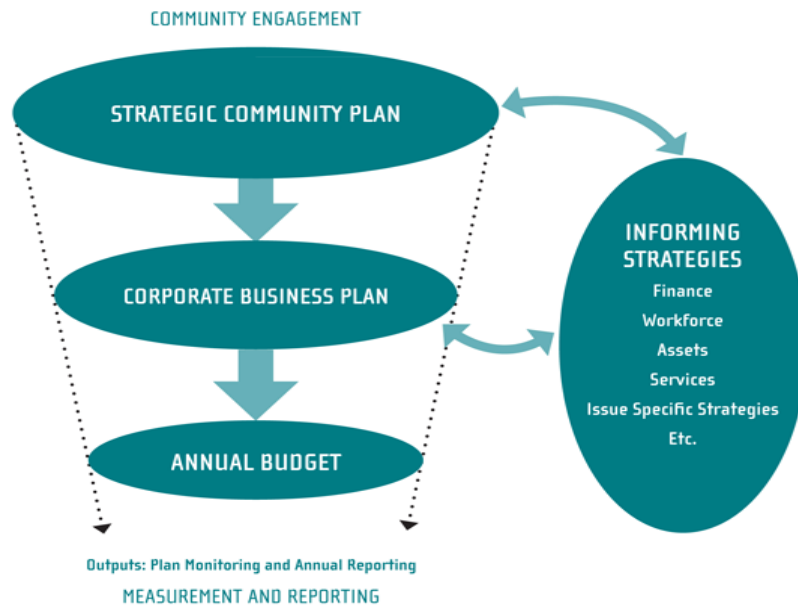
The process, driven by the 10-year Strategic Community Plan will create a 4-year Corporate Business Plan to ensure that we deliver the community's aspirations. This will:

- Strengthen our council's strategic focus; and
- Streamline our reporting processes.

This Strategic Community Plan, which represents the needs and aspirations of the community, has been developed by the Shire's Councillors and sets out the vision for the next 10 years.

The task of turning this vision into a reality rests with Shire's Administration function. They will set out how this will be achieved in a 4-year Corporate Business Plan ("CBP").

Alongside the CBP, the Shire has created a 10-year Long-Term Financial Plan and a 20-year Asset Management Plan and a Workforce Plan which will set out the resources needed to deliver the CBP. Copies of all plans are available on the Shires website and Strategic Goals, Outcomes, Strategies and Actions can be found starting on page 27 of the Integrated Strategic Plan.



### IPR, Measuring and Reporting Framework

### Statutory Reports

As a local government authority, the Shire is required to comply with a number of statutory regulations.

#### PAYMENT TO EMPLOYEES

In accordance with section 5.53 (2)(g) of the *Local Government Act 1995* and the *Local Government (Administration) Regulations 1996 reg. 19B*, the following information is provided in relation to annual salaries over \$100,000 paid to employees during the 2018-19 financial year:

Salary Range (\$)	No. of Employees
100,000 – 109,999	1
110,000 – 119,999	1
120,000 – 129,999	1
130,000 – 139,999	0
140,000 – 149,999	0
150,000 – 159,999	0
160,000 – 169,999	0
230,000 – 239,999	0
240,000 – 249,999	0
250,000 – 259,999	0
260,000 – 269,999	1

## DISABILITY ACCESS AND INCLUSION PLAN

In accordance with Section 29 of the Disability Service Act 1993, Local Governments are required to report annually with regard to their Disability Access and Inclusion Plan and provide details addressing the plan's key outcomes within the Annual Report. For 2018-19 the Shire of Ngaanyatjarraku reports as follows:

### Key Outcomes:

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

The Shire of Ngaanyatjarraku continues to ensure that the above key outcomes are addressed in order to meet the needs of people with disabilities.

The Shire of Ngaanyatjarraku Disability Access and Inclusion Plan 2019-2022 (DAIP) was reviewed by Council in 2019 and subsequently accepted by the Department of Communities.

## COMPETITIVE NEUTRALITY

The Shire of Ngaanyatjarraku is classified as a Category 1 Local Government under the National Competition Policy. This principle deals with ensuring that government business operations have no advantage or disadvantage in comparison with the private sector.

The policy dictates that competitive neutrality should apply to all business activities which generate a user pays income of over \$200,000 unless it can be shown that it is not in the public interest. In this regard, no significant new business activities for the purposes of competitive neutrality were initiated or considered during the year and no noncompliance allegations were made.

## FREEDOM OF INFORMATION

The Shire of Ngaanyatjarraku has a Freedom of Information (FOI) Statement prepared in accordance with the Freedom of Information Act 1992 which is available on the Shire website. It outlines the Shire's functions, the kind of documents held and how the documents can be accessed.

There were no Freedom of Information applications or requests received during the 2018-19 reporting year.

## RECORD KEEPING PLAN

The Shire of Ngaanyatjarraku has prepared a record keeping plan as required by the State Records Act 2000, and the Shire is committed to ensuring its record keeping practices comply with legislation. This plan was submitted to the SRO in December 2015 and approved by the State Records Commission at its meeting held in March 2016 for a five-year period to 2020.

Under section 60 of the State Records Act, the State Records Commission monitors the operation of and compliance with the Act and it is a requirement for every local government to comply with the Commission's Standard 2, Principle 6 in an appropriate section within its Annual Report. Accordingly, the Shire reports as follows:

1. The Shire accesses an on-line record keeping training program that allows staff to familiarize themselves with and be aware of their record keeping responsibilities, and to ensure that the record keeping system is being operated in accordance with the revised Shire of Ngaanyatjarraku Record Keeping Plan. Given the very remote and isolated location of this Shire, online record keeping training provides on-site training and advice as well as utilizing the assistance and expertise of the staff at Goldfields Records Storage (a GVROC enterprise of which the Shire of Ngaanyatjarraku is a partner).
2. The efficiency and effectiveness of the record keeping training program will be reviewed on an



ongoing basis and subsequently actioned to ensure its currency and relevance.

3. The Shire's record keeping induction program is continually improving to ensure employee roles and responsibilities are promoted in accordance and compliance with the Shire of Ngaanyatjarraku Record Keeping Plan.

#### OFFICIAL CONDUCT – COMPLAINTS REGISTER

Pursuant to section 5.121 of the *Local Government Act 1995*, a complaints register has been maintained.

As at the 30<sup>th</sup> June 2019 no complaint had been received, and therefore accordingly there has been no action required to deal with complaints.



*Jackie Kurltjunyinta Giles (Dec.) 2008 'Tjamu Tjamu'*

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

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Principal place of business:  
Address  
Great Central Road  
Warburton Aboriginal  
Community Western Australia.

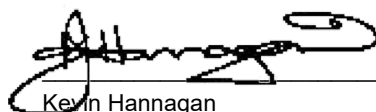
**SHIRE OF NGAANYATJARRAKU  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Ngaanyatjarraku for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Ngaanyatjarraku at 30th June 2019 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act and Australian Accounting Standards.

Signed as authorisation of issue on the 12th day of December 2019



Kevin Hannagan  
Chief Executive Officer

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

	NOTE	2019 \$	2019 Budget \$	2018 \$
<b>Revenue</b>				
Rates	25(a)	256,220	255,759	239,238
Operating grants, subsidies and contributions	2(a)	5,459,889	3,185,891	6,371,628
Fees and charges	2(a)	368,094	316,840	325,368
Interest earnings	2(a)	37,987	6,497	16,927
Other revenue	2(a)	91,727	31,085	98,729
		<u>6,213,917</u>	<u>3,796,072</u>	<u>7,051,890</u>
<b>Expenses</b>				
Employee costs		(2,297,876)	(2,709,286)	(2,152,613)
Materials and contracts		(2,428,878)	(2,405,705)	(2,512,758)
Utility charges		(111,528)	(95,000)	(77,758)
Depreciation on non-current assets	11(b)	(1,420,559)	(1,366,389)	(1,449,056)
Insurance expenses		(150,951)	(123,000)	(116,021)
Other expenditure		(70,002)	(117,140)	(133,928)
		<u>(6,479,794)</u>	<u>(6,816,520)</u>	<u>(6,442,134)</u>
		(265,877)	(3,020,448)	609,756
Non-operating grants, subsidies and contributions	2(a)	4,488,897	8,687,675	562,047
Profit on asset disposals	11(a)	87,202	0	3,490
(Loss) on asset disposals	11(a)	(11,946)	0	(17,814)
(Loss) on asset written-off	9(a)	(260,888)	0	0
Fair value adjustments to financial assets at fair value through profit or loss	8	0	0	4,100
<b>Net result</b>		<b>4,037,388</b>	<b>5,667,227</b>	<b>1,161,579</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	0	0	(4,468,830)
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>(4,468,830)</b>
<b>Total comprehensive income</b>		<b>4,037,388</b>	<b>5,667,227</b>	<b>(3,307,251)</b>

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

**SHIRE OF NGAANYATJARRAKU**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 \$	2019 Budget \$	2018 \$
<b>Revenue</b>				
Governance		5,639	3,000	2,668
General purpose funding		3,511,267	1,759,096	3,375,997
Law, order, public safety		408	420	3,536
Health		110,108	105,200	108,779
Education and welfare		283,710	318,000	505,357
Housing		22,209	20,000	11,086
Community amenities		110,973	87,000	93,647
Recreation and culture		276,279	222,307	269,466
Transport		1,750,807	1,274,049	2,632,633
Economic services		14,275	7,000	7,766
Other property and services		128,242	0	40,955
		<u>6,213,917</u>	<u>3,796,072</u>	<u>7,051,890</u>
<b>Expenses</b>				
Governance		(75,028)	(139,103)	(30,004)
General purpose funding		(34,533)	(24,825)	(163,470)
Law, order, public safety		(60,426)	(91,031)	(84,998)
Health		(464,038)	(488,745)	(414,541)
Education and welfare		(733,404)	(1,093,417)	(1,011,754)
Housing		(305,636)	(336,166)	(311,605)
Community amenities		(443,769)	(610,465)	(458,691)
Recreation and culture		(834,993)	(872,682)	(891,956)
Transport		(3,234,955)	(2,983,962)	(2,899,529)
Economic services		(130,491)	(163,128)	(126,821)
Other property and services		(162,521)	(12,996)	(48,765)
		<u>(6,479,794)</u>	<u>(6,816,520)</u>	<u>(6,442,134)</u>
		(265,877)	(3,020,448)	609,756
Non-operating grants, subsidies and contributions				
	2(a)	4,488,897	8,687,675	562,047
Profit on asset disposals	11(a)	87,202	0	3,490
(Loss) on asset disposals	11(a)	(11,946)	0	(17,814)
(Loss) on asset written-off	9(a)	(260,888)		
Fair value adjustments to financial assets at fair value through profit or loss	8	0	0	4,100
<b>Net result</b>		<u><b>4,037,388</b></u>	<u><b>5,667,227</b></u>	<u><b>1,161,579</b></u>
<b>Other comprehensive income</b>				
		0		
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	0	0	(4,468,830)
<b>Total other comprehensive income</b>		<u><b>0</b></u>	<u><b>0</b></u>	<u><b>(4,468,830)</b></u>
<b>Total comprehensive income</b>		<u><u><b>4,037,388</b></u></u>	<u><u><b>5,667,227</b></u></u>	<u><u><b>(3,307,251)</b></u></u>

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

**SHIRE OF NGAANYATJARRAKU**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2019**

	NOTE	2019 \$	2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	4,936,977	3,169,847
Trade and other receivables	5	317,516	1,182,089
Inventories	6	71,223	72,199
Other current assets	7	27,535	282,796
Other financial assets	8	0	35,034
<b>TOTAL CURRENT ASSETS</b>		<u>5,353,251</u>	<u>4,741,965</u>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	8	35,034	0
Property, plant and equipment	9(a)	7,832,952	8,547,956
Infrastructure	10(a)	102,035,164	98,337,950
<b>TOTAL NON-CURRENT ASSETS</b>		<u>109,903,150</u>	<u>106,885,906</u>
<b>TOTAL ASSETS</b>		<u>115,256,401</u>	<u>111,627,871</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	201,390	453,939
Provisions	15	172,862	335,733
<b>TOTAL CURRENT LIABILITIES</b>		<u>374,252</u>	<u>789,672</u>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	15	24,262	17,700
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>24,262</u>	<u>17,700</u>
<b>TOTAL LIABILITIES</b>		<u>398,514</u>	<u>807,372</u>
<b>NET ASSETS</b>		<u>114,857,887</u>	<u>110,820,499</u>
<b>EQUITY</b>			
Retained surplus		59,546,363	56,699,578
Reserves - cash backed	4	2,043,937	853,334
Revaluation surplus	12	53,267,587	53,267,587
<b>TOTAL EQUITY</b>		<u>114,857,887</u>	<u>110,820,499</u>

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

**SHIRE OF NGAANYATJARRAKU**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2017</b>		<b>55,554,662</b>	<b>836,671</b>	<b>57,736,417</b>	<b>114,127,750</b>
Comprehensive income					
Net result		1,161,579	0	0	1,161,579
Changes on revaluation of assets	12	0	0	(4,468,830)	(4,468,830)
Total comprehensive income		<u>1,161,579</u>	<u>0</u>	<u>(4,468,830)</u>	<u>(3,307,251)</u>
Transfers from/(to) reserves		(16,663)	16,663	0	0
		<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Balance as at 30 June 2018</b>		<b>56,699,578</b>	<b>853,334</b>	<b>53,267,587</b>	<b>110,820,499</b>
Comprehensive income					
Net result		4,037,388	0	0	4,037,388
Changes on revaluation of assets	12	0	0	0	0
Total comprehensive income		<u>4,037,388</u>	<u>0</u>	<u>0</u>	<u>4,037,388</u>
Transfers from/(to) reserves		(1,190,603)	1,190,603	0	0
		<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Balance as at 30 June 2019</b>		<b><u>59,546,363</u></b>	<b><u>2,043,937</u></b>	<b><u>53,267,587</u></b>	<b><u>114,857,887</u></b>

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

**SHIRE OF NGAANYATJARRAKU**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		293,545	255,759	440,577
Operating grants, subsidies and contributions		6,233,103	4,799,177	5,767,307
Fees and charges		623,355	316,840	114,123
Interest earnings		37,987	6,497	16,927
Goods and services tax		323,390	0	301,301
Other revenue		91,727	31,085	98,729
		<u>7,603,107</u>	<u>5,409,358</u>	<u>6,738,964</u>
<b>Payments</b>				
Employee costs		(2,481,269)	(2,709,286)	(2,211,533)
Materials and contracts		(2,653,367)	(2,405,705)	(2,504,957)
Utility charges		(111,528)	(95,000)	(77,758)
Insurance expenses		(150,951)	(123,000)	(116,021)
Goods and services tax		(269,356)	0	(263,299)
Other expenditure		(70,002)	(117,140)	(133,928)
		<u>(5,736,473)</u>	<u>(5,450,131)</u>	<u>(5,307,496)</u>
<b>Net cash provided by (used in) operating activities</b>	16	<u>1,866,634</u>	<u>(40,773)</u>	<u>1,431,468</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(137,130)	(328,000)	(353,384)
Payments for construction of infrastructure		(4,770,837)	(9,084,775)	(3,493,624)
Non-operating grants, subsidies and contributions		4,488,897	8,687,675	562,047
Proceeds from sale of fixed assets		319,566	0	22,727
<b>Net cash provided by (used in) investment activities</b>		<u>(99,504)</u>	<u>(725,100)</u>	<u>(3,262,234)</u>
<b>Net increase (decrease) in cash held</b>		1,767,130	(765,873)	(1,830,766)
Cash at beginning of year		3,169,847	3,270,636	5,000,613
<b>Cash and cash equivalents at the end of the year</b>	16	<u>4,936,977</u>	<u>2,504,763</u>	<u>3,169,847</u>

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



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

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	26(b)	3,063,925	3,373,238	4,293,559
		<u>3,063,925</u>	<u>3,373,238</u>	<u>4,293,559</u>
<b>Revenue from operating activities (excluding rates)</b>				
Governance		5,639	3,000	2,668
General purpose funding		3,319,929	1,503,337	3,201,641
Law, order, public safety		408	420	3,536
Health		110,108	105,200	108,779
Education and welfare		300,195	318,000	505,357
Housing		22,209	20,000	11,086
Community amenities		121,446	87,000	93,647
Recreation and culture		276,279	222,307	269,466
Transport		1,800,336	1,274,049	2,636,123
Economic services		24,990	7,000	7,766
Other property and services		128,242	0	40,955
		<u>6,109,781</u>	<u>3,540,313</u>	<u>6,881,024</u>
<b>Expenditure from operating activities</b>				
Governance		(85,798)	(139,103)	(30,004)
General purpose funding		(34,533)	(24,825)	(163,470)
Law, order, public safety		(60,426)	(91,031)	(84,998)
Health		(464,767)	(488,745)	(414,541)
Education and welfare		(956,604)	(1,093,417)	(1,011,754)
Housing		(306,749)	(336,166)	(311,605)
Community amenities		(444,976)	(610,465)	(458,691)
Recreation and culture		(840,565)	(872,682)	(891,956)
Transport		(3,251,796)	(2,983,962)	(2,917,343)
Economic services		(130,491)	(163,128)	(126,821)
Other property and services		(175,923)	(12,996)	(48,765)
		<u>(6,752,628)</u>	<u>(6,816,520)</u>	<u>(6,459,948)</u>
Non-cash amounts excluded from operating activities	26(b)	1,612,753	1,366,389	1,453,831
<b>Amount attributable to operating activities</b>		<u>4,033,831</u>	<u>1,463,420</u>	<u>6,168,466</u>
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		4,488,897	8,687,675	562,047
Proceeds from disposal of assets	11(a)	319,566	0	22,727
Purchase of property, plant and equipment	9(a)	(137,130)	(328,000)	(353,384)
Purchase and construction of infrastructure	10(a)	(4,770,837)	(9,084,775)	(3,493,624)
<b>Amount attributable to investing activities</b>		<u>(99,504)</u>	<u>(725,100)</u>	<u>(3,262,234)</u>
<b>FINANCING ACTIVITIES</b>				
Transfers to reserves (restricted assets)	4	(1,809,719)	(1,619,332)	(16,663)
Transfers from reserves (restricted assets)	4	619,116	625,253	0
<b>Amount attributable to financing activities</b>		<u>(1,190,603)</u>	<u>(994,079)</u>	<u>(16,663)</u>
<b>Surplus/(deficit) before imposition of general rates</b>		<u>2,743,724</u>	<u>(255,759)</u>	<u>2,889,569</u>
<b>Total amount raised from general rates</b>	25	191,338	255,759	174,356
<b>Surplus/(deficit) after imposition of general rates</b>	26(b)	<u><b>2,935,062</b></u>	<u><b>0</b></u>	<u><b>3,063,925</b></u>

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

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

**1. BASIS OF PREPARATION**

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

The Local Government (Financial Management Regulations 1996) takes precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, race course or any other sporting or recreational facility of State or Regional significance. Consequently, some assets including land under roads acquired on or after 1 July 2008 have not been recognised in this financial report. This is not in accordance with the requirement of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

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

**CRITICAL ACCOUNTING ESTIMATES**

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

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

**THE LOCAL GOVERNMENT REPORTING ENTITY**

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 28 to these financial statements.

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

**2. REVENUE AND EXPENSES**

**(a) Revenue**

**Grant Revenue**

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

	<b>2019 Actual</b>	<b>2019 Budget</b>	<b>2018 Actual</b>
	\$	\$	\$
<b>By Nature or Type:</b>			
<b>Operating grants, subsidies and contributions</b>			
Governance	2,474	2,500	2,613
General purpose funding	3,216,647	1,495,340	3,119,832
Health	108,107	105,000	108,779
Education and welfare	281,339	309,000	494,469
Community amenities	7,500	0	7,500
Recreation and culture	550	0	0
Transport	1,747,174	1,274,051	2,632,633
Other property and services	96,098	0	5,802
	<b>5,459,889</b>	<b>3,185,891</b>	<b>6,371,628</b>
<b>Non-operating grants, subsidies and contributions</b>			
Transport	4,488,897	8,687,675	562,047
	<b>4,488,897</b>	<b>8,687,675</b>	<b>562,047</b>
Total grants, subsidies and contributions	<b>9,948,786</b>	<b>11,873,566</b>	<b>6,933,675</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Grant, Donations and Other Contributions**

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 24. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current period.

	<b>2019 Actual</b>	<b>2019 Budget</b>	<b>2018 Actual</b>
	\$	\$	\$
<b>Other revenue</b>			
Reimbursements and recoveries	35,248	0	35,246
Other	56,479	31,085	63,483
	<b>91,727</b>	<b>31,085</b>	<b>98,729</b>
<b>Fees and Charges</b>			
Governance	60	500	55
General purpose funding	413	1,500	0
Health	0	200	0
Education and welfare	500	7,000	9,124
Housing	22,209	20,000	11,086
Community amenities	103,473	87,000	86,147
Recreation and culture	227,164	195,640	211,283
Economic services	14,275	5,000	7,673
	<b>368,094</b>	<b>316,840</b>	<b>325,368</b>

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

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

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

**(a) Revenue (Continued)**

	<b>2019 Actual</b>	<b>2019 Budget</b>	<b>2018 Actual</b>
	\$	\$	\$
<b>Interest earnings</b>			
- Reserve funds	15,857	6,047	16,663
- Other funds	14,240	450	264
Other interest revenue (refer note 25(e))	7,890	0	0
	<u>37,987</u>	<u>6,497</u>	<u>16,927</u>

**(b) Expenses**

	<b>2019 Actual</b>	<b>2019 Budget</b>	<b>2018 Actual</b>
	\$	\$	\$
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report	21,000	55,000	22,000
	<u>21,000</u>	<u>55,000</u>	<u>22,000</u>

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

**3. CASH AND CASH EQUIVALENTS**

	Note	2019 \$	2018 \$
Cash at bank and on hand		1,443,040	2,292,823
Term deposits		3,493,937	877,024
		<u>4,936,977</u>	<u>3,169,847</u>
<b>Comprises:</b>			
- Unrestricted cash and cash equivalent		2,636,466	2,292,823
- Restricted cash and cash equivalent		2,300,511	877,024
		<u>4,936,977</u>	<u>3,169,847</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
<b>Reserve accounts</b>			
Employee Entitlement	4	304,650	0
Asset Replacement, Acquisition and Development	4	1,732,367	846,604
Cultural Centre	4	6,920	6,730
		<u>2,043,937</u>	<u>853,334</u>
<b>Other restricted cash and cash equivalents</b>			
Unspent grants	24	256,574	23,690
<b>Total restricted cash and cash equivalents</b>		<u>2,300,511</u>	<u>877,024</u>

**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 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.

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

**4. RESERVES - CASH BACKED**

	Actual 2019 Opening Balance	Actual 2019 Transfer to	Actual 2019 Transfer from	Actual 2019 Closing Balance	Budget 2019 Opening Balance	Budget 2019 Transfer to	Budget 2019 Transfer (from)	Budget 2019 Closing Balance	Actual 2018 Opening Balance	Actual 2018 Transfer to	Actual 2018 Transfer (from)	Actual 2018 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Employee Entitlement	0	304,650	0	304,650	0	0	0	0	0	0	0	0
Asset Replacement, Acquisition and Development	846,604	1,504,879	(619,116)	1,732,367	846,603	1,619,285	(625,253)	1,840,635	830,071	16,533	0	846,604
Cultural Centre	6,730	190	0	6,920	70,230	47	0	70,277	6,600	130	0	6,730
	853,334	1,809,719	(619,116)	2,043,937	916,833	1,619,332	(625,253)	1,910,912	836,671	16,663	0	853,334

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Employee Entitlement	Ongoing	Established to fund a portion of future commitments for employee entitlements incurred as a result of employing staff and workers in relation to leave entitlements.
Asset Replacement, Acquisition and Development	Ongoing	To provide and replace the necessary equipment, furniture, plant, buildings and infrastructure comprising of roads, drains, footpaths and recreational reserves.
Cultural Centre	Ongoing	To provide for the successful operation of the Cultural Centre as provided for in clause 8.2 of the management deed between the Shire of Ngaanyatjarraku, Warburton Community Incorporated and the Ngaanyatjarra Council (Aboriginal Corporation), transfers to the reserve represent surplus funds from the day to day operations of the Cultural Centre after deducting costs incurred by the Shire.

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

**5. TRADE AND OTHER RECEIVABLES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Rates outstanding	0	37,325
Sundry debtors	269,354	1,042,568
GST receivable	48,162	102,196
	<u>317,516</u>	<u>1,182,089</u>

**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.

**Previous accounting policy: Impairment of trade receivables**

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

**Classification and subsequent measurement**

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

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

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

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

**6. INVENTORIES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Fuel and Materials	71,223	72,199
	71,223	72,199

The following movements in inventories occurred during the year:

<b>Carrying amount at 1 July</b>	72,199	41,862
Inventories expensed during the year	(976)	0
Additions to inventory	0	30,337
<b>Carrying amount at 30 June</b>	71,223	72,199

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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

**7. OTHER ASSETS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Other current assets</b>		
Accrued Income	27,535	282,796
	27,535	282,796

**SIGNIFICANT ACCOUNTING POLICIES**

**Other current assets**

Other non-financial assets include accrued income which represent expenditure that has been incurred for which the related revenue has not yet been received.



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

**8. OTHER FINANCIAL ASSETS**

	2019	2018
	\$	\$
<b>Current assets</b>		
Financial assets at fair value through profit and loss	0	35,034
	0	35,034
<b>Financial assets at fair value through profit and loss</b>		
- <i>Unlisted equity investments</i>		
- LG Housing Trust	0	35,034
	0	35,034
<b>Non-current assets</b>		
Financial assets at fair value through profit and loss	35,034	0
	35,034	0
<b>Financial assets at fair value through profit and loss</b>		
- <i>Unlisted equity investments</i>		
- LG Housing Trust	35,034	0
	35,034	0

Units in Local Government House were recognised at their fair value as at 30 June 2018. Changes in fair value of units in Local Government House recognised as non-current financial assets at fair value through profit and loss have not been recognised nor considered as they are unlikely to be material and unable to be reliably determined at the time of preparation of these statements.

**SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

**Impairment and risk**

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

**Previous accounting policy: available for sale financial assets**

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

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

**(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.

	Buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	7,545,564	39,420	978,673	8,563,657
Additions	195,551	28,876	128,957	353,384
(Disposal)	0	0	(37,051)	(37,051)
Depreciation (expense)	(150,911)	(9,855)	(171,268)	(332,034)
<b>Carrying amount at 30 June 2018</b>	7,590,204	58,441	899,311	8,547,956
<b>Comprises:</b>				
Gross carrying amount at 30 June 2018	8,977,288	216,487	2,566,362	11,760,137
Accumulated depreciation at 30 June 2018	(1,387,084)	(158,046)	(1,667,051)	(3,212,181)
<b>Carrying amount at 30 June 2018</b>	7,590,204	58,441	899,311	8,547,956
Additions	63,512	0	73,618	137,130
(Disposal)	0	0	(244,310)	(244,310)
(Assets written-off)	(215,242)	(14,801)	(30,845)	(260,888)
Depreciation (expense)	(154,822)	(15,642)	(176,472)	(346,936)
<b>Carrying amount at 30 June 2019</b>	7,283,652	27,998	521,302	7,832,952
<b>Comprises:</b>				
Gross carrying amount at 30 June 2019	8,816,589	189,749	2,268,015	11,274,353
Accumulated depreciation at 30 June 2019	(1,532,937)	(161,751)	(1,746,713)	(3,441,401)
<b>Carrying amount at 30 June 2019</b>	7,283,652	27,998	521,302	7,832,952

**SHIRE OF NGAANYATJARRAKU  
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**9. PROPERTY, PLANT AND EQUIPMENT (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>Buildings</b>	Level 3	Cost Approach Using Depreciated Replacement Cost	Management Valuation	June 2017	Construction costs based on recent contract prices, current condition, residual values and remaining useful life assessments.
<b>Furniture and equipment</b>	Level 3	Cost Approach Using Depreciated Replacement Cost	Management Valuation	June 2016	Purchase costs of similar assets adjusted for condition and comparability, residual values and remaining useful life assessments.
<b>Plant and equipment</b>	Level 3	Cost Approach Using Depreciated Replacement Cost	Management Valuation	June 2016	Purchase costs of similar assets adjusted for condition and comparability, residual values and remaining useful life assessments.

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

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

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

**(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.

	<b>Infrastructure - Roads &amp; Footpaths</b>	<b>Infrastructure - Recreation Assets</b>	<b>Total Infrastructure</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2017</b>	100,316,788	113,390	100,430,178
Additions	3,493,624	0	3,493,624
Revaluation increments/(decrements) transferred to revaluation surplus	(4,468,830)	0	(4,468,830)
Depreciation (expense)	(1,114,658)	(2,364)	(1,117,022)
<b>Carrying amount at 30 June 2018</b>	<b>98,226,924</b>	<b>111,026</b>	<b>98,337,950</b>
<b>Comprises:</b>			
Gross carrying amount at 30 June 2018	114,016,255	412,993	114,429,248
Accumulated depreciation at 30 June 2018	(15,789,331)	(301,967)	(16,091,298)
<b>Carrying amount at 30 June 2018</b>	<b>98,226,924</b>	<b>111,026</b>	<b>98,337,950</b>
Additions	4,770,837	0	4,770,837
Depreciation (expense)	(1,071,402)	(2,221)	(1,073,623)
<b>Carrying amount at 30 June 2019</b>	<b>101,926,359</b>	<b>108,805</b>	<b>102,035,164</b>
<b>Comprises:</b>			
Gross carrying amount at 30 June 2019	118,787,092	412,993	119,200,085
Accumulated depreciation at 30 June 2019	(16,860,733)	(304,188)	(17,164,921)
<b>Carrying amount at 30 June 2019</b>	<b>101,926,359</b>	<b>108,805</b>	<b>102,035,164</b>

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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 &amp; Footpaths</b>	Level 3	Cost Approach Using Depreciated Replacement Cost	Management Valuation	June 2018	Construction costs based on recent contract prices, current condition, residual values and remaining useful life assessments.
<b>Infrastructure - Recreation Assets</b>	Level 3	Cost Approach Using Depreciated Replacement Cost	Management Valuation	June 2018	Construction costs based on recent contract prices, current condition, residual values and remaining useful life assessments.

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

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

**SHIRE OF NGAANYATJARRAKU**  
**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 property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

#### **Revaluation**

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

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

### **AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY**

#### **Land under control**

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

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

#### **Land under roads**

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

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

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

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

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

**SHIRE OF NGAANYATJARRAKU**  
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**11. FIXED ASSETS (Continued)**

**(a) Disposal of Assets**

	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2018</b>	
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>	<b>2019</b>	<b>2019</b>	<b>Actual</b>	<b>Actual</b>	<b>2018</b>	<b>2018</b>
	<b>Net Book</b>	<b>Sale</b>	<b>Actual</b>	<b>Actual</b>	<b>Net Book</b>	<b>Sale</b>	<b>Budget</b>	<b>Budget</b>	<b>Net Book</b>	<b>Sale</b>	<b>Actual</b>	<b>Actual</b>
	<b>Value</b>	<b>Proceeds</b>	<b>Profit</b>	<b>Loss</b>	<b>Value</b>	<b>Proceeds</b>	<b>Profit</b>	<b>Loss</b>	<b>Value</b>	<b>Proceeds</b>	<b>Profit</b>	<b>Loss</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Plant and equipment</b>	244,310	319,566	87,202	(11,946)	0	0	0	0	37,051	22,727	3,490	(17,814)
	<u>244,310</u>	<u>319,566</u>	<u>87,202</u>	<u>(11,946)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>37,051</u>	<u>22,727</u>	<u>3,490</u>	<u>(17,814)</u>

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**11. FIXED ASSETS (Continued)**

**(a) Disposal of Assets (Continued)**

The following assets were disposed during the year.

	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
	<b>Net Book</b>	<b>Sale</b>	<b>Profit</b>	<b>Loss</b>
	<b>Value</b>	<b>Proceeds</b>	<b>Profit</b>	<b>Loss</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Education &amp; Welfare</b>				
1GIQ350 2015 Toyota Fortuner	25,158	26,723	1,565	0
1EZT132 2015 Toyota Landcruiser	32,580	47,500	14,920	0
<b>Community Amentities</b>				
1DGQ100 2010 Isuzu NPR Truck	11,273	21,746	10,473	0
<b>Transport</b>				
1CJA439 Street Sweeper	29,333	61,376	32,043	0
1DGR098 2009 Isuzu NPR Truck	10,798	27,842	17,044	0
1EZJ460 Toyota Prado	32,572	33,014	442	0
<b>Economic Services</b>				
1DMW389 2010 Toyota Landcruiser	17,240	27,955	10,715	0
<b>Other Property &amp; Services</b>				
2100mm HD Push Stick Rate SSL	2,048	0	0	(2,048)
1GDF014 2015 Ford Everest	41,119	39,773	0	(1,346)
1GGO069 2017 Toyota Fortuner	42,189	33,637	0	(8,552)
	<u>244,310</u>	<u>319,566</u>	<u>87,202</u>	<u>(11,946)</u>



**SHIRE OF NGAANYATJARRAKU**  
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**11. FIXED ASSETS (Continued)**

**(b) Depreciation**

	<u>2019</u>	<u>2018</u>
	\$	\$
Buildings	154,822	150,911
Furniture and equipment	15,642	9,855
Plant and equipment	176,472	171,268
Infrastructure - Roads & Footpaths	1,071,402	1,114,658
Infrastructure - Recreation Assets	2,221	2,364
	<u>1,420,559</u>	<u>1,449,056</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Depreciation**

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

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:

Buildings	2.00%
Furniture and equipment	25.00%
Plant and equipment	17.50%
Sealed roads and streets formation	
Infrastructure, Formation	0.00%
Infrastructure, Pavement	4.32%
Infrastructure, Seal	4.30%
Infrastructure, Kerb	4.94%
Infrastructure, Drainage	3.16%
Infrastructure, Recreation	2.00%

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.

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**12. REVALUATION SURPLUS**

	2019	2019	2019	2019	2019	2018	2018	2018	2018	2018
	Opening	Revaluation	Revaluation	Total	Closing	Opening	Revaluation	Revaluation	Total	Closing
	Balance	Increment	(Decrement)	Movement on	Balance	Balance	Increment	(Decrement)	Movement on	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings	4,052,570	0	0	0	4,052,570	4,052,570	0	0	0	4,052,570
Plant and equipment	190,407	0	0	0	190,407	190,407	0	0	0	190,407
Infrastructure - Roads & Footpaths	49,024,610	0	0	0	49,024,610	53,493,440	0	(4,468,830)	(4,468,830)	49,024,610
	53,267,587	0	0	0	53,267,587	57,736,417	0	(4,468,830)	(4,468,830)	53,267,587

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

**SHIRE OF NGAANYATJARRAKU**  
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**13. TRADE AND OTHER PAYABLES**

	2019	2018
	\$	\$
<b>Current</b>		
Sundry creditors	134,788	285,121
Accrual of Salaries	59,882	16,138
ATO liabilities	0	70,828
Other payables	6,720	81,852
	201,390	453,939

**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.

**14. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Council had no borrowings at 30 June 2019.

(b) New Debentures - 2018/19

The Shire did not take up any new debentures during the year ended 30 June 2019.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2019.

(d) Overdraft

No overdraft facilities exist with the local government's bank.

**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.

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**15. PROVISIONS**

	<b>Provision for Annual Leave</b>	<b>Provision for Long Service Leave</b>	<b>Provision for Isolation Leave</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Opening balance at 1 July 2018</b>				
Current provisions	124,290	157,682	53,761	335,733
Non-current provisions	0	17,700	0	17,700
	<u>124,290</u>	<u>175,382</u>	<u>53,761</u>	<u>353,433</u>
Additional provision	59,863	38,403	27,811	126,077
Amounts used	(99,242)	(114,457)	(68,687)	(282,387)
<b>Balance at 30 June 2019</b>	<u><u>84,911</u></u>	<u><u>99,328</u></u>	<u><u>12,885</u></u>	<u><u>197,124</u></u>
<b>Comprises</b>				
Current	84,911	75,066	12,885	172,862
Non-current	0	24,262	0	24,262
	<u>84,911</u>	<u>99,328</u>	<u>12,885</u>	<u>197,124</u>

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Amounts are expected to be settled on the following basis:</b>		
Less than 12 months after the reporting date	106,439	173,769
More than 12 months from reporting date	101,928	179,664
Expected reimbursements from other WA local governments	(11,243)	0
	<u>197,124</u>	<u>353,433</u>

**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.

**Other long-term employee benefits**

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**15. PROVISIONS (CONTINUED)**

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**16. NOTES TO THE STATEMENT OF CASH FLOWS**

**Reconciliation of Cash**

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

	<b>2019</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	4,936,977	2,504,763	3,169,847

**Reconciliation of Net Cash Provided By Operating Activities to Net Result**

Net result	4,037,388	5,667,227	1,161,579
Non-cash flows in Net result:			
Depreciation	1,420,559	1,366,389	1,449,056
(Profit)/Loss on sale of asset	(75,256)	0	14,324
Loss on asset written-off	260,888	0	0
Fair value adjustments to financial assets at fair value through profit or loss	0	0	(4,100)
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	864,573	1,613,286	(576,225)
(Increase)/Decrease in inventories	976	0	(30,337)
(Increase)/Decrease in other assets	255,261	0	0
Increase/(Decrease) in payables	(252,549)	0	11,963
Increase/(Decrease) in provisions	(156,309)	0	(32,745)
Grants contributions for the development of assets	(4,488,897)	(8,687,675)	(562,047)
Net cash from operating activities	1,866,634	(40,773)	1,431,468

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Governance	78,455	124,975
Law, order, public safety	6,763	8,584
Health	121,744	155,250
Education and welfare	1,247,508	1,553,076
Housing	4,663,984	4,725,156
Community amenities	148,702	203,450
Recreation and culture	1,514,725	1,629,883
Transport	101,959,578	98,367,085
Economic services	0	19,304
Other property and services	126,656	99,146
Unallocated	5,388,286	4,741,962
	<u>115,256,401</u>	<u>111,627,871</u>

**18. CONTINGENT LIABILITIES**

The Council did not have any contingent liabilities as at 30 June 2019.

**19. CAPITAL AND LEASING COMMITMENTS**

**(a) Capital Expenditure Commitments**

The Shire did not have any future capital expenditure commitments at the reporting date.

**(b) Operating Lease Commitments**

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

**SHIRE OF NGAANYATJARRAKU**  
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**20. JOINT ARRANGEMENTS**

The Shire together with the Shire of Coolgardie, Dundas, Esperance, Laverton, Leonora, Menzies, Ravensthorpe, Kalgoorlie-Boulder and Wiluna have a joint venture arrangement with regards to the provision of a Regional Records Service. The assets included in the joint venture are recorded as one-tenth share as follows:

	2019	2018
	\$	\$
<b>Non-current assets</b>		
Land and buildings (FV 2017)	72,500	72,500
Less: accumulated depreciation	(3,624)	(1,812)
	68,876	70,688
Furniture & Equipment	8,204	8,204
Less: accumulated depreciation	(2,707)	(1,805)
	5,497	6,399
Plant and equipment	4,182	4,182
Less: accumulated depreciation	(1,512)	(1,008)
	2,670	3,174
Light vehicles	3,200	3,200
Less: accumulated depreciation	(1,440)	(960)
	1,760	2,240
<b>Total Assets</b>	<b>78,803</b>	<b>82,501</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Investment in Associates**

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

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

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

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



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**20. JOINT VENTURE ARRANGEMENTS (Continued)**

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Interests in joint arrangements**

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

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

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

**21. RELATED PARTY TRANSACTIONS**

**ELECTED MEMBERS REMUNERATION**

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

	<b>2019 Actual</b>	<b>2019 Budget</b>	<b>2018 Actual</b>
	\$	\$	\$
Meeting Fees	16,900	18,000	10,500
President's allowance	4,000	10,000	4,000
Deputy President's allowance	1,000	1,000	1,000
Travelling expenses	3,654	15,000	9,892
	<b>25,554</b>	<b>44,000</b>	<b>25,392</b>

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

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

	<b>2019</b>	<b>2018</b>
	\$	\$
Short-term employee benefits	326,864	238,622
Post-employment benefits	32,148	34,415
Other long-term benefits	578	140
Termination benefits	152,743	0
	<b>512,333</b>	<b>273,177</b>

**Short-term employee benefits**

These amounts include all salary, paid leave, 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).

**SHIRE OF NGAANYATJARRAKU**  
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**21. RELATED PARTY TRANSACTIONS (Continued)**

**Transactions with related parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. For the years ended 30 June 2019 and 2018, there were no transactions with related parties noted.

**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. 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.

*iii. Joint venture entities accounted for under the equity method*

The Shire has one-tenth joint venture arrangement with regards to the provision of a Regional Records Services. The interest in the joint venture entity is accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities, refer to Note 20.

**22. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2018/2019 financial year.

**23. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the 2018/2019 financial year.

**SHIRE OF NGAANYATJARRAKU**  
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**24. CONDITIONS OVER GRANT/CONTRIBUTIONS**

Grant/Contribution	Opening Balance <sup>(1)</sup> 1/07/17 \$	Received <sup>(2)</sup> 2017/18 \$	Expended <sup>(3)</sup> 2017/18 \$	Closing Balance <sup>(1)</sup> 30/06/18 \$	Received <sup>(2)</sup> 2018/19 \$	Expended <sup>(3)</sup> 2018/19 \$	Closing Balance 30/06/19 \$
<b>Health</b>							
Environmental Health Program	0	108,637	(108,637)	0	108,107	(108,107)	0
<b>Education and welfare</b>							
DCD/PGWA	0	493,853	(493,853)	0	281,339	(281,339)	0
LSP FaHCSIA	0	0	0	0	0	0	0
RLCIP Grant - Playgroup Early Years Centre Extens.	166,202	0	(166,202)	0	0	0	0
<b>Community amenities</b>							
FaHCSIA - NJCP	0	7,500	(7,500)	0	7,500	(7,500)	0
<b>Transport</b>							
Grants - Direct	0	84,397	(84,397)	0	141,205	(141,205)	0
Govt Grant - Outback Highway	433,254	1,374,732	(1,807,986)	0	70,663	(70,663)	0
Govt Grant - Special Purpose	0	236,000	(236,000)	0	868,241	(768,428)	99,813
Govt Grant - Special Projects	0	888,749	(888,749)	0	922,000	(765,239)	156,761
Govt Grant - Roads to Recovery	0	23,690	0	23,690	3,531,359	(3,555,049)	0
<b>Total</b>	<b>599,456</b>	<b>3,217,558</b>	<b>(3,793,324)</b>	<b>23,690</b>	<b>5,930,414</b>	<b>(5,697,530)</b>	<b>256,574</b>

**Notes:**

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

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**25. RATING INFORMATION**

**(a) Rates**

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>2018/19 Actual Rateable Value \$</b>	<b>2018/19 Actual Rate Revenue \$</b>	<b>2018/19 Actual Interim Rates \$</b>	<b>2018/19 Actual Back Rates \$</b>	<b>2018/19 Actual Total Revenue \$</b>	<b>2018/19 Budget Rate Revenue \$</b>	<b>2018/19 Budget Interim Rate \$</b>	<b>2018/19 Budget Back Rate \$</b>	<b>2018/19 Budget Total Revenue \$</b>	<b>2017/18 Actual Total Revenue \$</b>
<b>General rate</b>												
<b>Unimproved value valuations</b>												
General Rate UV	0.2100	28	842,887	177,006	10,053	3,544	190,603	190,877	0	0	190,877	173,636
<b>Sub-Total</b>		28	842,887	177,006	10,053	3,544	190,603	190,877	0	0	190,877	173,636
<b>Minimum payment</b>	<b>Minimum \$</b>											
<b>Unimproved value valuations</b>												
General Rate UV	245	3	2,280	735	0	0	735	0	0	0	0	720
<b>Sub-Total</b>		3	2,280	735	0	0	735	0	0	0	0	720
		<b>31</b>	<b>845,167</b>	<b>177,741</b>	<b>10,053</b>	<b>3,544</b>	<b>191,338</b>	<b>190,877</b>	<b>0</b>	<b>0</b>	<b>190,877</b>	<b>174,356</b>
<b>Total amount raised from general rate</b>							<b>191,338</b>				<b>190,877</b>	<b>174,356</b>
Ex-gratia rates							64,882				64,882	64,882
<b>Totals</b>							<u>256,220</u>				<u>255,759</u>	<u>239,238</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates**

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

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**25. RATING INFORMATION (Continued)**

**(b) Specified Area Rate**

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

**(c) Service Charges**

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

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

The Council did not offer any discounts, incentives, concessions or waivers.

**(e) Interest Charges & Instalments**

<b>Instalment Options</b>	<b>Date Due</b>	<b>Instalment Plan Admin Charge</b>	<b>Instalment Plan Interest Rate</b>	<b>Unpaid Rates Interest Rate</b>
		\$	%	%
<b>Option One</b>				
Single full payment	29/10/2018	0	0.00%	11.00%
<b>Option Two</b>				
First Instalment	29/10/2018	0	0.00%	11.00%
Second Instalment	4/03/2019	0	0.00%	11.00%
<b>Option Three</b>				
First Instalment	29/10/2018	0	0.00%	11.00%
Second Instalment	28/12/2018	0	0.00%	11.00%
Third Instalment	1/03/2019	0	0.00%	11.00%
Fourth Instalment	6/05/2019	0	0.00%	11.00%
		<b>2019 Actual</b>	<b>2019 Budget</b>	<b>2018 Actual</b>
		\$	\$	\$
Interest on unpaid rates		7,890	0	0
Interest on instalment plan		0	0	0
Charges on instalment plan		0	0	0
		<b>7,890</b>	<b>0</b>	<b>0</b>

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**26. RATE SETTING STATEMENT INFORMATION**

	2018/19	2018/19 Budget	2018/19
NOTE	(30 June 2019 Carried Forward) \$	(30 June 2019 Carried Forward) \$	(1 July 2018 Brought Forward) \$

**(a) Non-cash amounts excluded from operating activities**

The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with *Financial Management Regulation 32*.

**Adjustments to operating activities**

Less: Profit on asset disposals	11(a)	(87,202)	0	(3,490)
Movement in employee benefit provisions (non-current)		6,562	0	(9,549)
Add: Loss on disposal of assets	11(a)	11,946	0	17,814
Add: Loss on assets written-off		260,888	0	0
Add: Depreciation on assets	11(b)	1,420,559	1,366,389	1,449,056
<b>Non cash amounts excluded from operating activities</b>		1,612,753	1,366,389	1,453,831

**(b) Surplus/(deficit) after imposition of general rates**

The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

**Adjustments to net current assets**

Less: Reserves - restricted cash	4	(2,043,937)	(1,910,912)	(853,334)
Less: Other financial assets		0	0	(35,034)
<b>Total adjustments to net current assets</b>		(2,043,937)	(1,910,912)	(888,368)

**Net current assets used in the Rate Setting Statement**

Total current assets		5,353,251	3,350,173	4,741,965
Less: Total current liabilities		(374,252)	(1,439,261)	(789,672)
Less: Total adjustments to net current assets		(2,043,937)	(1,910,912)	(888,368)
<b>Net current assets used in the Rate Setting Statement</b>		2,935,062	0	3,063,925

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

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

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

**(a) Interest rate risk**

***Cash and Cash Equivalents***

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

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

	<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>2019</b>					
Cash and cash equivalents	1.43%	4,936,977	3,493,937	1,440,540	2,500
<b>2018</b>					
Cash and cash equivalents	0.73%	3,169,847	877,024	2,290,323	2,500

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

**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>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash	49,370	31,698

**Notes:**

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

**(b) Credit risk**

**Trade Receivables**

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

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

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

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

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

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



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

**(b) Credit risk (Continued)**

	Current	More than 1 year past due	More than 2 year past due	More than 3 year past due	Total
<b>30 June 2019</b>					
Rates receivable					
Expected credit loss	0%	0%	0%	0%	
Gross carrying amount	0	0	0	0	0
Loss allowance	0	0	0	0	0
<b>01 July 2018</b>					
Rates receivable					
Expected credit loss	0%	0%	0%	0%	
Gross carrying amount	37,325	0	0	0	37,325
Loss allowance	0	0	0	0	0

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2019</b>					
Sundry receivable					
Expected credit loss	0%	0%	0%	0%	
Gross carrying amount	244,103	10,016	0	15,235	269,354
Loss allowance	0	0	0	0	0
<b>01 July 2018</b>					
Sundry receivable					
Expected credit loss	0%	0%	0%	0%	
Gross carrying amount	440,000	0	56,571	545,997	1,042,568
Loss allowance	0	0	0	0	0

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

**(c) Liquidity risk**

**Payables**

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

The contractual undiscounted cash flows of the Shire's Payables are set out in the Liquidity Sensitivity Table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2019</u></b>					
Payables	201,390	0	0	201,390	201,390
	<u>201,390</u>	<u>0</u>	<u>0</u>	<u>201,390</u>	<u>201,390</u>
<b><u>2018</u></b>					
Payables	453,939	0	0	453,939	453,939
	<u>453,939</u>	<u>0</u>	<u>0</u>	<u>453,939</u>	<u>453,939</u>

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**28. TRUST FUNDS**

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

	1 July 2018 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2019 \$
Licensing	0	31,580	(31,580)	0
	<u>0</u>			<u>0</u>
	<u>0</u>			<u>0</u>

**29. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

The Council is not aware of any matter or circumstance that has arisen since 30 June 2019 that has significantly affected or may significantly affect the operation of the Shire in subsequent financial years,

**SHIRE OF NGAANYATJARRAKU**  
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**FOR THE YEAR ENDED 30TH JUNE 2019**

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

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

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

**AASB 9 Financial instruments**

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

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

The effect of adopting AASB 9 as at 1 July 2018 was, as follows:

	<b>Adjustments</b>	<b>01 July 2018</b>
		\$
<b>Assets</b>		
Trade receivables	(a),(b)	0
<b>Total Assets</b>		0
<b>Total adjustments on Equity</b>		
Accumulated surplus/(deficit)	(a),(b)	0
		0

The nature of these adjustments are described below:

**(a) Classification and measurement**

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

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

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

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

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

- The Shire did not designate any financial assets as at fair value through profit and loss.

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

<b>AASB 139 category</b>	<b>AASB 139 value</b>	<b>AASB 9 category amortised cost</b>	<b>Fair value through OCI</b>	<b>Fair value through P/L</b>
<b>Loans and receivables</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade receivables	1,182,089	1,182,089		
	<u>1,182,089</u>	<u>1,182,089</u>	0	0

**(b) Impairment**

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

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

**31. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS**

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

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

**(a) Revenue from Contracts with Customers**

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

	<b>AASB 118</b>		<b>AASB 15</b>
	<b>carrying amount</b>		<b>carrying amount</b>
<b>Note</b>	<b>30 June 2019</b>	<b>Reclassification</b>	<b>01 July 2019</b>
	\$	\$	\$
<b>Contract liabilities - current</b>			
Unspent grants, contributions and reimbursements	0	256,574	256,574
Adjustment to retained surplus from adoption of AASB 15	0	(256,574)	(256,574)
31(d)			

**(b) 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 AASB 16 recognised on 1 July 2019. In applying the AASB 16 under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the Shire did not have any leases which had previously been classified as an operating lease applying AASB 117. Therefore the net impact on retained earnings on 1 July 2019 will be \$nil.

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**31. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS (Continued)**

**(c) Income For Not-For-Profit Entities**

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

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

	<b>AASB 1004</b>	<b>AASB 1058</b>
	<b>carrying amount</b>	<b>carrying amount</b>
<b>Note</b>	<b>30 June 2019</b>	<b>Reclassification</b>
	<b>\$</b>	<b>\$</b>
	<b>01 July 2019</b>	<b>\$</b>
Trade and other payables	201,390	0
	201,390	201,390

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

Volunteer Services in relation to Volunteer Fire Services will not be recognised in revenue and expenditure as the fair value of the services cannot be reliably estimated.

**(d) Impact of changes to Retained Surplus**

The impact on the Shire of the changes as at 1 July 2019 is as follows:

	<b>Note</b>	<b>Adjustments</b>	<b>2019</b>
			<b>\$</b>
Retained surplus - 30 June 2019			59,546,363
Adjustment to retained surplus from adoption of AASB 15	31(a)	(256,574)	
Adjustment to retained surplus from adoption of AASB 16	31(b)	0	
Adjustment to retained surplus from adoption of AASB 1058	31(c)	0	(256,574)
Retained surplus - 01 July 2019			59,289,789

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

**32. OTHER SIGNIFICANT ACCOUNTING POLICIES**

**(a) Goods and Services Tax (GST)**

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

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

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

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

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

**(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 statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

**(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.



**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**32. OTHER SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(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 an asset at its current service capacity.

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

**SHIRE OF NGAANYATJARRAKU**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**32. OTHER SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(i) Impairment of Assets**

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

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

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

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

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

**33. ACTIVITIES/PROGRAMS**

**Statement of Objective**

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

**COMMUNITY VISION**

The Shire of Ngaanyatjarraku is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

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

<b>PROGRAM NAME</b>	<b>OBJECTIVE</b>	<b>ACTIVITIES</b>
<b>GOVERNANCE</b>	To provide a decision-making process for the efficient allocation of scarce resources.	Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.
<b>GENERAL PURPOSE FUNDING</b>	To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
<b>LAW, ORDER, PUBLIC SAFETY</b>	To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention and other aspects of public safety including emergency services.
<b>HEALTH</b>	To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control and a waste pick-up service.
<b>EDUCATION AND WELFARE</b>	To provide services to children and youth.	Maintenance of playgroup centre (early years learning) and operation of youth services.
<b>HOUSING</b>	To provide and maintain staff housing.	Provision and maintenance of staff housing.
<b>COMMUNITY AMENITIES</b>	To provide services required by the community.	Rubbish collection services, litter control, storm water maintenance and protection of the environment.
<b>RECREATION AND CULTURE</b>	To establish and effectively manage infrastructure and resources which will help the social well being of the community.	Maintenance of public halls, civic centre, aquatic centre, recreation centres and various sporting facilities. Provision and maintenance of parks and playgrounds. Operation of other cultural facilities.
<b>TRANSPORT</b>	To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, depots and traffic control. Cleaning of streets and maintenance of street trees.
<b>ECONOMIC SERVICES</b>	To help promote the shire and it's economic wellbeing.	Tourism and area promotion, provision of rural services including weed and vermin control.
<b>OTHER PROPERTY AND SERVICES</b>	To monitor and control council's overheads operating accounts.	Private works operation, plant repair and operation costs and administrative costs.

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

**34. FINANCIAL RATIOS**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Current ratio	15.16	4.89	5.65
Asset sustainability ratio	2.39	1.60	1.07
Debt service cover ratio (Note 1)	N/A	N/A	N/A
Operating surplus ratio	(0.58)	0.97	0.81
Own source revenue coverage ratio	0.12	0.10	0.09
Asset consumption ratio	0.84	0.85	0.84
Asset renewal funding ratio	1.57	N/A	N/A

The above ratios are calculated as follows:

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

**Note 1:**

The Shire does not have any borrowings, therefore this ratio is not calculated.

## INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF THE SHIRE OF NGAANYATJARRAKU

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## REPORT ON THE AUDIT OF THE FINANCIAL REPORT

### Opinion

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

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

- a) is based on proper accounts and reports; and
- b) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the Local Government Act 1995 (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Shire in accordance with the 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter – Basis of Preparation

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

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF THE SHIRE OF NGAANYATJARRAKU (CONTINUED)

### REPORT ON THE AUDIT OF THE FINANCIAL REPORT (CONTINUED)

#### Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE COUNCILLORS OF  
THE SHIRE OF NGAANYATJARRAKU (CONTINUED)**

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) In our opinion, there is a significant adverse trend in the financial position of the Shire as the Own Source Revenue Coverage Ratio has been below the DLGSCI standard for the past 3 years.
- b) All required information and explanations were obtained by us.
- c) All audit procedures were satisfactorily completed in conducting our audit.
- d) In our opinion, the asset consumption ratio and the asset renewal ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

**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 Ngaanyatjarraku for the year ended 30 June 2019 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

MOORE STEPHENS  
CHARTERED ACCOUNTANTS



DAVID TOMASI  
PARTNER

Date: 12 December 2019  
Perth, WA