



Shire of Northam
Heritage, Commerce and Lifestyle

Annual Report

2019 / 20



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Purpose of the Annual Report

The Western Australian Local Government Act 1995 requires every local government to produce an Annual Report by 31 December each year.

In addition, the Annual Report:

- Is an essential tool to inform the community and key stakeholders about achievements, challenges and future plans;
- Promotes greater community awareness of the Shire's programs and services which contribute to a high quality of life for residents, visitors and stakeholders;
- Demonstrates the Shire's performance against the long-term vision of the Strategic Community Plan, and the projects and priorities detailed within the Shire's Corporate Business Plan;
- Provides information about the Shire's organisational performance; and
- Illustrates the Shire's commitment to accountable and transparent government.



President's Report

During the 2019 elections, two new Councillors were elected: Cr David Galloway (West Ward) and Cr Maria Girak (Town Ward), with Cr Julie Williams (Central Ward), Cr Robert Tinetti (Town Ward), and myself (East Ward) being re-elected until 2023.

I would like to thank and extend my appreciation to John Proud for his dedication during his term as a Councillor.

Each Councillor contributes to the wellbeing and betterment of the Shire which allows me to fulfil my role as President.

Mr Jason Whiteaker, our Chief Executive Officer, has continued to work exceptionally with and for our Shire. Having worked with us for seven years, and now in a second five-year contract, Mr Whiteaker continues to work tirelessly for the Shire. Our mutually agreed Key Performance Indicators continue to ensure the best possible outcomes for all Shire residents and ratepayers. Thanks to Mr Jason Whiteaker for allowing my role to be achieved.

The past year has provided challenges, such as the COVID-19 pandemic, to which the Shire has stepped up.

The Shire of Northam has responded in part by making special allowances through the approval of a COVID-19 response budget. There are many measures in place to assist both the residents, ratepayers, and our business community. These include making dedicated grants available, freezing rates, and bringing capital projects forward.

As can be viewed over the entire Shire, there continues to be substantial investment. Examples of private developments over the past 12 months include the opening of the Famers Hotel, and construction of buildings on Old York Road. Both the redevelopment and opening of the Bunnings and KFC sites are due in the coming months. Development and investments continue to be spread across both the private and public sectors.

The completion and opening of the Northam Aquatic Facility is an example of the Shire's dedication of service to the community. The Northam Aquatic Facility is planning a variety of events over the summer months.

Whilst COVID-19 may have delayed some of the Shire of Northam's events, these continue to be planned for future years, including:

The Northam Motorsport Festival and the Avon River Festivals - rescheduled for 2021; Christmas on Fitzgerald's, occurring in 2020; and the World Women's Ballooning Championships, successfully allowed to be held in 2023.

We continue to have a strong and vibrant Shire, which is evidenced by both our business and wider community. Together, we can all ensure our Shire continues to thrive.



Cr Chris Antonio, Shire President

Elected Members



Cr Julie Williams
Central Ward



Cr Attila Mencshelyi
Central Ward



Cr Terry Little
West Ward



Cr David Galloway
West Ward



Cr Maria Girak
Town Ward



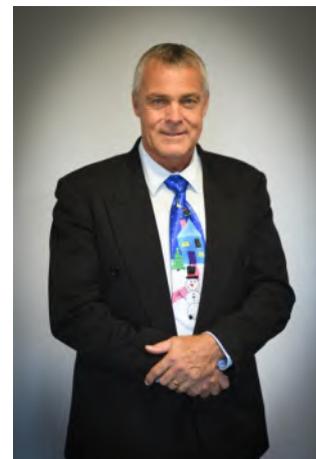
Cr Michael Ryan
Town Ward



Cr Robert Tinetti
Town Ward



Cr Carl Della
Town Ward



Cr Steven Pollard
Town Ward

Chief Executive Officer's Report



Jason Whiteaker, Chief Executive Officer

It is difficult to review the 2019/20 financial year without focusing on the last three months, which was significantly impacted by the global pandemic Covid-19, so this is where I will start.

Firstly can I pass my sincere gratitude to all staff at the Shire of Northam for their support and commitment during this most challenging time. Like many organisations across Australia and indeed the world, we were faced with challenges that we had simply not contemplated and I feel that as a team we all contributed to ensuring our organisation was guided through this period with minimum disruption. During this period we had people working remotely, services being shut down and staff being reallocated. I cannot recall a complaint or negative comment during this time, I believe all staff just focused on getting the job done – so thank you.

The Council navigated, and continues to navigate, the Covid-19 period with a very clear strategy and direction, which has made my task significantly simpler. Council adopted a [Shire of Northam Covid-19 response strategy](#) to provide a framework for staff to follow and for the community to remain informed. This strategy was built around six (6) key areas which were: Response/Recovery, Organisational, Community, Economic, Project Delivery and Financial.

Providing such a clear framework for dealing with the Covid-19 pandemic, certainly made the task facing myself and the staff significantly simpler and clearer. We are continuing to work through the range of actions within the plan as we look to transitioning back to some sort of normality in the not too distant future.

While Covid-19 has dominated our focus in recent times, we should not forget the main wonderful achievements we have made in 2019/20. Possibly the most significant development to occur was the opening of our new Aquatic Facility in Northam. What an amazing facility our community, and the region, has available to it. I am pleased to report the project was completed within the established timeframes and although our initial budget was exceeded, this was approved by Council and the result of some significant unforeseen ground works that were undertaken. I would like to thank Donovan Payne Architects for their work in design and Cooper & Oxley Builders for the quality of the build they oversaw.

Financially, there is no doubt Covid-19 has, and will continue to have, an impact on our financial position. The Shire of Northam is in a strong financial position, we have a very robust and clear long term financial plan in place which indicates this position will strengthen over time. While there has been an increase in debt levels as a result of the Aquatic facility development, the Shire's level of debt does remain well within acceptable parameters with capacity to utilise debt into the future to fund upcoming capital projects. Additionally, the Shire has returned an operating deficit in 2019/20, which was largely the result of a one off loss on asset sale. This was the sale of the former Victoria Street Oval site, which was overvalued in the Shire's asset register and ultimately Council did sell the land in accordance with a current market valuation. Perhaps more importantly the sale will result in the development of a significant Aged Care Facility in Northam to service our region. Of more significant concern is our growing outstanding rate debt. This is an issue which we have been in discussion with Council for the past 2-3 years and is an area we will continue to focus on. As part of Council's response to Covid-19, no penalty interest and an incentive to pay early, may in fact have a positive impact on cash flow, however this remains to be seen.

Staff turnover was again within our established parameter, sitting at around 16% to the year end June 30. All staff are interviewed on exit and I am pleased to report that the majority of people are leaving our organisation are to peruse further opportunities or for personal reasons. We are not seeing employees leave because of any underlying cultural or staff concerns, which is positive.

Finally I would like to thank the Council, for their support and direction over the past twelve months. The Shire of Northam is fortunate to have a Council and organisation who functions as a team heading in the same direction with a shared vision. This not only makes it significantly easier as a Chief Executive Officer to deliver outcomes, it quite simply makes for a much more stable and enjoyable environment to work in.

Executive Staff



Mr Clinton Kleynhans
Executive Manager Engineering Services



Mr Chadd Hunt
Executive Manager Development Services



Mr Ross Rayson
Executive Manager Community Services



Mr Colin Young
Executive Manager Corporate Services

Vision for the Future

“The Shire of Northam is a vibrant growing community that is safe, caring and inclusive. We are recognised as a community that values our heritage, preserves our environment and promotes our commerce.”

In order to achieve this Vision, the Council will commit to display:

LEADERSHIP - To recognise the community's expectations to provide leadership.

RESPECT - To respect differences in age, culture, values and opinion.

TEAMWORK - To achieve through the efforts of the team.

EXCELLENCE - To aspire to one standard.

OPENNESS - To engender trust through openness.

Our Mission

In order to achieve our Vision the Shire of Northam has established an organisational Mission commitment, which is:

“To deliver responsive, sustainable services in a manner that preserves and enhances our environment and lifestyle whilst respecting our heritage and facilitating economic growth.”

In order to achieve this Mission, the organisation will commit to being:

SAFE - Focus on importance of safety in the organisation.

OPEN - Engage in two-way communication, with transparency and trust.

ACCOUNTABLE - Know what you are responsible for, take ownership and deliver accordingly.

RESPECTFUL - Demonstrate respect for other's skills, knowledge and differing value systems.

STRATEGIC COMMUNITY PLAN

THEME AREA 1: ECONOMIC GROWTH

Strategic Land Use Plan & Policy review

A significant number of the Shire's existing strategic land use related planning documents will be reviewed in conjunction with the Strategy update and it is proposed to incorporate these into the Local Planning Strategy to improve consistency, coordination and facilitation of better planning outcomes. This review will include the Shire's Local Planning Policy framework to ensure that the existing policies are relevant and up to date, and to identify any gaps.

Local Planning Strategy & Scheme Review

Council adopted a Report of Review of the Shire of Northam's Local Planning Scheme No. 6 on 19 February 2020. The Report recommended that the Local Planning Strategy be updated to ensure that it reflects the Shire's Strategic Community Plan and following completion of the update, that the Local Planning Scheme No. 6 be updated. The Report was endorsed by the Western Australian Planning Commission on 5 May 2020.

The updating of the Local Planning Strategy has commenced, with the assistance of Officers from the Department of Planning, Lands and Heritage, and it is envisaged that community consultation will be undertaken in the near future.

Future Plans

Looking forward, an integrated public open space strategy is currently being drafted, which includes an audit of existing open spaces and identifying gaps in the network.

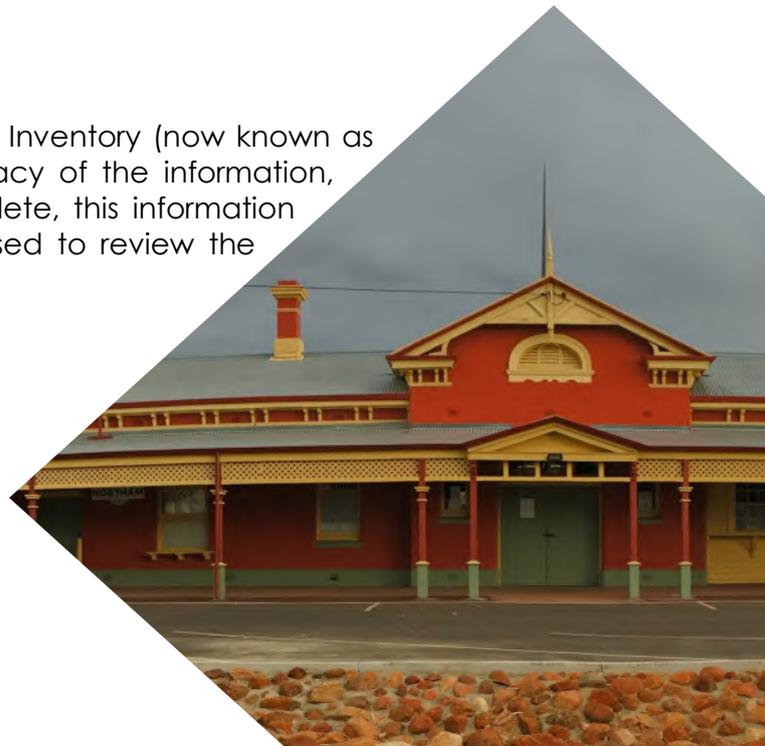
Heritage List

The Shire's Heritage List was adopted by Council on 19 February 2020, detailing properties that are provided statutory protection under the provisions of Local Planning Scheme No. 6. If a property is on the Heritage List, development approval will generally be required for any works or change of use of the property. Information on properties with heritage significance has been uploaded onto the Heritage Council's database Inherit.

Local Heritage Survey

A review has commenced of the Municipal Heritage Inventory (now known as the Local Heritage Survey) to confirm the accuracy of the information, including updating photographs. Once complete, this information will be uploaded onto Inherit and will be used to review the Heritage List in due course.

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STRATEGIC COMMUNITY PLAN

THEME AREA 1: ECONOMIC GROWTH

Development Applications

A total of 121 development applications were determined by the Shire of Northam to the value of \$16,034,039 during the 2019/20 financial year. Of these, 108 applications were determined by staff under delegated authority from Council. The average timeframe for determining development applications in this period was 22 days (34 days – delegation; 91 days – Council; and 79 days – RJDAP).

During this period, Dome Café and Hotel, additions to St Joseph's High School, and the highway roadhouse were completed, as well as development approval being granted and works being commenced for the construction of KFC, Bunnings, One School and the Old York Road Industrial Complex.

The Shire was involved in four State Administrative Tribunal matters appealing conditions imposed on development approvals.

Subdivision

During the 2019/20 financial year, the planning section responded to eleven subdivision referrals from the Western Australian Planning Commission and cleared conditions for six subdivision proposals, including the Avon Logistics Hub, a new light and service industry subdivision proposed in conjunction with the recently completed roadhouse.

Development Compliance

Development compliance also formed a significant part of statutory planning resources in 2019-20, with complaints typically generated from neighbours concerned with unauthorised buildings or land uses and non-compliance with conditions of approval. Monitoring extractive industries also form a significant part of development compliance activities.



STRATEGIC COMMUNITY PLAN

THEME AREA 1: ECONOMIC GROWTH

Building Services

The building section of the Development Services Department is responsible for all matters pertaining to Building Control and Construction within the Shire of Northam. The objective is to ensure that all ratepayers work and live in a safe and healthy environment by ensuring all buildings are constructed in accordance with relevant statutory requirements.

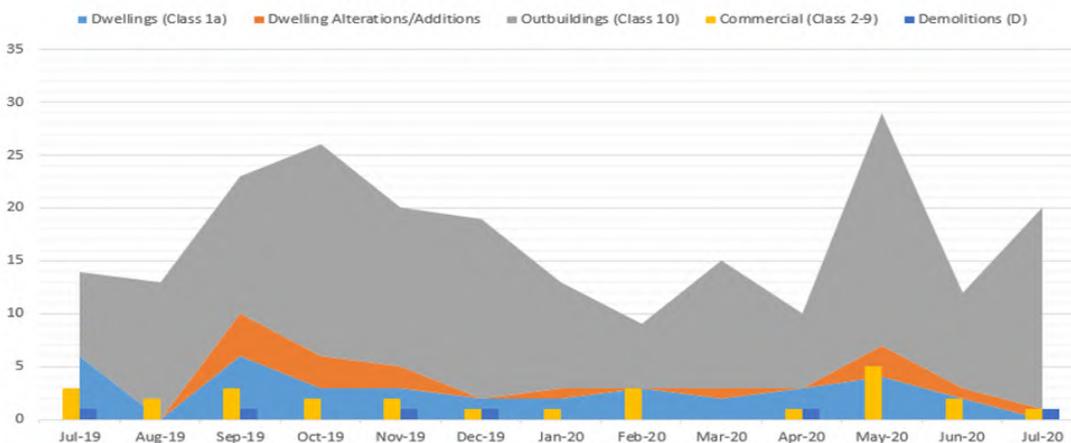
During the preceding year a number of property owners chose riverside blocks to enjoy the ambience of being in close proximity to the Avon River and its abundance of birdlife while building to prevent damage from future flooding.

The house illustrated below is an example of making use of land adjacent to the Mortlock River which was previously considered unsuitable for development, due to its potential to be inundated by flood water from time to time.

| Building Applications Approved | | | | |
|--------------------------------|--------------|--------------|--------------|--------------|
| 2015/2016 | 2016/2017 | 2017/2018 | 2018/2019 | 2019/2020 |
| 283 | 296 | 250 | 232 | 235 |
| \$25,301,928 | \$54,682,573 | \$28,422,301 | \$25,254,415 | \$17,584,847 |

The adverse financial impact of the corona virus on development activities is illustrated above.

Building Permits Issued FY 2019/2020



STRATEGIC COMMUNITY PLAN

THEME AREA 1: ECONOMIC GROWTH

Tourism & Events

The Tourism and Events team are responsible for regional and event promotion, customer servicing, and the undertaking of tourism & events-related projects in the Shire. The Visitor Centre operates as a central service centre providing visitors and locals with a broad range of services and essential information. This includes but is not limited to assistance with relocating and travelling to the region, accommodation enquiries, functions, events, and recreational/tourist activities.

During the 2019/2020 financial year there has been a focus on increasing awareness of Northam as a highly desirable place to both visit and ultimately live, portraying the Avon Valley and Northam especially as the place of choice for those looking for a day-trip, weekend getaway and ultimately a tree change. This is being performed through the delivery of destination branding material which is linked to strategic marketing campaigns, combined with an underlying public relations campaign endorsed daily by the Visitor Centre and its staff. This can be applied across a range of applications, and is intended to be used by various stakeholders throughout the Shire of Northam in their communications, especially marketing.

While the delivery of events was impacted by COVID-19 in the later part of 2019/2020, we were actively involved in supporting, planning, approval, execution and marketing of a number of well attended events. We have particularly enjoyed working on initiatives and events such as the Avon River Festival, the Australia Day Ceremony and Concert, and Christmas on Fitzgerald.

There has been a focus on increasing local experiences by leveraging opportunities for hosting key events such as the 2021 Women's World Hot Air Ballooning Championships, which has been confirmed to be now taking place in 2023 as a result of COVID-19 impact.

COVID -19 has had the positive outcome of increasing Western Australians' knowledge of travel options available closer to home and this has had the advantage of Northam seeing more day-trippers, weekend getaways, increased visitor spending and general brand awareness as people discover the delights of the town and the Avon Valley region.

While visitations to the Northam Visitor Centre declined in the later part of 2019/2020, local tourism is on the rise and Tourism and Events staff look forward to a successful year servicing the Northam Community.



STRATEGIC COMMUNITY PLAN

THEME AREA 1: ECONOMIC GROWTH

Create298 Co-working Space

The Shire of Northam Create298 Co-working Space was available to the community for the 2019/2020 financial year, offering individuals the opportunity to work both independently and collaboratively in a shared environment. The space offered a very affordable and flexible opportunity for entrepreneurs to access modern work spaces, communal areas, business networks, internet access and other member services, and hosted regular meetings and workshops throughout the financial year.

Pop-up Shop

The Shire of Northam continued to offer the Pop-up Shop as a retail space available to be used by private enterprise for short term experimentation of business concepts, with the potential of becoming a new local retail shop. The Pop-up Shop provided a very affordable opportunity for three businesses during 2019/2020. As COVID-19 impacted the potential reach for an extended period of time, Council was able to offer an additional trial period for one business and this resulted in the development of one new permanent business in Northam taking up a lease in one of our vacant shops in Fitzgerald Street.



STRATEGIC COMMUNITY PLAN

THEME AREA 2: COMMUNITY WELLBEING

Libraries

This year has been an extremely successful one for the libraries. Not only did we increase the borrower numbers significantly from 1556 patrons in June 2019 to 2403 patrons in June 2020 - an increase of 65% - but we also won over \$12,500 in grants for the period from organisations such as Meerilinga, Sci Tech and Be Connected. These grants have paid for significant resources in IT such as robotics, laptops and iPads for library programmes, and two iPads for the use of Killara clients.

Our Children's Week activity day, performed in conjunction with WA Health and Cancer Council WA and supported with a grant from Meerilinga, was very popular, with over 110 children attending.

Our launch of local author Katie Stewart's book was also popular, with fifty attendees, including a koala from Wildlife WA.

We also ran a series of programs such as IT classes for seniors, children's activities, music in the library on Thursday evenings, and were the site for CWA meetings and the Avon Valley Writer's Group.

Our housebound service has changed in scope and is now available throughout the Shire. This was begun in response to the COVID-19 pandemic. At the height of the pandemic we had 83 housebound borrowers throughout the Shire; we now have 41 and expect this service to grow in popularity as it becomes better known. A Shire car has been provided to facilitate this service.

During the closure of the library premises during the lockdown, we continued to serve patrons through protocols approved by WA Health and the State Library such as click-n-collect and our housebound service. Staff remained available throughout the restricted period in the library to answer phones and safely serve patrons throughout. We served a similar amount of loans throughout the year as last year, despite the restrictions. Our children's Services and seniors IT classes had to be shut down for the pandemic period during close and afterwards due to concerns regarding social distancing.

Northam Library has gone through a physical transformation, with the construction of new toilet facilities. As a result, the meeting room is now downstairs and is wheelchair accessible. We have a toilet for patron use which is an approved disability toilet, a dishwasher for the sanitising of patron's utensils, and an exhibition space which we have recently put to use for the Sci Tech Robotathon. The library remained open and serving patrons throughout the building period, with only one day of closure due to fumes.

Both Northam and Wundowie libraries have been outfitted with new furniture this year, and our focus for improvement of the physical space of the libraries for this next period is refurbishment of the outdoor spaces for both libraries, including comfortable seating options and wi-fi. This is in preparation for Northam Library's fiftieth anniversary in April 2021.

The Library Service has been named a Regional Centre as well as a Tier One Library by the new State Library structure system. This has meant that the State Library stock is now an asset of Council (with the restrictions of still being part of the State-wide interlibrary loans system) and the library service is able to purchase items directly from suppliers selected by the State Library. The Library Service offers patrons the option of "purchase suggestions" for items not available elsewhere in the state; as of the time of writing the library has received over 300 such purchase suggestions and has a further 200 on order.

The libraries have thus been able to both increase the quality of services for patrons and significantly increase the number of borrowers throughout the Shire while at the same time putting in place effective strategies to manage the challenges presented by COVID-19.



STRATEGIC COMMUNITY PLAN

THEME AREA 2: COMMUNITY WELLBEING

Aged Services

The Killara Adult Day Care and Respite Centre (Killara) provides services for the frail aged and people with disabilities and their carers, offering a variety of programmes aimed at supporting clients to maintain their independence.

Programs based at Killara are run daily and provide:

- Social activities promoting wellness
- Daily respite
- Overnight respite
- A weekly meeting for young adults with a disability

As well as programs based at the centre, Killara also hosts a men's group, mixed group outings, lunch outings for small groups, and a quarterly Carer's Group Meeting.

Sadly, the effects of COVID-19 have been particularly acute for aged care services. The effect on aged care has brought more compliance, increased infection and safety measures, and the careful management of visitors and staff, however our core objective has always been the care of our clients and their safety.

During COVID-19 Killara changed the way we delivered some services to accommodate the clients remaining in their own homes. This included an increase in telephone/video services and the offering of alternative services to keep people engaged in their community as much as possible.

This year a core focus in aged care has been The Royal Commission into Aged Care. The Royal Commission's Terms of Reference are broad and cover all facets of quality and safety in care. The approach taken has been to use case studies to highlight issues that the Commission believes require focus.



STRATEGIC COMMUNITY PLAN

THEME AREA 2: COMMUNITY WELLBEING

Senior Sport

The Shire of Northam hosts Senior Sport programs that provide assistance for seniors to remain active. These programs continued to be a success during 2019/2020 despite the impacts of the COVID-19 pandemic. Our seniors continued to support programs as evidenced by the 97 Senior Sports funding applicants (three of whom have not participated in the past 12 months) across eight providers, taking advantage of the physical, social and mental benefits of increased physical activity.

This program continues to be a success, with new participants being recorded in the Senior Sport programs over the last two years.

Sporting Precinct

The Northam Recreation Precinct faced challenges due to the pandemic, as did all of the community, during the latter half of the financial year.

Jubilee Oval has received a well-deserved facelift with the removal of the old wooden seating and the construction of new terraced seating in limestone and lawn. The future of this area will see the construction of a new toilet block and shade structures. The newly installed dual-use footpath now connects the Youth Precinct directly to the Recreation and Aquatic Centre.

Northam Youth Precinct

The Northam Youth Precinct continues to be a drawcard for young and old alike, with the area in constant use. Thus far the public has treated the area very well and vandalism has been minimal.

The space will be featured prominently in upcoming youth-focused events hosted by the Shire and other NGOs.

Northam Aquatic Facility

The new Aquatic Facility opened to the public on January 26th 2020 and abruptly closed on the 21st March 2020 due to the pandemic. Until the closure the pools were very well patronised, the slides a feature commanding the most attention with at times 200 passes issued for the two-hour slide session.

The coming 2020/2021 season will commence on the 5th October and all indications are that the facility will set record attendances for a full season.

Sports scheduled to be trialled this season include Flippa Ball (water polo for juniors), Masters Swimming (looks set to make a comeback), and synchronized swimming. The Northam Swimming Club has announced record memberships for the new season.



STRATEGIC COMMUNITY PLAN

THEME AREA 2: COMMUNITY WELLBEING

Wundowie to Northam Community Bus

The Wundowie to Northam Community Transport Service was initiated through funding received from the Department of Communities Age Friendly Innovation and Implementation Grants. The purpose of the bus service was to assist people without transport living in the communities of Wundowie, Bakers Hill and Clackline to access essential services in Northam that are not available in their own towns. The funding covered a service trial which took place from November 2018 until August 2019. In September 2019 the review of the funded trial was presented to Council, with Council voting to continue the service until the end of the 2019/2020 financial year. However, in March 2020, the service initially ceased due the resignation of the bus driver, and within the following weeks, became inoperable due to COVID-19 restrictions.

The service operated weekly on a Thursday morning, departing from Wundowie at 9am and collecting passengers in Bakers Hill and occasionally Clackline and Spencers Brook. The bus typically returned to Wundowie by approximately 2pm.

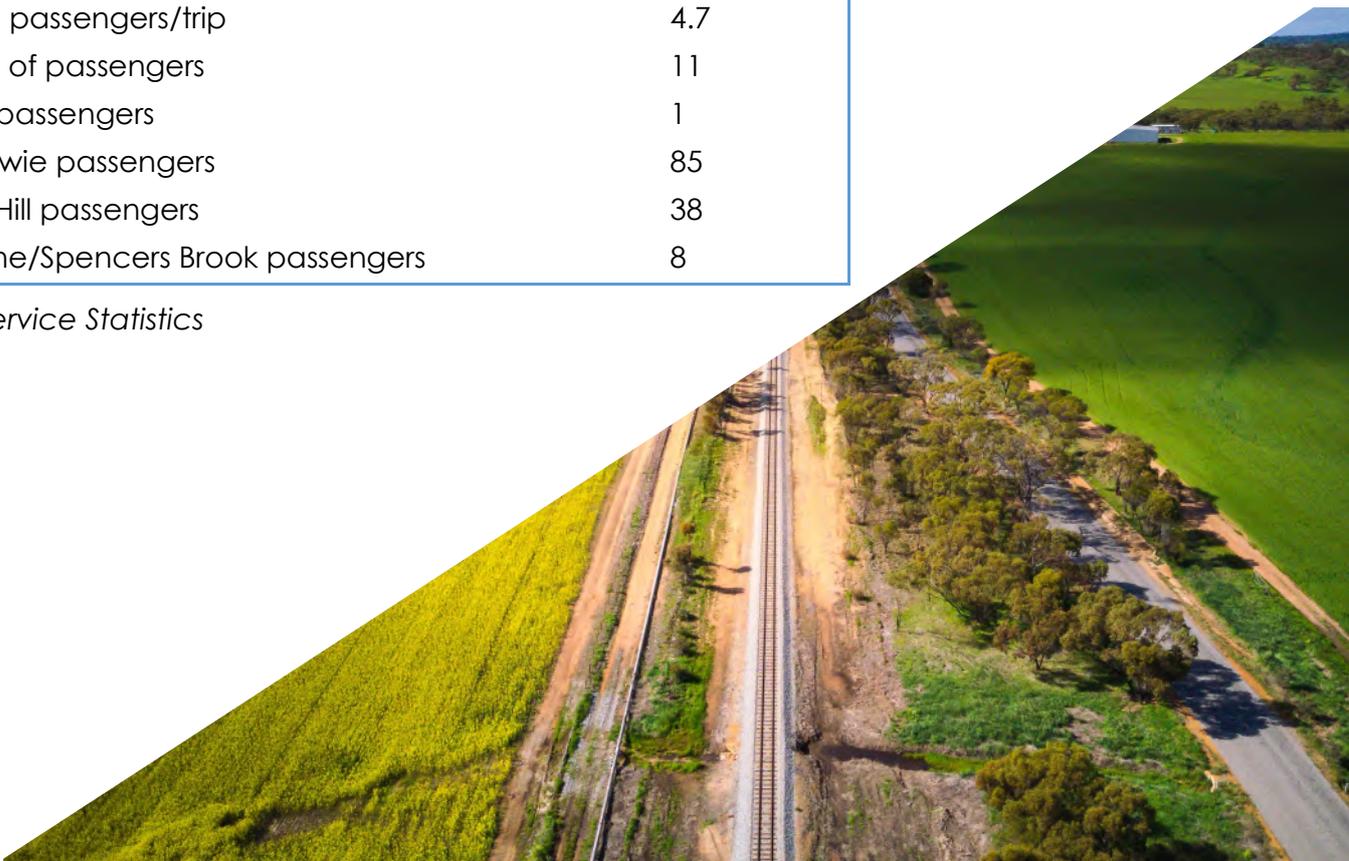
A review of the bus service indicated that the service was primarily used by the same small group of Wundowie and Bakers Hill residents, the majority of whom were seniors. Passengers used the service:

- To access medical appointments;
- To access Centrelink;
- To access employment agencies; and
- For social outings.

Initial concern was expressed by Wundowie business owners that the service would encourage local residents to shop in Northam rather than support their local businesses, however passengers from Wundowie rarely used the service for the purpose of shopping, except to access products not available in their local community.

| Operational Costs July 2019 – March 2020 | \$1917.97 |
|---|-----------|
| Income | \$262 |
| Number of Bus Trips (Wundowie – Northam return) | 28 |
| Total No. of passengers | 131 |
| Average No. passengers/trip | 4.7 |
| Greatest No. of passengers | 11 |
| Least No. of passengers | 1 |
| Total Wundowie passengers | 85 |
| Total Bakers Hill passengers | 38 |
| Total Clackline/Spencers Brook passengers | 8 |

Table: Service Statistics



STRATEGIC COMMUNITY PLAN

THEME AREA 3: SAFETY & SECURITY

Community Safety & Crime Prevention Plan 2017 -2021

The Community Safety Committee met quarterly throughout 2019/20 up until the outbreak of COVID-19, when gathering restrictions and the lack of availability of committee members, most of whom are essential workers, made committee meetings difficult to coordinate.

The proactive Community Safety Committee has greatly assisted Council to achieve significant progress towards the implementation of the Shire of Northam Community Safety & Crime Prevention Plan 2017 - 2021. Community awareness and education has continued to be a focus of the committee, with monthly personal and community safety messages being promoted through the Community Safety Corner on the Shire's social media and other targeted messages being displayed on the variable message board in prominent locations. Campaign bursts have included Goodbye Graffiti, graffiti awareness and reporting methods, Christmas vacation home security, and abandoned trolley awareness and reporting methods.

Night Hoops once again proved to be a highly successful youth diversionary program with a total of 344 young people between the ages of 12 – 18 participating in the six-week program. 77% of these participants identified as Aboriginal or Torres Strait Islander and 32% were girls. The Night Hoops program was a joint initiative of the Shire of Northam and Northam PCYC, which aimed to use the locally popular sport of basketball to draw young people off the streets on Saturday nights, when youth crime is often at its peak, and engage the youth in a series of educational and life-skills workshops. During each session participants rotated through a series of basketball games and workshops which included mindfulness, first aid, and drug and alcohol education, and were also provided with an evening meal before being driven home via buses. Police feedback confirmed that the program was successful in achieving its objective of reducing the number of young people wandering the streets.

Overall crime rates in the Shire of Northam have continued to drop, with assault, stealing, property damage and drug offences continuing to be the most problematic areas.

| Type of Offence | 2017/18 | 2018/19 | 2019/20 |
|---|---------|---------|---------|
| Homicide | 1 | 1 | 0 |
| Sexual Offences | 32 | 37 | 118 |
| Assault (Family) | 136 | 121 | 166 |
| Assault (Non-Family) | 123 | 101 | 98 |
| Threatening Behaviour (Family) | 22 | 23 | 39 |
| Threatening Behaviour (Non-family) | 43 | 26 | 36 |
| Deprivation of Liberty | 5 | 1 | 3 |
| Robbery | 4 | 3 | 1 |
| Dwelling Burglary | 85 | 114 | 95 |
| Non-dwelling Burglary | 55 | 48 | 56 |
| Stealing of Motor Vehicle | 19 | 33 | 14 |
| Stealing | 358 | 328 | 277 |
| Property Damage | 304 | 237 | 240 |
| Arson | 8 | 5 | 12 |
| Drug Offences | 257 | 226 | 176 |
| Graffiti | 7 | 14 | 9 |
| Fraud & Related Offences | 55 | 71 | 49 |
| Breaches of Violence Restraining Orders | 60 | 112 | 107 |
| Total Offences | 1,573 | 1,501 | 1,496 |

STRATEGIC COMMUNITY PLAN

THEME AREA 4: ENVIRONMENT & HERITAGE

Reconciliation Action Plan

Council's very first Reconciliation Action Plan (RAP) was developed and officially endorsed by Reconciliation Australia. A RAP is a strategic document that details practical actions to drive the Shire's contribution to reconciliation both internally and within the community. The RAP program contributes to the advancement of reconciliation by supporting Council to develop respectful relationships and create meaningful opportunities with Aboriginal and Torres Strait Islander peoples.

The Shire of Northam Reflect RAP June 2020 – June 2021 sets out Council's commitment to increasing our understanding of and respect for Aboriginal and Torres Strait Islander cultures.

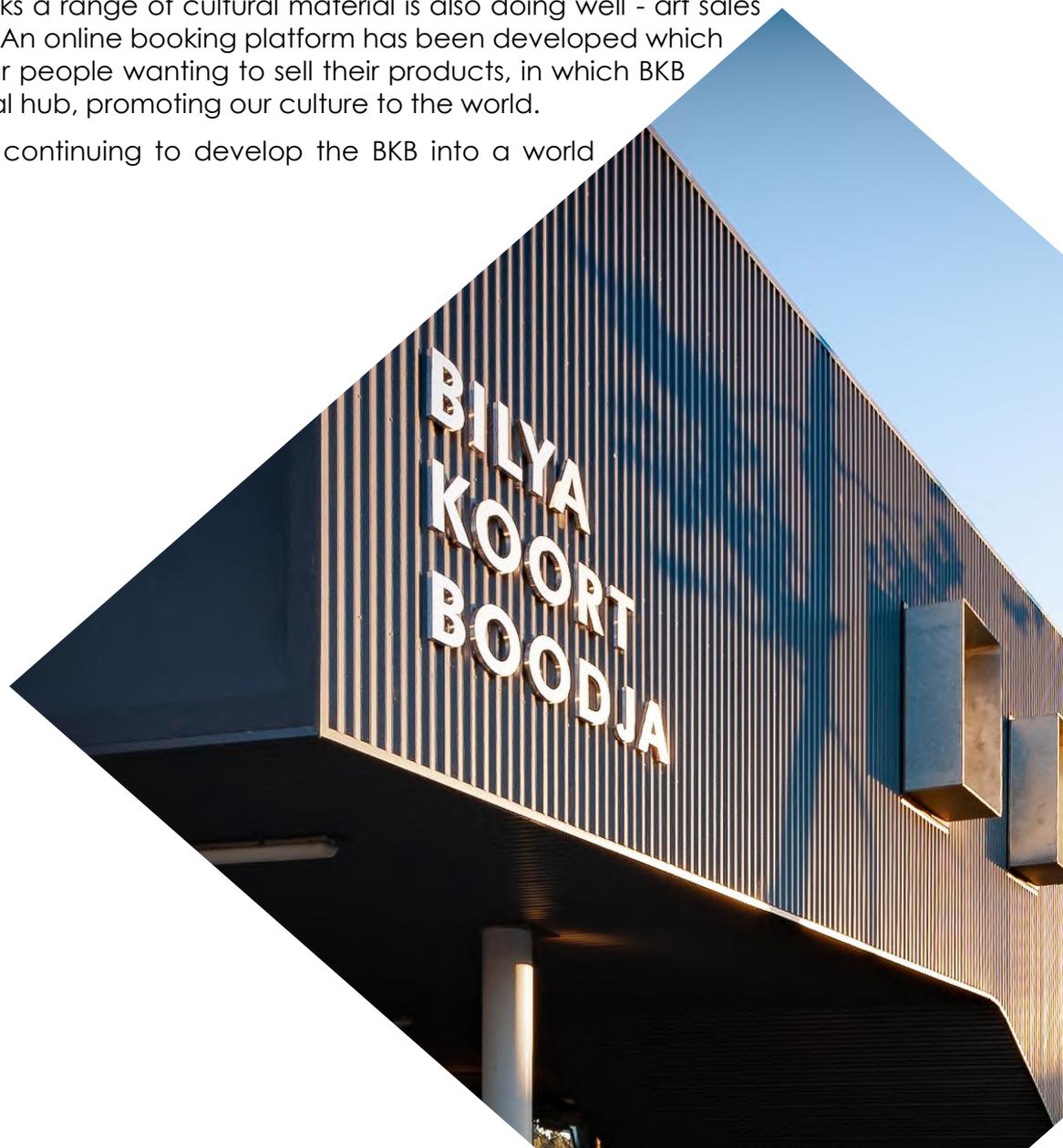
Bilya Koort Boodja (BKB) – Centre for Nyoongar Culture & Environmental Knowledge

The BKB Centre, now into its second year, has continued to develop the schools and universities visitation program and venue hire, which are coming along well. The cultural awareness program has also grown, with more agencies from the Wheatbelt and metro region opting to come to Northam for a cultural experience.

During the COVID-19 pandemic the BKB was closed for a few months earlier in the year, but since the 'Wonder Out Yonder' marketing campaign we are now seeing an increase in individual day visitor numbers, and bus tour companies are now beginning to deliver visitors to the BKB.

The retail shop which stocks a range of cultural material is also doing well - art sales this year have increased. An online booking platform has been developed which can be used by Nyoongar people wanting to sell their products, in which BKB will function as the regional hub, promoting our culture to the world.

We now look forward to continuing to develop the BKB into a world class tourist destination.



STRATEGIC COMMUNITY PLAN

THEME AREA 4: ENVIRONMENT & HERITAGE

Health

In early March 2020 the Shire of Northam's health services staff were called into action to provide education and support to the community in response to the major pandemic referred to as the Coronavirus, also known as COVID-19.

COVID-19 is a SARS virus, meaning it usually causes acute respiratory distress syndrome (ARDS), however COVID-19 may also cause other complications including multiple organ failure and even death. As of 2 October 2020 the disease has recorded 34 million cases and caused more than 1.02 million deaths worldwide.

Due to the isolation of Western Australia, in which the Shire of Northam is located, the Shire has been very fortunate to have only one case reported of COVID-19 as of 2 October 2020 - the patient concerned has reportedly made a full recovery.

The Shire of Northam's Environment and Health staff supported the community by undertaking nearly 300 education inspections at local businesses, providing educational website and Facebook content, and responding to COVID-19 health related requests for assistance and questions. This was and still is an evolving situation with legislation, state and federal directions changing on a constant basis.

The Shire's Environmental Health Officers also issued the regular annual health licences and conducted inspections of lodging houses, food businesses, offensive trades, caravan parks, stables, public buildings and events.

Additionally, a number of other permits were also issued, including 86 stallholder permits in accordance with Council's Local Law, and seven event permits in accordance with the Health (Public Buildings) Regulations 1992. Approved events included the Avon Descent, the Avon River Festival, Class on the Grass, Christmas on Fitzgerald, the Wundowie Iron Festival and the Bakers Hill Country Christmas Fair.

For the year 2019/20, there were 101 food businesses registered in the Shire of Northam, all of which are regularly inspected by the Shire's Environmental Health Officers (EHOs). 28 approvals were issued for the installation of new effluent disposal systems and 24 'Permits to Use' the systems were issued. Plans and prior approvals are required for new systems and a 'Permit to Use' is issued once the system is installed.

Water quality sampling of public swimming pools was conducted monthly during the summer months by the Shire's EHOs. The samples were sent for analysis to the Path Centre Waters Laboratory in Perth to gauge compliance with the Health (Aquatic Facility) Regulations 2007. 180 public pool water samples were submitted for testing in 2019/20, as required by the Department of Health's Code of Practice.

Similarly, 76 recycled water samples were also sent to Pathwest for bacteriological and amoebic testing, in accordance with the system's licence requirements. The Shire's recycled water system has encountered some compliance issues and the Shire of Northam has been working with both consultants and the Water Corporation to secure upgrading of the system. The Water Corporation has confirmed that the solid and liquid waste plant will be upgraded and a Works Application has been submitted to the Department of Water and Environmental Regulation for approval.



STRATEGIC COMMUNITY PLAN

THEME AREA 4: ENVIRONMENT & HERITAGE

Waste

Approximately 21,573 and 6,732 tonnes of waste material was received at the Old Quarry Road and Inkpen Road Waste Management Facilities respectively for the 2019/20 financial year.

Of the 21,573 tonnes of waste material received at the Old Quarry Road Waste Management Facility, approximately 16,632 tonnes of waste was landfilled. At the Inkpen Road Waste Management Facility, approximately 4,236 tonnes of waste was landfilled. There was also 2,715 tonnes of liquid waste deposited into the Old Quarry Road Septage Ponds for drying. The balance of the waste at both sites was recycled and included green waste, waste oil, tyres, car batteries, scrap metal and E-waste.

Monitoring of the groundwater at the Old Quarry Road Waste Management Facility was undertaken in September 2019 and April 2020 as required under the premise licence issued by the Department of Water and Environmental Regulation (DWER). The groundwater hydrology reports and Annual Monitoring Report were acceptable to the Department of Water and Environmental Regulation. Similarly, as the Inkpen Road Waste Management Facility is now a licenced premises it also requires an Annual Environmental Report, which was submitted to DWER in September 2020 in accordance with its licence requirements.

Approximately 1,247 vehicle tyres of various sizes, 631 tonnes of scrap metal and 8 tonnes of vehicle batteries were diverted from the landfills sites and sent away for recycling. The Shire of Northam E-waste collection at the Old Quarry Road Waste Management Facility was down from last year's figures with just over nine tonnes of E-waste collected for recycling, with a 98% recovery rate.

The Shire's waste oil receival facilities at the both landfill sites have allowed members of the public to dispose of used oil from residential activities. Waste oil is refined for reuse after removal from the site under the national recycling scheme. Approximately 22,500L of waste oil was received and collected for recycling in 2019/20.

The Shire of Northam, in conjunction with DrumMuster, recycled 3,883 chemical containers during the 2019/20 financial year, which were collected and crushed at the Old Quarry Road Waste Management Facility prior to being transported to Perth for recycling.

The free Bulk Bin Collection Service for the Northam town site was utilized to its maximum capacity, with approximately 736 properties requesting a bin.

The Kerbside Recycling Service undertaken fortnightly in the Shire of Northam and the recycling drop-off points at Old Quarry Road and Inkpen Road Waste Management Facilities collected approximately 904 tonnes. All 939 tonnes of recyclables were transported to the Southern Metropolitan Regional Council (SMRC) for processing, with an 85% recyclable recovery rate.

20 Significant projects were undertaken at the Old Quarry Waste Management Facility including the installation in July 2019 of the landfill cell drainage channels permanently on the southern side and temporarily on the northern side of the landfill cell. This drainage is extremely critical in the development of the landfill as it now determines how large the cell can be and the cell's final capacity. A reworked life-span plan of the site can now be completed for estimated landfill capacity over the next 12 months.

A second project completed in Aug 2019 was the rehabilitation of approximately 0.5 hectares of landfill capping, with the cover material being sourced from a previous large reuse water dam excavated at the Northam Racecourse. The material transported to site used for final capping and daily capping was approximately 19,500 tonnes.



STRATEGIC COMMUNITY PLAN

THEME AREA 5: INFRASTRUCTURE & SERVICE DELIVERY

Bushfire Mitigation & Emergency Services

The Shire of Northam saw growth in both the bushfire and SES units in the 2019/20 period.

There has been increased awareness of the volunteer services courtesy of the 2019/20 bushfire season, with an increase in members of the community stepping forward to join their local service.

There are currently 400+ members of the Volunteer Bush Fire Service and almost 20 SES members.

Since the creation of the Northam Central & Wundowie Volunteer Bush Fire Brigades, the Shire of Northam and the DFES Region have had over 30+ new volunteers join the ranks, demonstrating the advantageous strategy behind having the volunteer bush fire services located within our townsites, allowing increased volunteer recruitment and retention. This is a positive step forward in today's environment where volunteer numbers globally are in decline.

Through the Department of Fire & Emergency Services (DFES) Local Government Grant Scheme (LGS) the volunteer bush fire service and the State Emergency Service are seeing unprecedented capital expenditure on facility and vehicle upgrades, including capital spent on the new high quality emergency services fleet that is currently being rolled out across WA.

Volunteers have spent the past 12 months seeking additional training to upskill, ensuring that the capabilities of the local government in emergency response are maintained to a high standard.

The 2019/20 bushfire season was extremely busy for the Goldfields-Midlands region, with a handful of emergencies in the Midland area across the Avon Arc.

The Shire of Northam was successful in obtaining over \$500,000 to mitigate the risk from bushfire on all reserves that are vested in the Shire. The mitigation on Shire-owned freehold properties is increasing to ensure that as an organisation we are leading the community in bushfire preparedness.

Shire of Northam staff and volunteers participated in a DFES regional forum, where multiple desktop scenarios were delivered, assisting the volunteers to improve their incident management skillset. The forum generated outcomes based on feedback from our community volunteers that will assist with future planning for both the operational and non-operational space.



STRATEGIC COMMUNITY PLAN

THEME AREA 5: INFRASTRUCTURE & SERVICE DELIVERY

Environmental Sustainability

During the 2019/20 financial year, focus continued in line with the biodiversity strategy, providing advice and assistance with road maintenance and widening projects, fire mitigation works, targeted weed spraying programs, development and rezoning applications, in addition to providing comments to state stakeholders including the Department of Water and Environmental Regulation (DWER) relating to illegal clearing, permits to Clear and contaminated sites.

The Shire joined the Cities Power Partnership Program and adopted the Azility utility and analytics package as part of its commitment to addressing climate change by identifying current emissions and options for reducing the corporate footprint. The package streamlines the billing process and provides a web based platform where assets can be monitored against utility usage.

The Shire maintained its Waterwise status and has been working closely with the Water Corporation to upgrade and increase the volume of reuse water available for irrigation use on open spaces. Smart meters have been installed at open spaces using reuse water to improve monitoring and provide better management tools via a remote viewing platform.

Rehabilitation efforts for the year focused on the man-made islands in the 'Town Pool' area of the Avon River, in front of the Visitors Centre. The Shire worked in partnership with local environmental groups and Curtin University volunteers to revitalise one of the islands. Over a weekend period, 12 tonnes of rock and soil material were moved by hand across to the island via pontoons. The rock and soil was used to restabilise the area and improve the aesthetics of the island. Rock was used to stabilise the perimeter of the island before sand bags filled with soil were placed on the island to construct multi-tiered planting beds. Over 400 native rushes were planted and the whole area was covered with mulch to assist with retaining soil moisture ahead of the dry summer months.

22 The Shires "greening programs" gained momentum with the continuation of the 'Tree Subsidy' and the 'Native Plant Giveaway', for large and small landowners respectively. The Native Plant Giveaway was run in the Northam town site and at Wundowie with over 200 people attending and 960 plants given out. 14,528 plants were purchased through the Tree Subsidy program and 2,430 plants were given out to local community groups. In total, just over 18,000 plants were put into the ground this year.



STRATEGIC COMMUNITY PLAN

THEME AREA 5: INFRASTRUCTURE & SERVICE DELIVERY

Engineering Services

Engineering Services is responsible for the construction and maintenance of all Shire-owned roads, verges, footpaths, drainage structures, parks, public open spaces, reserves, bridges, parking facilities, and buildings. The portfolio also includes fleet management and cemetery and airport maintenance.

Works that are programmed and completed align with Council-endorsed asset management plans, policies and long-term programs, which encompass the whole of life principles and sustainability strategies for transport, parks and gardens, and buildings.

The following summary details major asset class inventories.

Footpath Construction

A total of \$123,971 was spent on footpath construction and renewal works within the Shire. These projects reflected priorities identified in the Shire of Northam's Local Bike Plan, and requests from the community. Locations included:

- Hovea Crescent, Wundowie
- Wattle Crescent, Wundowie
- Balga Terrace, Wundowie



STRATEGIC COMMUNITY PLAN

THEME AREA 5: INFRASTRUCTURE & SERVICE DELIVERY

Roadworks

A total of \$4,688,522 was expended during the 2019/20 financial year on capital road projects. The following roads were major projects completed in the Shire.

Reconstruction / Widening

| |
|--|
| Coates Rd, Wundowie 0 - 1.7km |
| Martin Street, Northam - 0 - 300m |
| Qualup Place, Wundowie - 0-140m |
| Spencers Brook Road, Spencers Brook - 5.4 to 7.36km |
| Southern Brook Road, Northam - 0 - 3.07km |
| Spencers Brook Road, Spencers Brook 12 - 12.8km |
| Boondine Road, Mokine - 0 - 640m |
| Spencers Brook Road, Spencers Brook -8.65 - 10.250km |
| Spencers Brook Road, Spencers Brook -16.43 - 19.34km |

Resurfacing

| |
|---|
| Carter Street, Northam - 2.740 - 3.55km |
| Henty Place, Northam - 0 - 270m |
| Ord Street, Northam - 0 - 190m |
| Carlin Road, Bakers Hill - 2.740 - 3.5 |
| Park Lane, Northam - 0 - 230m |
| Chidlow Street West, Northam - 1.480 - 1.950 km |
| Chidlow Street West, Northam - 2 - 300m |
| Tamma Road, Bakers Hill - 1.1 - 2.4km |
| Vivian Street South, Grass Valley - 0 - 200m |
| Coates Rd, Wundowie 0 - 1.7km |
| Kennedy Street, Northam 320 - 920m |
| Chidlow Street West, Northam - 370 - 670m |
| Zamia Terrace, Wundowie 0 - 480m |



STRATEGIC COMMUNITY PLAN

THEME AREA 5: INFRASTRUCTURE & SERVICE DELIVERY

Parks, Playgrounds and Streetscapes

A total of \$307,154 was expended throughout the Shire to upgrade and develop park Infrastructure. This included the fencing and irrigation of Rushton Park, Bert Hawke Oval Playground fencing, replacement of Shade Sails in Perina Park and additional Shade areas for Apex Park.

The Shire of Northam has been working with the Wundowie Progress Association in the implementation of the POS Improvements which included a walking trail, viewing seats, boundary fencing, landscaping, retaining structures and the modification of the skate park to include a BMX area.

In conjunction with the Bakers Hill Progress Association, POS improvements were implemented in the Bakers Hill town site, seeing the construction of new shade shelters, BBQ facilities, and sensory play equipment. These works will continue into 2020/21.

The CBD Streetscape revitalisation saw the installation of parklets outside local businesses on Fitzgerald Street to encourage spill-out afresco-style dining. Businesses that were recipients of the parklet installation included Café Yasou, Lucy's Café, Lume Restaurant and Avon Valley Bakery.

The installation of further parklets to encourage outdoor dining is proposed for 2020/21.

Drainage and Stormwater Management

Western Australian Natural Disaster Relief and Recovery Arrangements (WANDRRA) declared a Storm and Flooding Event on 25-26 January 2018 (AGRN 822), enabling the Shire to seek funding assistance for the reinstatement of damaged assets within the Bakers Hill area.

This natural event resulted in damaged infrastructure to roadside drains, road shoulders and road pavement sections. The works were tendered during the 2018/19 financial year, and delivered in 2019/20. A total of \$1,358,040.20 was spent on the reinstatement of damaged infrastructure under this project.

In addition to these reinstatement works, an additional \$139,483 was spent in rural areas to complete drainage improvement and upgrade works.



STRATEGIC COMMUNITY PLAN

THEME AREA 5: INFRASTRUCTURE & SERVICE DELIVERY

Northam Artificial Hockey Pitch

2019/20 saw the completion of the international standard artificial Hockey Pitch, located adjacent to Bert Hawke Oval. The Hockey Pitch is a significant investment for the Shire which was a culmination of efforts from numerous stakeholders.

The investment has allowed for the hosting of a number of local and regional events. The pitch turf is low maintenance, having outstanding durability and minimal negative physical impact on players.

Building Works

Throughout the Shire there were numerous improvement and renewal works to buildings and properties, as well as the initiation of strategies which will result in Shire-owned buildings achieving a better energy efficiency rating.

Solar Energy Initiative

The Shire of Northam has recognized the importance of implementing environmental and cost saving initiatives where practicable. A solar energy assessment was completed on all significant powered buildings owned by the Shire. This saw the delivery of solar energy installations to numerous buildings across the Shire, including:

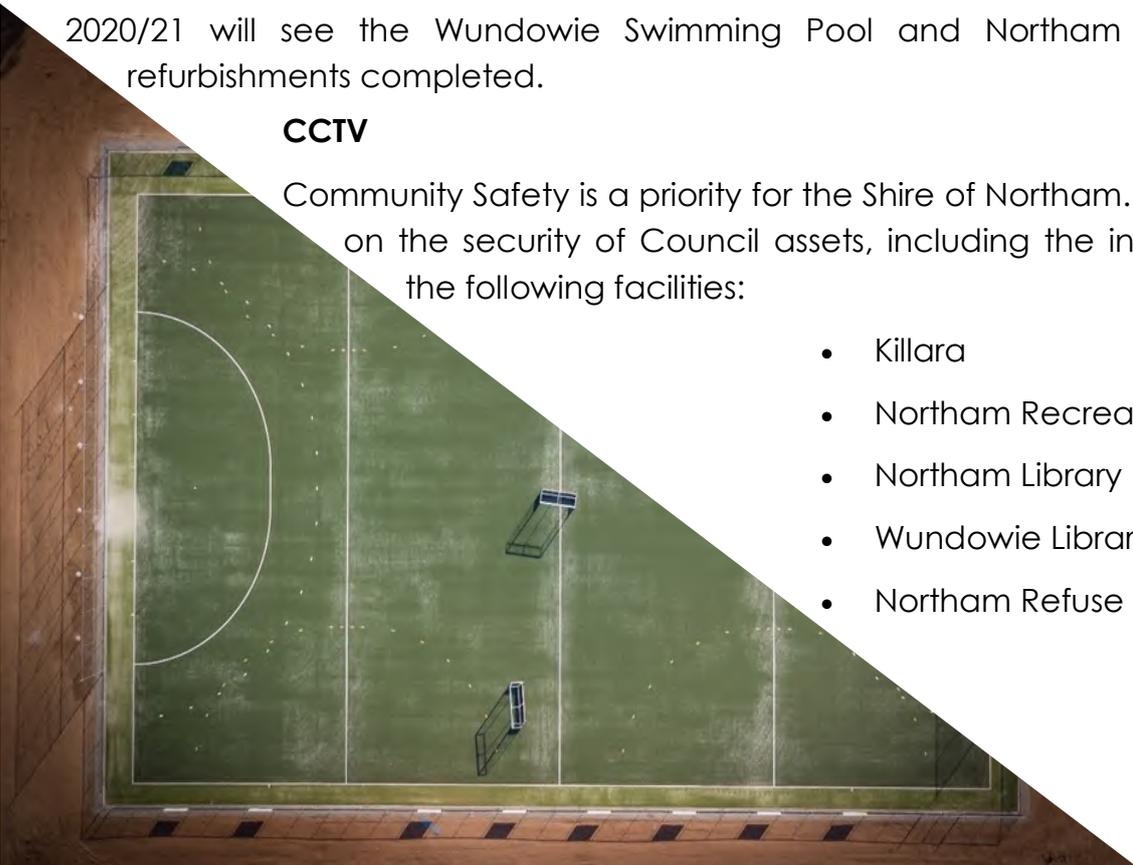
- Northam Recreation Centre
- Killara Respite Care Centre
- Northam Visitors Centre
- Shire Admin building
- Wundowie Town Hall
- Wundowie Library

2020/21 will see the Wundowie Swimming Pool and Northam Swimming Pool solar refurbishments completed.

CCTV

Community Safety is a priority for the Shire of Northam. This year saw a focus on the security of Council assets, including the installation of CCTV at the following facilities:

- Killara
- Northam Recreation Centre
- Northam Library
- Wundowie Library
- Northam Refuse Site building



STRATEGIC COMMUNITY PLAN

THEME AREA 6: GOVERNANCE & LEADERSHIP

Ranger Services

Ranger Services primarily encourages and enforces compliance with Local and State Laws with respect to pets and livestock, parking, off-road and abandoned vehicles, fire hazard reduction, wildlife care and removal referrals, littering, illegal camping, and caring for the Northam white swan colony.

Significant improvements have been experienced in most areas, attributed to a greater focus on community education to encourage greater compliance. The rangers have implemented a wide selection of promotional activities designed to ensure messages reach broad cross-sections of the community.

Council has continued its support for the 'I'm Alert' interactive digital pet ownership learning tool. This is offered as a free service to the community - residents are able to log into the program via the Shire's website.

The program is presented in an easy-to-follow, entertaining format that includes the ability for the user to print a certificate upon completion of the program to keep as a record of training completion.

Rangers also provide a selection of information sheets and regular compliance information updates, distributed via the Shire's internal media and communications channels, posters on community notice boards, local media and advertising whenever appropriate. Our outgoing customer correspondence is also supported by a selection of information sheets/brochures.

In the field, rangers give away free Shire of Northam dog leads to encourage 'Dog-on-a-Leash in Public Places' compliance. They also give out colouring books to children when appropriate.

The white swan colony has been located in the "Town Pool" area for most of this year. They have been a delight to visitors to our river. Rangers monitor and supplement feed them as required.

Fire season is upon us again and due to the terrible tragedies in the Eastern States it is imperative that we all band together and make our Shire fire-compliant. Residents have received their final fire break orders and information in their rates notices.

Regular targeted parking patrols are conducted as per the Parking and Parking Facilities Local Law 2008. Problem areas are identified, with warning parking notices distributed in the first instance followed by infringements if warning notices are not complied with. Particular attention around our school areas this past year have resulted in parents and carers parking in safer locations to lessen the chances of vehicle-related injuries.



STRATEGIC COMMUNITY PLAN

THEME AREA 6: GOVERNANCE & LEADERSHIP

COVID-19 Staff Redeployment/Working from Home Exercise

As a result of COVID-19 the HR team acted swiftly in redeploying staff based in facilities that had been temporarily closed down in March 2020. This exercise had its challenges but resulted in a fruitful outcome, with one redeployed staff member applying to remain in their temporary department.

Procedures for working from home were quickly and effectively implemented and regular communication with staff throughout the pandemic in the form of a weekly update was a priority. In an effort to determine the success of the implemented strategies a survey to all staff was issued and the results reviewed by the Executive team, identifying the success levels of our strategies and how we could improve should a similar instance arise in the future. The Safety Officer worked closely with the Manager of Health & Environment in ensuring that preventative measures were in place within the workplace and that staff were aware of their responsibilities.

Pictured Left - Visitor Centre & BKB Centre staff Kate Burton and Yvonne Ryder enjoying their redeployed duties with the Parks & Gardens team

Safety

The presence of an active Safety Officer out in the field has resulted in a dramatic reduction in incidents and injuries throughout the organisation. With the support of a passionate team of Safety Representatives, the continuous improvement of organisational safety is ongoing.

Staff Training

With the successful completion of a comprehensive training register, skill gaps can be identified which will in turn determine what training is classed as essential. All approved training continues to be sourced locally where possible with the first port of call being CRTAFE.

Traineeships

In line with the Shire's continuous support of local youth, two Horticultural Trainees together with a Development Services Trainee have been recruited. Their traineeships consist of a combination of on-the-job training together with studies in an accredited qualification.

Health & Wellbeing

28 Benefits offered through the health and wellbeing program continue to be promoted throughout the organisation and also identified during staff inductions. The Shire of Northam is proud of its health and wellbeing program and the fact that it has been developed through a combination of bulk billing and insurance funding to enable the services to be offered with minimal cost to the Shire. A wide range of benefits are available including confidential counselling, flu immunisations, health checks, skin cancer screening, HBF corporate discount, paraplegic benefit insurance and fitness programs.

Depot Staff recently attended a health assessment at local provider In Balance Physiotherapy to identify any required fitness improvements. Based on the results a training program is currently being developed to meet the needs of the participants. Successful completion of this program will hopefully result in fewer injuries and reduced absenteeism. This exercise was funded through Local Government Insurance Services, at no cost to the Shire of Northam.

STRATEGIC COMMUNITY PLAN

THEME AREA 6: GOVERNANCE & LEADERSHIP

Council Meetings

Ordinary Council meetings and Council Forums are held monthly in the Shire of Northam Council Chambers. Each year, Council resolves to hold a Forum and Ordinary Council meeting at an external location. In 2019/20 the Forum and Ordinary Council meeting were held at the following external locations:

- February 2020 - Grass Valley Hall

The attendances of Council Members at Council Meetings for the 2019/20 financial year are detailed in the table below:

| Members | Council Forum Meetings Entitled to Attend | Council Forum Meetings Attended | Apologies | Leave of Absence | Absent (no formal apology) | Ordinary Council Meetings Entitled to Attend | Ordinary Council Meetings Attended | Apologies | Leave of Absence | Absent (no formal apology) |
|------------------------|---|---------------------------------|-----------|------------------|----------------------------|--|------------------------------------|-----------|------------------|----------------------------|
| Cr Christopher Antonio | 10 | 10 | 0 | 0 | 0 | 12 | 12 | 0 | 0 | 0 |
| Cr Michael Ryan | 10 | 9 | 0 | 0 | 1 | 12 | 12 | 0 | 0 | 0 |
| Cr Julie Williams | 10 | 10 | 0 | 0 | 0 | 12 | 12 | 0 | 0 | 0 |
| Cr David Galloway | 6 | 6 | 0 | 0 | 0 | 8 | 8 | 0 | 0 | 0 |
| Cr Robert Tinetti | 10 | 8 | 2 | 0 | 0 | 12 | 9 | 2 | 1 | 0 |
| Cr Steven Pollard | 10 | 6 | 2 | 2 | 0 | 12 | 8 | 2 | 2 | 0 |
| Cr Attila Mencshelyi | 10 | 10 | 0 | 0 | 0 | 12 | 12 | 0 | 0 | 0 |
| Cr Terry Little | 10 | 9 | 1 | 0 | 0 | 12 | 12 | 0 | 0 | 0 |
| Cr Maria Girak | 6 | 6 | 0 | 0 | 0 | 8 | 8 | 0 | 0 | 0 |
| Cr John Proud | 4 | 2 | 2 | 0 | 0 | 4 | 2 | 2 | 0 | 0 |
| Cr Chris Davidson | 4 | 0 | 2 | 0 | 1 | 4 | 1 | 2 | 0 | 1 |
| Cr Carl Della | 10 | 8 | 1 | 1 | 0 | 12 | 11 | 0 | 1 | 0 |

| Members | Special Council Meetings Entitled to Attend | Special Council Meetings Attended | Apologies | Leave of Absence | Absent (no formal apology) |
|------------------------|---|-----------------------------------|-----------|------------------|----------------------------|
| Cr Christopher Antonio | 5 | 5 | 0 | 0 | 0 |
| Cr Michael Ryan | 5 | 4 | 0 | 0 | 1 |
| Cr Julie Williams | 5 | 5 | 0 | 0 | 0 |
| Cr David Galloway | 4 | 4 | 0 | 0 | 0 |
| Cr Robert Tinetti | 5 | 5 | 0 | 0 | 0 |
| Cr Steven Pollard | 5 | 4 | 0 | 1 | 0 |
| Cr Attila Mencshelyi | 5 | 5 | 0 | 0 | 0 |
| Cr Terry Little | 5 | 5 | 0 | 0 | 0 |
| Cr Maria Girak | 4 | 4 | 0 | 0 | 0 |
| Cr Carl Della | 5 | 5 | 0 | 0 | 0 |
| Cr John Proud | 1 | 1 | 0 | 0 | 0 |
| Cr Chris Davidson | 1 | 1 | 0 | 0 | 0 |

STRATEGIC COMMUNITY PLAN

THEME AREA 6: GOVERNANCE & LEADERSHIP

Council Meetings (con't)

| Members | Strategic Council Meetings Entitled to Attend | Strategic Council Meetings Attended | Apologies | Leave of Absence | Absent (no formal apology) |
|------------------------|---|-------------------------------------|-----------|------------------|----------------------------|
| Cr Christopher Antonio | 4 | 4 | 0 | 0 | 0 |
| Cr Michael Ryan | 4 | 3 | 1 | 0 | 0 |
| Cr Julie Williams | 4 | 3 | 0 | 1 | 0 |
| Cr David Galloway | 3 | 3 | 0 | 0 | 0 |
| Cr Robert Tinetti | 4 | 3 | 0 | 1 | 0 |
| Cr Steven Pollard | 4 | 3 | 0 | 1 | 0 |
| Cr Attila Mencshelyi | 4 | 3 | 1 | 0 | 0 |
| Cr Terry Little | 4 | 3 | 1 | 0 | 0 |
| Cr Maria Girak | 3 | 3 | 0 | 0 | 0 |
| Cr Carl Della | 4 | 3 | 0 | 1 | 0 |
| Cr John Proud | 1 | 1 | 0 | 0 | 0 |
| Cr Chris Davidson | 1 | 0 | 1 | 0 | 0 |

Committees

During 2019/20, Council appointed the following Committees:

- Audit and Risk Management Committee
- Bush Fire Advisory Committee (BFAC)
- Chief Executive Officer (CEO) Review Committee
- Local Emergency Management Committee (LEMC)
- Community Safety Committee
- Reconciliation Action Plan (RAP) Working Group (dissolved 20 November 2019—no meetings held)
- Nyoongar Cultural Advisory Group
- Local Business Support Committee

The attendances of Council Members at Committee Meetings for the 2019/20 financial year are shown in the following tables:

| Audit and Risk Management Committee | | | | | |
|-------------------------------------|--------------------|-------------------|-----------|------------------|----------------------------|
| Members | Entitled to Attend | Meetings Attended | Apologies | Leave of Absence | Absent (no formal apology) |
| Cr Christopher Antonio | 4 | 4 | 0 | 0 | 0 |
| Cr Michael Ryan | 3 | 2 | 0 | 0 | 1 |
| Cr Julie Williams | 0 | 0 | 0 | 0 | 0 |
| Cr David Galloway | 0 | 0 | 0 | 0 | 0 |
| Cr Robert Tinetti | 0 | 0 | 0 | 0 | 0 |
| Cr Steven Pollard | 3 | 3 | 0 | 0 | 0 |
| Cr Attila Mencshelyi | 4 | 4 | 0 | 0 | 0 |
| Cr Terry Little | 0 | 0 | 0 | 0 | 0 |
| Cr Maria Girak | 0 | 0 | 0 | 0 | 0 |
| Cr Carl Della | 0 | 0 | 0 | 0 | 0 |
| Cr John Proud | 1 | 0 | 1 | 0 | 0 |
| Cr Chris Davidson | 0 | 0 | 0 | 0 | 0 |

STRATEGIC COMMUNITY PLAN

THEME AREA 6: GOVERNANCE & LEADERSHIP

Committees (con't)

| Bush Fire Advisory Committee | | | | | | |
|------------------------------|--------------------|-------------------|-----------|------------------|----------------------------|--|
| Members | Entitled to Attend | Meetings Attended | Apologies | Leave of Absence | Absent (no formal apology) | |
| Cr Christopher Antonio | 0 | 0 | 0 | 0 | 0 | |
| Cr Michael Ryan | 0 | 0 | 0 | 0 | 0 | |
| Cr Julie Williams | 0 | 0 | 0 | 0 | 0 | |
| Cr David Galloway | 0 | 0 | 0 | 0 | 0 | |
| Cr Robert Tinetti | 0 | 0 | 0 | 0 | 0 | |
| Cr Steven Pollard | 0 | 0 | 0 | 0 | 0 | |
| Cr Attila Mencshelyi | 0 | 0 | 0 | 0 | 0 | |
| Cr Terry Little | 4 | 3 | 1 | 0 | 0 | |
| Cr Maria Girak | 0 | 0 | 0 | 0 | 0 | |
| Cr Carl Della | 4 | 1 | 1 | 1 | 1 | |
| Cr John Proud | 0 | 0 | 0 | 0 | 0 | |
| Cr Chris Davidson | 0 | 0 | 0 | 0 | 0 | |

| Chief Executive Officer Review Committee | | | | | | |
|--|--------------------|-------------------|-----------|------------------|----------------------------|--|
| Members | Entitled to Attend | Meetings Attended | Apologies | Leave of Absence | Absent (no formal apology) | |
| Cr Christopher Antonio | 3 | 3 | 0 | 0 | 0 | |
| Cr Michael Ryan | 3 | 2 | 1 | 0 | 0 | |
| Cr Julie Williams | 0 | 1 | 0 | 0 | 0 | |
| Cr David Galloway | 0 | 0 | 0 | 0 | 0 | |
| Cr Robert Tinetti | 3 | 2 | 0 | 1 | 0 | |
| Cr Steven Pollard | 0 | 0 | 0 | 0 | 0 | |
| Cr Attila Mencshelyi | 3 | 2 | 1 | 0 | 0 | |
| Cr Terry Little | 0 | 0 | 0 | 0 | 0 | |
| Cr Maria Girak | 0 | 0 | 0 | 0 | 0 | |
| Cr Carl Della | 0 | 0 | 0 | 0 | 0 | |
| Cr John Proud | 0 | 0 | 0 | 0 | 0 | |
| Cr Chris Davidson | 0 | 0 | 0 | 0 | 0 | |

| Local Emergency Management Committee | | | | | | |
|--------------------------------------|--------------------|-------------------|-----------|------------------|----------------------------|--|
| Members | Entitled to Attend | Meetings Attended | Apologies | Leave of Absence | Absent (no formal apology) | |
| Cr Christopher Antonio | 1 | 1 | 0 | 0 | 0 | |
| Cr Michael Ryan | 0 | 0 | 0 | 0 | 0 | |
| Cr Julie Williams | 0 | 0 | 0 | 0 | 0 | |
| Cr David Galloway | 0 | 0 | 0 | 0 | 0 | |
| Cr Robert Tinetti | 0 | 0 | 0 | 0 | 0 | |
| Cr Steven Pollard | 0 | 0 | 0 | 0 | 0 | |
| Cr Attila Mencshelyi | 0 | 0 | 0 | 0 | 0 | |
| Cr Terry Little | 0 | 0 | 0 | 0 | 0 | |
| Cr Maria Girak | 0 | 0 | 0 | 0 | 0 | |
| Cr Carl Della | 0 | 0 | 0 | 0 | 0 | |
| Cr John Proud | 0 | 0 | 0 | 0 | 0 | |
| Cr Chris Davidson | 0 | 0 | 0 | 0 | 0 | |

STRATEGIC COMMUNITY PLAN

THEME AREA 6: GOVERNANCE & LEADERSHIP

Committees (con't)

| Community Safety Committee | | | | | |
|----------------------------|--------------------|-------------------|-----------|------------------|----------------------------|
| Members | Entitled to Attend | Meetings Attended | Apologies | Leave of Absence | Absent (no formal apology) |
| Cr Christopher Antonio | 0 | 0 | 0 | 0 | 0 |
| Cr Michael Ryan | 1 | 0 | 1 | 0 | 0 |
| Cr Julie Williams | 2 | 2 | 0 | 0 | 0 |
| Cr David Galloway | 0 | 0 | 0 | 0 | 0 |
| Cr Robert Tinetti | 2 | 0 | 1 | 1 | 0 |
| Cr Steven Pollard | 0 | 0 | 0 | 0 | 0 |
| Cr Attila Mencshelyi | 0 | 0 | 0 | 0 | 0 |
| Cr Terry Little | 0 | 0 | 0 | 0 | 0 |
| Cr Maria Girak | 0 | 0 | 0 | 0 | 0 |
| Cr Carl Della | 1 | 1 | 0 | 0 | 0 |
| Cr John Proud | 0 | 0 | 0 | 0 | 0 |
| Cr Chris Davidson | 0 | 0 | 0 | 0 | 0 |

| Nyoongar Cultural Advisory Group | | | | | |
|----------------------------------|--------------------|-------------------|-----------|------------------|----------------------------|
| Members | Entitled to Attend | Meetings Attended | Apologies | Leave of Absence | Absent (no formal apology) |
| Cr Christopher Antonio | 1 | 1 | 0 | 0 | 0 |
| Cr Michael Ryan | 1 | 1 | 0 | 0 | 0 |
| Cr Julie Williams | 0 | 0 | 0 | 0 | 0 |
| Cr David Galloway | 0 | 0 | 0 | 0 | 0 |
| Cr Robert Tinetti | 0 | 0 | 0 | 0 | 0 |
| Cr Steven Pollard | 0 | 0 | 0 | 0 | 0 |
| Cr Attila Mencshelyi | 1 | 1 | 0 | 0 | 0 |
| Cr Terry Little | 0 | 0 | 0 | 0 | 0 |
| Cr Maria Girak | 0 | 0 | 0 | 0 | 0 |
| Cr Carl Della | 0 | 0 | 0 | 0 | 0 |
| Cr John Proud | 0 | 0 | 0 | 0 | 0 |
| Cr Chris Davidson | 0 | 0 | 0 | 0 | 0 |

| Local Business Support Committee | | | | | |
|----------------------------------|--------------------|-------------------|-----------|------------------|----------------------------|
| Members | Entitled to Attend | Meetings Attended | Apologies | Leave of Absence | Absent (no formal apology) |
| Cr Christopher Antonio | 4 | 4 | 0 | 0 | 0 |
| Cr Michael Ryan | 4 | 2 | 1 | 0 | 1 |
| Cr Julie Williams | 4 | 4 | 0 | 0 | 0 |
| Cr David Galloway | 0 | 0 | 0 | 0 | 0 |
| Cr Robert Tinetti | 0 | 0 | 0 | 0 | 0 |
| Cr Steven Pollard | 0 | 0 | 0 | 0 | 0 |
| Cr Attila Mencshelyi | 4 | 3 | 0 | 0 | 1 |
| Cr Terry Little | 0 | 0 | 0 | 0 | 0 |
| Cr Maria Girak | 0 | 0 | 0 | 0 | 0 |
| Cr Carl Della | 0 | 0 | 0 | 0 | 0 |
| Cr John Proud | 0 | 0 | 0 | 0 | 0 |
| Cr Chris Davidson | 0 | 0 | 0 | 0 | 0 |

AWARD AND RECOGNITION



Awards & Recognition

The Shire of Northam was successful in receiving a Department of Fire and Emergency Services Volunteer Employer Recognition Award (VERA) in the silver category. This award acknowledges the important contribution made by employers and self-employed volunteers in the delivery of emergency services in Western Australia.

Volunteers

The Shire of Northam would like to thank all volunteers over the 2019/20 period. Their contribution plays an important role in the organisation and adds significant value to the Shire community.

Citizenship Ceremonies

The Shire of Northam held four Citizenship Ceremonies over the 2019/20 period with 47 conferees receiving their Australian Citizenship.



STATUTORY REPORTS

Employee Remuneration

In accordance with part 5 of the Local Government (Administration) Regulations 1996 the table below demonstrates the number of employees entitled to and in receipt of an annual salary over \$100,000;

| Salary Band | No of Employees |
|-----------------------|-----------------|
| \$100,000 - \$109,000 | 2 |
| \$110,000 - \$119,000 | 1 |
| \$120,000 - \$129,000 | 1 |
| \$130,000 - \$139,000 | 2 |
| \$140,000 - \$149,000 | |
| \$150,000 - \$159,000 | 1 |
| \$160,000 - \$169,000 | 1 |
| \$170,000 - \$179,000 | |
| \$180,000 - \$189,000 | |
| \$190,000 - \$199,000 | |
| \$200,000 - \$209,000 | |
| \$210,000 - \$219,000 | |
| \$220,000 - \$229,000 | |
| \$230,000 - \$239,000 | |
| \$240,000 - \$249,000 | 1 |

National Competition Policy

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

The Shire is required to comply with certain policies contained within the Nation Competition Policy statement and report on progress in connection with Competitive Neutrality Principles and review of Local Laws.

Local Laws

The Local Government Act 1995 requires all existing Local Laws to be reviewed every eight years. As part of this process the intention to review Local Laws is advertised in the media giving residents and ratepayers the opportunity to comment on any proposed changes, additions or deletions to the Shire's Local Laws.

In the year 2019/20 the Shire of Northam finalised the review of four (4) local laws with the final local law being gazetted in 2020/21, concluding the process for the eight (8) year review of Council's local laws.

Competitive Neutrality

Local Governments are required to apply the principle of competitive neutrality to all business activities generating user-pays income in excess of \$200,000. The principle of competitive neutrality is that Government businesses should not enjoy a competitive advantage, or disadvantage, simply as a result of their public sector ownership. Annual Reports must show that a public benefit test has been conducted for all significant business activities to determine if competitive neutrality is in the public interest.

Register of Complaints

The Local Government Act 1995 s5.121 requires the complaints officer of the Local Government to maintain a register of complaints which records all complaints that result in an action under the Local Government Act s5.121 (6)(b) or (c).

The register of complaints is to include, for each recorded complaint:

- Name of Council Member or person about whom the complaint is made;
- Name of the person who makes the complaint;
- A description of the minor breach that the Standards Panel finds has occurred; and
- Details of the action taken under LGA s5.110 (6)(b) or (c).

During 2018/19 there were no reportable complaints.

Strategic Community Plan

There were no modifications made to the Strategic Community Plan.

STATUTORY REPORTS

Disability Access & Inclusion

Shire of Northam is committed to facilitating the inclusion of people with disability through the improvement of access to its information, services, events and facilities.

In working towards this goal the Shire of Northam has worked progressively towards achieving the desired results in the key outcomes. Our success includes:

- The availability of a Shire of Northam Disability Access & Inclusion Plan 2018 – 2023 on the Shire website;
- Confirmation that our facilities meet the required standards;
- Improvement in Shire of Northam staff understanding in assisting the public to obtain information in other accessible formats; and
- Ongoing community consultation with key stakeholders to guide access and inclusion improvements.



Freedom of Information

In accordance with Section 96 and 97 of the Freedom of Information Act 1992 the Shire is required to publish an Information Statement annually which details the process of applying for information under the Act, as well as information that the Shire provides outside of the Act. This document is available from the Shire of Northam Administration Centre or the Shire of Northam website.

During 2018/19 the Shire received seven applications for Freedom of Information. These requests were completed within 45 days in accordance with Section 13 (3) of the Freedom of Information Act 1992.

Should you wish to obtain a copy of the Freedom of Information Act 1992 or associated regulations please visit the State Law Publisher website at www.slp.wa.gov.au where a full copy of all State Legislation is available.

Further information about Freedom of Information can also be found on the Freedom of Information Commissioner's website.

Compliance with the State Records Act 2000

In accordance with Section 19 of the State records Act 2000, Local Governments are required to have a Record Keeping Plan that is approved by the State Records Commission (SRC). The purpose of the plan is to provide an accurate reflection of the record keeping program in the organisation, including information regarding the organisation's record keeping system, disposal arrangements, policies, practices and processes.

The Shire is required to ensure records are created, managed and maintained over time and disposed of in accordance with the principles and standards issued by the SRC. The Record Keeping Plan is the primary means of providing evidence of compliance with the Act and the implementation of best-practice record keeping in the organisation.

The Shire of Northam's Record Keeping Plan is reviewed and evaluated at least once every five years for efficiency and effectiveness. The plan was reviewed and approved by the State Records Commission on 14 December 2018. The next review is due prior to 2 August 2023 which will then be submitted to the State Records Commission for approval.

There were no records destroyed during the 2019/20 financial year.

MONITORING & REPORTING

HUMAN RESOURCES

| Performance Area | Key Performance Indicator | Formula | Target | 2019/20 | 2018/19 | 2017/18 |
|---|--|--|--------|---------------------------------|---------|--------------|
| Safe Working Environment | | | | | | |
| Workplace Safety | Lost Time Injury Frequency Rate | Number of lost time injuries x 1,000,000 | <15 | 30.7 | 25.6 | 5.1 |
| Occupational Health and Safety Management | Percentage compliance with AS/NZS 4801:2001 requirements | Average percentage compliance over 10 sections through an independent audit *formal assessment by LGIS to be undertaken | > 76% | Not measured (Next Audit 2021) | 72% | 80% (est.) |
| Appropriately Skilled Workforce | | | | | | |
| Professional Development | Percentage employee satisfaction with professional development opportunities | Average percentage satisfaction across all Departments determined through Tri-Annual Workforce Systems Processes People Audit | >60% | Not measured (Next Survey 2021) | 56% | Not measured |
| Retention of Valued Staff | | | | | | |
| Staff Turnover | Staff turnover rate | Number of staff separations* Total number of staff (less casual and Council initiated) | <20% | 16% | 16% | 24% |

MONITORING & REPORTING

FINANCIAL MANAGEMENT

| Performance Area | Key Performance Indicator | Formula | Target | 2019/20 | 2018/19 | 2017/18 |
|--------------------|---|--|-----------------------|---------|---------|---------|
| Budget Management | Percentage variance in actual year to date expenditure operating versus budgeted expenditure | $\frac{\text{Actual Expenditure} - \text{Budgeted Expenditure}}{\text{Budgeted Expenditure}} \times 100$ | <10% | 1.76% | -3.0% | -1.4% |
| Current Ratio | This is a modified commercial ratio designed to focus on the liquidity position of a local government that has arisen from past | $\frac{(\text{Current Assets MINUS Restricted Assets})}{(\text{Current Liabilities MINUS Liabilities Associated with Restricted Assets})}$ | 1:1 (100% or greater) | 310% | 176% | 229% |
| Debt Service Ratio | This ratio is the measurement of a local government's ability to repay its debt including lease payments. The higher the ratio is, the easier it is for a local government to | $\frac{\text{Annual Operating Surplus BEFORE Interest and Depreciation Principal and Interest}}{\text{Interest}}$ | >4 | 6.90 | 14.45 | 12.23 |

MONITORING & REPORTING

GOVERNANCE

| Performance Area | Key Performance | Formula | Target | 2019/20 | 2018/19 | 2017/18 |
|----------------------------|---|--|--------|---------------|---------|--|
| Corporate Plan Achievement | Percentage of identified Corporate Actions achieved | Corporate Actions undertake in current year Total Number of Corporate Actions | 100% | 89% Completed | | 93% Completed |
| Project Delivery | Percentage of Major Projects delivered | Number of Major Projects Delivered in current year Total Number of Major Projects Identified in | 100% | 71% Completed | | 63 % commenced, not completed 37% Completed |

MONITORING & REPORTING

COMPLIANCE

| Performance Area | Key Performance Indicator | Formula | Target | 2019/20 | 2018/19 | 2017/18 |
|------------------------------------|---|--|---|------------------------------------|------------------------------------|-----------|
| Statutory Planning | | | | | | |
| Building Permit Processing | Average Building Permit processing time | Building Permit process times to be measured by the official date received and official date Permit issued | Uncertified ≤20 working days | 3.74 days | 5.68 days | 7.01 days |
| | | | Certified <10 working days | 3.33 days | 5.19 days | 3.97 days |
| Development Application Processing | Average Development Application processing times | Total days to process development applications | ≤30 days (delegated decisions) | 20 days | 34 days | 22.6 days |
| | | Total number of development applications | Development application process times measured by the official date received and official date approval issued, less any official hold periods recorded | ≤40 days (non-delegated decisions) | 56 days 79 days (RDAP decision) | 91 days |
| Local Government Compliance | | | | | | |
| Compliance Auditing | Percentage of elements identified within the annual Department of Local Government Audit Return identified as being complied with by the Shire of Northam | # of Audit elements complied with x 100 Total number Audit elements Compliance audit for the period 1st January to 31st December against the requirements of the Compliance Audit Return | ≥90% | Not available until March 2021 | 99% | 98.72% |

SHIRE OF NORTHAM
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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Principal place of business:
395 Fitzgerald Street
NORTHAM WA 6401

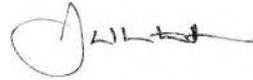
**SHIRE OF NORTHAM
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the **18th** day of **December** 2020



Jason B Whiteaker
Chief Executive Officer



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

| | NOTE | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| Rates | 27(a) | 10,160,528 | 10,417,484 | 10,284,644 |
| Operating grants, subsidies and contributions | 2(a) | 6,651,352 | 4,592,711 | 5,906,081 |
| Fees and charges | 2(a) | 4,024,370 | 3,848,003 | 3,721,822 |
| Interest earnings | 2(a) | 297,482 | 372,500 | 423,101 |
| Other revenue | 2(a) | 1,087,766 | 863,177 | 755,087 |
| | | 22,221,498 | 20,093,875 | 21,090,735 |
| Expenses | | | | |
| Employee costs | | (8,793,100) | (8,363,699) | (8,672,875) |
| Materials and contracts | | (6,154,172) | (7,014,040) | (5,269,554) |
| Utility charges | | (1,101,561) | (1,000,558) | (979,358) |
| Depreciation on non-current assets | 11(c) | (4,670,394) | (4,156,954) | (4,180,155) |
| Interest expenses | 2(b) | (225,102) | (199,187) | (131,437) |
| Insurance expenses | | (515,918) | (516,245) | (504,551) |
| Other expenditure | | (289,224) | (121,759) | (364,477) |
| | | (21,749,471) | (21,372,442) | (20,102,407) |
| | | 472,027 | (1,278,567) | 988,328 |
| Non-operating grants, subsidies and contributions | 2(a) | 4,068,319 | 5,214,069 | 17,819,568 |
| Profit on asset disposals | 11(a) | 2,762 | 318,000 | 33,146 |
| (Loss) on asset disposals | 11(a) | (1,235,641) | (1,199,489) | (360,094) |
| Fair value adjustments to financial assets at fair value through profit or loss | | 3,458 | 0 | 210,205 |
| | | 2,838,898 | 4,332,580 | 17,702,825 |
| Net result for the period | | 3,310,925 | 3,054,013 | 18,691,153 |
| Other comprehensive income for the period | | 0 | 0 | 0 |
| Total comprehensive income for the period | | 3,310,925 | 3,054,013 | 18,691,153 |

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



SHIRE OF NORTHAM
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2020

| | NOTE | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| | 2(a) | | | |
| Governance | | 80,177 | 48,600 | 80,939 |
| General purpose funding | | 14,026,452 | 12,684,868 | 14,143,683 |
| Law, order, public safety | | 736,084 | 565,176 | 493,351 |
| Health | | 31,230 | 61,000 | 62,310 |
| Education and welfare | | 1,398,587 | 1,176,072 | 1,253,200 |
| Housing | | 56,755 | 62,277 | 51,619 |
| Community amenities | | 2,755,163 | 2,704,576 | 2,583,699 |
| Recreation and culture | | 357,890 | 354,743 | 343,596 |
| Transport | | 2,140,689 | 1,678,213 | 1,406,905 |
| Economic services | | 431,080 | 598,150 | 483,401 |
| Other property and services | | 207,391 | 160,200 | 188,032 |
| | | 22,221,498 | 20,093,875 | 21,090,735 |
| Expenses | | | | |
| | 2(b) | | | |
| Governance | | (1,361,947) | (1,364,288) | (1,291,821) |
| General purpose funding | | (355,236) | (289,104) | (362,145) |
| Law, order, public safety | | (1,777,207) | (1,499,919) | (1,332,894) |
| Health | | (310,468) | (318,255) | (269,762) |
| Education and welfare | | (1,325,064) | (1,419,060) | (1,332,506) |
| Housing | | (67,421) | (75,223) | (61,266) |
| Community amenities | | (3,342,904) | (3,680,440) | (3,192,512) |
| Recreation and culture | | (4,587,336) | (4,464,176) | (4,213,486) |
| Transport | | (5,677,479) | (5,496,121) | (5,309,523) |
| Economic services | | (2,353,042) | (2,519,062) | (2,463,838) |
| Other property and services | | (366,265) | (47,607) | (141,217) |
| | | (21,524,369) | (21,173,255) | (19,970,970) |
| Finance Costs | | | | |
| | 2(b) | | | |
| Governance | | (1,235) | 0 | 0 |
| Recreation and culture | | (173,089) | (147,406) | (82,105) |
| Economic services | | (50,778) | (51,781) | (49,332) |
| | | (225,102) | (199,187) | (131,437) |
| | | 472,027 | (1,278,567) | 988,328 |
| Non-operating grants, subsidies and contributions | 2(a) | 4,068,319 | 5,214,069 | 17,819,568 |
| Profit on disposal of assets | 11(a) | 2,762 | 318,000 | 33,146 |
| (Loss) on disposal of assets | 11(a) | (1,235,641) | (1,199,489) | (360,094) |
| Fair value adjustments to financial assets at fair value through profit or loss | | 3,458 | 0 | 210,205 |
| | | 2,838,898 | 4,332,580 | 17,702,825 |
| Net result for the period | | 3,310,925 | 3,054,013 | 18,691,153 |
| Other comprehensive income for the period | | 0 | 0 | 0 |
| Total comprehensive income for the period | | 3,310,925 | 3,054,013 | 18,691,153 |

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

SHIRE OF NORTHAM
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

| | NOTE | 2020 | 2019 |
|--------------------------------------|-------|--------------------|--------------------|
| | | \$ | \$ |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 9,868,173 | 8,123,774 |
| Trade and other receivables | 6 | 3,397,556 | 3,308,497 |
| Other financial assets | 5(a) | 20,203 | 15,758 |
| Other assets | 8 | 2,528 | 1,933,962 |
| TOTAL CURRENT ASSETS | | 13,288,460 | 13,381,991 |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables | 6 | 466,121 | 403,701 |
| Other financial assets | 5(b) | 336,925 | 360,723 |
| Property, plant and equipment | 9 | 55,479,938 | 60,053,216 |
| Infrastructure | 10 | 169,891,676 | 160,465,459 |
| Right of use assets | 12(a) | 25,601 | 0 |
| TOTAL NON-CURRENT ASSETS | | 226,200,261 | 221,283,099 |
| TOTAL ASSETS | | 239,488,721 | 234,665,090 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 14 | 2,828,644 | 3,658,158 |
| Contract liabilities | 15 | 712,567 | 0 |
| Lease liabilities | 16(a) | 25,025 | 0 |
| Borrowings | 17(a) | 345,975 | 279,985 |
| Employee related provisions | 18 | 1,252,838 | 1,207,425 |
| TOTAL CURRENT LIABILITIES | | 5,165,049 | 5,145,568 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 16(a) | 1,012 | 0 |
| Borrowings | 17(a) | 6,058,528 | 2,000,696 |
| Employee related provisions | 18 | 230,292 | 222,810 |
| Other provisions | 19 | 159,546 | 221,047 |
| TOTAL NON-CURRENT LIABILITIES | | 6,449,378 | 2,444,553 |
| TOTAL LIABILITIES | | 11,614,427 | 7,590,121 |
| NET ASSETS | | 227,874,294 | 227,074,969 |
| EQUITY | | | |
| Retained surplus | | 112,446,383 | 108,080,070 |
| Reserves - cash backed | 4 | 3,386,574 | 5,015,888 |
| Revaluation surplus | 13 | 112,041,337 | 113,979,011 |
| TOTAL EQUITY | | 227,874,294 | 227,074,969 |

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



SHIRE OF NORTHAM
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

| | NOTE | RETAINED SURPLUS | RESERVES CASH BACKED | REVALUATION SURPLUS | TOTAL EQUITY |
|---|-------|---------------------|----------------------------|------------------------|--------------------|
| | | \$ | \$ | \$ | \$ |
| Balance as at 1 July 2018 | | 88,280,094 | 6,124,711 | 113,979,011 | 208,383,816 |
| Comprehensive income | | | | | |
| Net result for the period | | 18,691,153 | 0 | 0 | 18,691,153 |
| Total comprehensive income | | <u>18,691,153</u> | <u>0</u> | <u>0</u> | <u>18,691,153</u> |
| Transfers from reserves | 4 | 1,786,922 | (1,786,922) | 0 | 0 |
| Transfers to reserves | 4 | (678,099) | 678,099 | 0 | 0 |
| Balance as at 30 June 2019 | | 108,080,070 | 5,015,888 | 113,979,011 | 227,074,969 |
| Change in accounting policy | 31(b) | (573,926) | 0 | (1,937,674) | (2,511,600) |
| Restated total equity at 1 July 2019 | | 107,506,144 | 5,015,888 | 112,041,337 | 224,563,369 |
| Comprehensive income | | | | | |
| Net result for the period | | 3,310,925 | 0 | 0 | 3,310,925 |
| Total comprehensive income | | <u>3,310,925</u> | <u>0</u> | <u>0</u> | <u>3,310,925</u> |
| Transfers from reserves | 4 | 5,935,287 | (5,935,287) | 0 | 0 |
| Transfers to reserves | 4 | (4,305,973) | 4,305,973 | 0 | 0 |
| Balance as at 30 June 2020 | | 112,446,383 | 3,386,574 | 112,041,337 | 227,874,294 |

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

SHIRE OF NORTHAM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

| NOTE | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|--|----------------------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Rates | 9,919,067 | 10,367,484 | 9,996,812 |
| Operating grants, subsidies and contributions | 6,600,992 | 4,802,780 | 4,884,372 |
| Fees and charges | 4,037,762 | 3,948,003 | 4,553,204 |
| Interest received | 297,482 | 372,500 | 423,101 |
| Goods and services tax received | 64,852 | 0 | 0 |
| Other revenue | 1,261,663 | 863,177 | 480,411 |
| | 22,181,818 | 20,353,944 | 20,337,900 |
| Payments | | | |
| Employee costs | (8,583,441) | (8,824,390) | (8,564,061) |
| Materials and contracts | (5,362,475) | (7,036,852) | (3,935,406) |
| Utility charges | (982,760) | (1,000,558) | (979,358) |
| Interest expenses | (225,102) | (199,187) | (133,822) |
| Insurance paid | (515,918) | (516,245) | (504,551) |
| Goods and services tax paid | 0 | 0 | (168,977) |
| Other expenditure | (289,224) | (121,759) | (364,479) |
| | (15,958,920) | (17,698,991) | (14,650,654) |
| Net cash provided by operating activities | 20 | 6,222,898 | 5,687,246 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for purchase of property, plant & equipment | 9(a) | (1,450,723) | (3,393,157) |
| Payments for construction of infrastructure | 10(a) | (12,500,913) | (15,699,806) |
| Non-operating grants, subsidies and contributions | 2(a) | 4,068,319 | 7,696,397 |
| Proceeds from financial assets at amortised cost - self supporting loans | | 22,810 | 22,812 |
| Proceeds from sale of property, plant & equipment | 11(a) | 1,282,432 | 1,901,700 |
| Net cash provided by (used in) investment activities | | (8,578,075) | (9,472,054) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of borrowings | 17(b) | (376,178) | (345,853) |
| Payments for principal portion of lease liabilities | 16(b) | (24,246) | 0 |
| Proceeds from new borrowings | 17 (b&c) | 4,500,000 | 4,500,000 |
| Net cash provided by financing activities | | 4,099,576 | 4,154,147 |
| Net increase (decrease) in cash held | | 1,744,399 | (2,662,954) |
| Cash at beginning of year | | 8,123,774 | 8,041,209 |
| Cash and cash equivalents at the end of the year | 20 | 9,868,173 | 5,378,255 |
| | | 8,123,774 | 8,123,774 |

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

SHIRE OF NORTHAM
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

| | NOTE | 2020 Actual \$ | 2020 Budget \$ | 2019 Actual \$ |
|--|----------|----------------------|----------------------|----------------------|
| OPERATING ACTIVITIES | | | | |
| Net current assets at start of financial year - surplus/(deficit) | 28 (b) | 3,588,632 | 4,463,884 | 4,962,863 |
| | | 3,588,632 | 4,463,884 | 4,962,863 |
| Revenue from operating activities (excluding rates) | | | | |
| Governance | | 83,635 | 48,600 | 291,144 |
| General purpose funding | | 3,880,769 | 2,265,384 | 4,153,662 |
| Law, order, public safety | | 736,084 | 565,176 | 493,351 |
| Health | | 31,230 | 61,000 | 62,310 |
| Education and welfare | | 1,398,587 | 1,176,072 | 1,286,346 |
| Housing | | 56,755 | 62,277 | 51,619 |
| Community amenities | | 2,755,163 | 2,704,576 | 2,583,699 |
| Recreation and culture | | 360,652 | 672,743 | 343,596 |
| Transport | | 2,140,689 | 1,678,213 | 1,406,904 |
| Economic services | | 431,080 | 598,150 | 483,401 |
| Other property and services | | 207,391 | 160,200 | 188,032 |
| | | 12,082,035 | 9,992,391 | 11,344,064 |
| Expenditure from operating activities | | | | |
| Governance | | (1,373,637) | (1,369,648) | (1,295,414) |
| General purpose funding | | (355,236) | (289,104) | (362,145) |
| Law, order, public safety | | (1,822,627) | (1,503,081) | (1,334,026) |
| Health | | (318,166) | (322,270) | (269,762) |
| Education and welfare | | (1,325,064) | (1,419,060) | (1,346,746) |
| Housing | | (67,421) | (75,223) | (61,266) |
| Community amenities | | (3,349,223) | (3,683,616) | (3,226,512) |
| Recreation and culture | | (5,853,729) | (5,689,382) | (4,397,312) |
| Transport | | (5,749,923) | (5,600,097) | (5,481,333) |
| Economic services | | (2,403,820) | (2,570,843) | (2,546,764) |
| Other property and services | | (366,265) | (47,607) | (141,218) |
| | | (22,985,111) | (22,569,931) | (20,462,498) |
| Non-cash amounts excluded from operating activities | 28(a) | 6,327,704 | 5,016,104 | 4,482,509 |
| Amount attributable to operating activities | | (986,740) | (3,097,552) | 326,938 |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | 2(a) | 4,068,319 | 5,214,069 | 5,019,568 |
| Proceeds from disposal of assets | 11(a) | 1,282,432 | 1,901,700 | 290,174 |
| Proceeds from financial assets at amortised cost - self supporting loans | | 22,810 | 22,812 | 25,096 |
| Purchase of property, plant and equipment | 9(a) | (1,450,723) | (3,393,157) | (1,975,725) |
| Purchase and construction of infrastructure | 10(a) | (12,500,913) | (15,699,806) | (10,894,955) |
| Amount attributable to investing activities | | (8,578,075) | (11,954,382) | (7,535,842) |
| FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 17(b) | (376,178) | (345,853) | (227,382) |
| Proceeds from borrowings | 17 (b&c) | 4,500,000 | 4,500,000 | 500,000 |
| Payments for principal portion of lease liabilities | 16(b) | (24,246) | 0 | 0 |
| Transfers to reserves (restricted assets) | 4 | (4,305,973) | (2,497,936) | (678,099) |
| Transfers from reserves (restricted assets) | 4 | 5,935,287 | 2,978,239 | 1,786,922 |
| Amount attributable to financing activities | | 5,728,890 | 4,634,450 | 1,381,441 |
| Surplus/(deficit) before imposition of general rates | | (3,835,925) | (10,417,484) | (5,827,463) |
| Total amount raised from general rates | 27(a) | 10,145,683 | 10,417,484 | 9,990,021 |
| Surplus/(deficit) after imposition of general rates | 28(b) | 6,309,758 | 0 | 4,162,558 |

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

SHIRE OF NORTHAM
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FOR THE YEAR ENDED 30 JUNE 2020

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

1. BASIS OF PREPARATION

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

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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

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

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 32 to these financial statements.

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

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

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

2. REVENUE AND EXPENSES

(a) Grant revenue

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

| | 2020 Actual | 2020 Budget | 2019 Actual |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Operating grants, subsidies and contributions | | | |
| Governance | 0 | 5,000 | 0 |
| General purpose funding | 3,363,083 | 1,759,339 | 3,375,216 |
| Law, order, public safety | 285,744 | 234,517 | 258,532 |
| Education and welfare | 1,083,808 | 1,079,542 | 1,123,412 |
| Recreation and culture | 8,400 | 0 | 8,921 |
| Transport | 1,909,317 | 1,441,213 | 1,138,000 |
| Economic services | 1,000 | 73,100 | 2,000 |
| | 6,651,352 | 4,592,711 | 5,906,081 |
| Non-operating grants, subsidies and contributions | | | |
| Law, order, public safety | 489,540 | 1,374,157 | 402,784 |
| Community amenities | 0 | 0 | 310,000 |
| Recreation and culture | 2,163,062 | 2,021,267 | 3,636,508 |
| Transport | 1,415,717 | 1,818,645 | 13,450,986 |
| Economic services | 0 | 0 | 19,290 |
| | 4,068,319 | 5,214,069 | 17,819,568 |
| | 10,719,671 | 9,806,780 | 23,725,649 |
| Fees and charges | | | |
| Governance | 989 | 0 | 2 |
| General purpose funding | 77,893 | 78,000 | 67,067 |
| Law, order, public safety | 69,817 | 47,577 | 62,254 |
| Health | 30,730 | 36,000 | 33,810 |
| Education and welfare | 309,680 | 92,000 | 121,826 |
| Housing | 55,952 | 61,677 | 51,033 |
| Community amenities | 2,737,512 | 2,668,221 | 2,566,700 |
| Recreation and culture | 290,302 | 320,880 | 315,019 |
| Transport | 47,440 | 49,500 | 102,889 |
| Economic services | 401,020 | 489,148 | 399,944 |
| Other property and services | 3,035 | 5,000 | 1,278 |
| | 4,024,370 | 3,848,003 | 3,721,822 |

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and transfers for recognisable non-financial assets

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

Non-operating grants, subsidies and contributions

| | 2020 Actual | 2020 Budget | 2019 Actual |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| | 4,068,319 | 5,214,069 | 17,819,568 |
| | 4,068,319 | 5,214,069 | 17,819,568 |
| | | | |
| | 4,068,319 | 5,214,069 | 17,819,568 |
| | 4,068,319 | 5,214,069 | 17,819,568 |

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

Other revenue from performance obligations satisfied during the year

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

Trade and other receivables from contracts with customers
Contract liabilities

| |
|-----------|
| 977,529 |
| (712,567) |

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

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

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

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

2. REVENUE AND EXPENSES (Continued)

| (a) Revenue (Continued) | Note | 2020 Actual | 2020 Budget | 2019 Actual |
|--|-------------|------------------------|------------------------|------------------------|
| | | \$ | \$ | \$ |
| Revenue from statutory requirements | | | | |
| Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services: | | | | |
| General rates | 27(a) | 10,145,683 | 10,402,584 | 9,990,021 |
| | | 10,145,683 | 10,402,584 | 9,990,021 |
| Other revenue | | | | |
| Reimbursements and recoveries | | 762,005 | 464,574 | 589,098 |
| Other | | 325,761 | 398,603 | 165,989 |
| | | 1,087,766 | 863,177 | 755,087 |
| Interest earnings | | | | |
| Financial assets at amortised cost - self supporting loans | | 3,765 | 4,000 | 7,351 |
| Interest on reserve funds | | 57,114 | 120,000 | 123,904 |
| Rates instalment and penalty interest (refer Note 27(b)) | | 200,854 | 188,500 | 247,946 |
| Other interest earnings | | 35,749 | 60,000 | 43,900 |
| | | 297,482 | 372,500 | 423,101 |

2. REVENUE AND EXPENSES (Continued)

| (b) Expenses | | 2020 Actual | 2020 Budget | 2019 Actual |
|--|-------|------------------------|------------------------|------------------------|
| | | \$ | \$ | \$ |
| Auditors remuneration | | | | |
| - Audit of the Annual Financial Report | | 48,500 | 47,000 | 12,312 |
| - Other services | | 18,360 | 26,000 | 23,758 |
| | | 66,860 | 73,000 | 36,070 |
| Interest expenses (finance costs) | | | | |
| Borrowings | 17(b) | 223,867 | 199,187 | 131,437 |
| Lease liabilities | 16(b) | 1,235 | 0 | 0 |
| | | 225,102 | 199,187 | 131,437 |

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

3. CASH AND CASH EQUIVALENTS

| | NOTE | 2020 | 2019 |
|---|------|------------------|------------------|
| | | \$ | \$ |
| Cash at bank and on hand | | 3,480,181 | 1,950,382 |
| Short term cash deposit | | 0 | 0 |
| Term deposits | | 6,387,992 | 6,173,392 |
| Total cash and cash equivalents | | 9,868,173 | 8,123,774 |
| Restrictions | | | |
| requirements which limit or direct the purpose for which the resources may be used: | | | |
| - Cash and cash equivalents | | 4,099,141 | 5,015,888 |
| | | 4,099,141 | 5,015,888 |

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

| | | | |
|--------------------------------|----|------------------|------------------|
| Reserves - cash backed | 4 | 3,386,574 | 5,015,888 |
| Contract liabilities | 15 | 712,567 | 0 |
| Total restricted assets | | 4,099,141 | 5,015,888 |

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

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

4. RESERVES - CASH BACKED

| | 2020 Actual Opening Balance | 2020 Actual Transfer to | 2020 Actual Transfer (from) | 2020 Actual Closing Balance | 2020 Budget Opening Balance | 2020 Budget Transfer to | 2020 Budget Transfer (from) | 2020 Budget Closing Balance | 2019 Actual Opening Balance | 2019 Actual Transfer to | 2019 Actual Transfer (from) | 2019 Actual Closing Balance |
|--|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|
| (a) Leave Reserve | \$ 427,796 | \$ 849,088 | \$ (304,760) | \$ 972,124 | \$ 427,796 | \$ 10,235 | \$ (32,574) | \$ 405,457 | \$ 419,166 | \$ 8,630 | \$ 0 | \$ 427,796 |
| (b) Aged accommodation reserve | 227,404 | 8,096 | (235,500) | 0 | 227,403 | 10,440 | 0 | 237,843 | 217,917 | 9,487 | 0 | 227,404 |
| (c) Housing reserve | 265,508 | 3,614 | (269,122) | 0 | 265,507 | 6,352 | 0 | 271,859 | 260,151 | 5,357 | 0 | 265,508 |
| (d) Office equipment reserve | 74,735 | 1,848 | (76,583) | 0 | 74,735 | 1,788 | (42,276) | 34,247 | 101,474 | 3,261 | (30,000) | 74,735 |
| (e) Plant & Equipment reserve | 126,838 | 360,056 | (368,447) | 118,447 | 126,838 | 233,034 | (240,000) | 119,872 | 110,155 | 16,683 | 0 | 126,838 |
| (f) Road and bridgework reserve | 89,498 | 201,218 | (290,716) | 0 | 89,498 | 202,141 | 0 | 291,639 | 77,894 | 11,604 | 0 | 89,498 |
| (g) Refuse site reserve | 627,553 | 188,542 | (616,851) | 199,244 | 627,552 | 135,014 | (266,850) | 495,716 | 477,717 | 149,836 | 0 | 627,553 |
| (h) Regional development reserve | 73,600 | 1,002 | (74,602) | 0 | 73,599 | 1,761 | (50,000) | 25,360 | 91,711 | 1,889 | (20,000) | 73,600 |
| (i) Speedway reserve | 147,601 | 2,009 | 0 | 149,610 | 147,600 | 3,531 | 0 | 151,131 | 144,623 | 2,978 | 0 | 147,601 |
| (j) Community bus replacement reserve | 2,414 | 15,033 | (17,447) | 0 | 2,414 | 15,058 | 0 | 17,472 | 63,115 | 1,299 | (62,000) | 2,414 |
| (k) Septage pond reserve | 267,085 | 23,636 | (58,644) | 232,077 | 267,085 | 6,390 | (58,643) | 214,832 | 191,911 | 75,174 | 0 | 267,085 |
| (l) Killara reserve | 276,579 | 30,017 | (59,643) | 246,953 | 276,579 | 10,617 | (59,643) | 227,553 | 375,985 | 11,741 | (111,147) | 276,579 |
| (m) Stormwater drainage projects reserve | 33,593 | 457 | (34,050) | 0 | 33,593 | 804 | 0 | 34,397 | 129,415 | 4,178 | (100,000) | 33,593 |
| (n) Rec and Community Facilities Res | 584,377 | 593,442 | (1,177,819) | 0 | 584,376 | 1,207,481 | (1,209,953) | 581,904 | 1,813,462 | 192,690 | (1,421,775) | 584,377 |
| (o) Administration office reserve | 685,802 | 308,505 | (994,307) | 0 | 685,801 | 316,407 | (697,500) | 304,708 | 692,795 | 13,007 | (20,000) | 685,802 |
| (p) Council building & amenities reserve | 348,744 | 293,351 | (642,095) | 0 | 348,744 | 298,778 | (211,850) | 435,672 | 308,807 | 61,937 | (22,000) | 348,744 |
| (q) River town pool dredging reserve | 360,240 | 4,904 | (365,144) | 0 | 360,240 | 8,618 | (20,000) | 348,858 | 303,982 | 56,258 | 0 | 360,240 |
| (r) Parking facilities reserve | 216,138 | 2,942 | (219,080) | 0 | 216,138 | 5,171 | (65,000) | 156,309 | 211,778 | 4,360 | 0 | 216,138 |
| (s) Art collection reserve | 23,205 | 316 | (23,521) | 0 | 23,205 | 555 | 0 | 23,760 | 22,737 | 468 | 0 | 23,205 |
| (t) Reticulation scheme reserve | 80,662 | 11,098 | (91,760) | 0 | 80,662 | 11,930 | (8,950) | 83,642 | 69,237 | 11,425 | 0 | 80,662 |
| (u) Election reserve | 15,165 | 31 | (15,196) | 0 | 15,165 | 363 | (15,000) | 528 | 162 | 15,003 | 0 | 15,165 |
| (v) Revaluation reserve | 61,351 | 10,835 | 0 | 72,186 | 61,351 | 11,468 | 0 | 72,819 | 40,517 | 20,834 | 0 | 61,351 |
| (w) COVID-19 reserve | 0 | 1,395,933 | 0 | 1,395,933 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 5,015,888 | 4,305,973 | (5,935,287) | 3,386,574 | 5,015,881 | 2,497,936 | (2,978,239) | 4,535,578 | 6,124,711 | 678,099 | (1,786,922) | 5,015,888 |

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.

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

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

| | Name of Reserve | Anticipated date of use | Purpose of the reserve |
|-----|--------------------------------------|--------------------------------|--|
| (a) | Leave Reserve | Ongoing | For the provision for employees' future liability commitments i.e. Annual leave, long service requirements and negotiated gratuities and sickness payouts. Funds are not expected to be used in a set period as further transfers to the reserve account are expected as funds are utilised. |
| (b) | Aged accommodation reserve | Ongoing | For the provision of future capital works requirements for aged units at Kuringal Village, Wundowie and other sites within the Shire of Northam. Funds not expected to be used in a set period as further transfers to the reserve account are expected. |
| (c) | Housing reserve | Ongoing | This is a reserve established for future construction of Community Housing in Wundowie. Funds are not expected to be used in a set period of time. |
| (d) | Office equipment reserve | Ongoing | For the acquisition and upgrading of Council offices, furniture, computers and general equipment. |
| (e) | Plant & Equipment reserve | Ongoing | |
| (f) | Road and bridgework reserve | Ongoing | For the provision of upgrading of road and bridge infrastructure within the Shire of Northam. Funds not expected to be used in a set period as further transfers to the reserve account are anticipated. |
| (g) | Refuse site reserve | Ongoing | For the development of refuse sites and related expenditure on infrastructure and equipment, including the provision for a future replacement facility and /or site. Funds are not expected to be used in a set period as transfers to the reserve account are anticipated. |
| (h) | Regional development reserve | Ongoing | To provide for future projects whereby a broader range of development ideas may be required to be encouraged on a regional basis, in consultation with other stakeholders and/or Local Governments. Funds are not expected to be in a set period as future transfers to the reserve are anticipated. |
| (i) | Speedway reserve | Ongoing | For the provision of funds for the possible future rehabilitation works required at the Northam Speedway site on Fox Road Northam. No date has been specified for the use of this reserve. |
| (j) | Community bus replacement reserve | Ongoing | For the future replacement of the Shire of Northam Community Buses. Funds are not expected to be used in a set period as further transfers to the reserve account are anticipated. |
| (k) | Septage pond reserve | Ongoing | For the future upgrades and maintenance to septic ponds and related infrastructure. Funds are not anticipated to be used in the set period as further transfers to the reserve account are anticipated. |
| (l) | Killara reserve | Ongoing | To provide a reserve for surplus funds from Killara operations and restricted cash for any unspent Killara grants. No date has been specified for the use of this reserve. |
| (m) | Stormwater drainage projects reserve | Ongoing | To provide funds for the stormwater drainage projects in the Shire. No date has been specified for the use of this reserve. |
| (n) | Rec and Community Facilities Res | Ongoing | For Recreation and Public facilities. 2% of the net rates levied each year are set aside for the provision of recreation and sporting facilities. |
| (o) | Administration office reserve | Ongoing | To provide funds for the expansion or relocation of the Shire of Northam Administration Centre. No date specified for the use of this reserve. |
| (p) | Council building & amenities reserve | Ongoing | For the maintenance and upgrading of Council buildings and amenities. Funds are not expected to be used in a set period as further transfers to the reserve account are anticipated. |
| (q) | River town pool dredging reserve | Ongoing | For the provision of dredging and maintenance of the River Town Pool. Funds are not expected to be used in a set period as further transfers are anticipated. |
| (r) | Parking facilities reserve | Ongoing | For the provision of future car parking facilities. Funds are not expected to be used in a set period as further transfers to the reserve account are anticipated. |
| (s) | Art collection reserve | Ongoing | Provision for the care and maintenance of the Shire of Northam's Art Collection, including the acquisition and disposal of artworks. Funds are not expected to be used in a set period as further transfers to the reserve account are anticipated. |
| (t) | Reticulation scheme reserve | Ongoing | Provision for future replacement/upgrading of water reuse and reticulation infrastructure. Funds are not expected to be used in a set period as further transfers to the reserve account are expected as funds are utilised. |
| (u) | Election reserve | Ongoing | Provision for the biannual Elections of Council. |
| (v) | Revaluation reserve | Ongoing | Provision for the 4 yearly revaluation of the Shires GRV properties. |
| (w) | COVID-19 reserve | 30/06/2022 | Response to the COVID-19 pandemic. |

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

5. OTHER FINANCIAL ASSETS

| | 2020 | 2019 |
|---|---------|---------|
| | \$ | \$ |
| (a) Current assets | | |
| Financial assets at amortised cost | 20,203 | 15,758 |
| | 20,203 | 15,758 |
| Other financial assets at amortised cost | | |
| Self supporting loans | 20,203 | 15,758 |
| | 20,203 | 15,758 |
| (b) Non-current assets | | |
| Financial assets | 336,925 | 360,723 |
| | 336,925 | 360,723 |
| Financial assets at amortised cost | | |
| Self supporting loans | 123,262 | 150,518 |
| Financial assets at fair value through profit and loss | | |
| Units in Local Government House Trust | 213,663 | 210,205 |

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 17(b) as self supporting loans.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 29.

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

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable
 Sundry Debtors
 GST receivable
 Allowance for impairment of receivables

Non-current

Pensioner's rates and ESL deferred

| | 2020 | 2019 |
|---|-----------|-----------|
| | \$ | \$ |
| Rates receivable | 2,407,570 | 2,281,144 |
| Sundry Debtors | 977,529 | 912,852 |
| GST receivable | 207,264 | 272,116 |
| Allowance for impairment of receivables | (194,807) | (157,615) |
| | 3,397,556 | 3,308,497 |
| Pensioner's rates and ESL deferred | 466,121 | 403,701 |
| | 466,121 | 403,701 |

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 29.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

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

7. INVENTORIES

Current

Fuel and materials

| 2020 | 2019 |
|------|---------|
| \$ | \$ |
| 0 | 0 |
| 0 | 0 |
| 0 | 1,224 |
| 0 | (1,224) |
| 0 | 0 |

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

Carrying amount at end of period

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

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

8. OTHER ASSETS

Other assets - current

Accrued income

| 2020 | 2019 |
|-------|-----------|
| \$ | \$ |
| 2,528 | 1,933,962 |
| 2,528 | 1,933,962 |

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

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

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

| | Land Freehold Land | Land Vested in and under the control of Council | Total land | Buildings Non-specialised | Buildings Specialised | Total buildings | Total land and buildings | Furniture and Equipment | Plant and Equipment | Bushfire Equipment | Total property, plant and equipment |
|--|--------------------|---|-------------|---------------------------|-----------------------|-----------------|--------------------------|-------------------------|---------------------|--------------------|-------------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2018 | 12,321,900 | 1,937,674 | 14,259,574 | 3,852,151 | 35,470,498 | 39,322,649 | 53,582,223 | 992,624 | 4,049,328 | 1,533,453 | 60,161,228 |
| Additions | 0 | 0 | 0 | 18,961 | 420,403 | 439,364 | 439,364 | 357,429 | 1,178,932 | 0 | 1,975,725 |
| (Disposals) | (80,500) | 0 | (80,500) | 0 | 0 | 0 | (80,500) | 0 | (376,878) | 0 | (460,978) |
| Written off under \$5,000 | (28,700) | 0 | (28,700) | 0 | (16,277) | (16,277) | (44,977) | (40,837) | (13,130) | 0 | (98,944) |
| Depreciation (expense) | 0 | 0 | 0 | (86,692) | (691,619) | (778,311) | (778,311) | (202,131) | (400,614) | (142,759) | (1,523,815) |
| Carrying amount at 30 June 2019 | 12,212,700 | 1,937,674 | 14,150,374 | 3,784,420 | 35,183,005 | 38,967,425 | 53,117,799 | 1,107,085 | 4,437,638 | 1,390,694 | 60,053,216 |
| Comprises: | | | | | | | | | | | |
| Gross carrying amount at 30 June 2019 | 12,212,700 | 1,937,674 | 14,150,374 | 3,951,591 | 36,485,968 | 40,437,559 | 54,587,933 | 1,365,493 | 5,326,306 | 1,799,709 | 63,079,441 |
| Accumulated depreciation at 30 June 2019 | 0 | 0 | 0 | (167,171) | (1,302,963) | (1,470,134) | (1,470,134) | (258,408) | (888,668) | (409,015) | (3,026,225) |
| Carrying amount at 30 June 2019 | 12,212,700 | 1,937,674 | 14,150,374 | 3,784,420 | 35,183,005 | 38,967,425 | 53,117,799 | 1,107,085 | 4,437,638 | 1,390,694 | 60,053,216 |
| Change in accounting policy | 0 | (1,937,674) | (1,937,674) | 0 | 0 | 0 | (1,937,674) | 0 | 0 | 0 | (1,937,674) |
| Adjusted carrying amount at 1 July 2019 | 12,212,700 | 0 | 12,212,700 | 3,784,420 | 35,183,005 | 38,967,425 | 51,180,125 | 1,107,085 | 4,437,638 | 1,390,694 | 58,115,542 |
| Additions | 14,782 | 0 | 14,782 | 15,686 | 266,915 | 282,601 | 297,383 | 11,469 | 671,380 | 470,491 | 1,450,723 |
| (Disposals) | (2,139,700) | 0 | (2,139,700) | 0 | 0 | 0 | (2,139,700) | 0 | (297,055) | (78,556) | (2,515,311) |
| Depreciation (expense) | 0 | 0 | 0 | (87,144) | (732,623) | (819,767) | (819,767) | (159,499) | (455,941) | (171,169) | (1,606,376) |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 35,360 | 0 | 35,360 |
| Carrying amount at 30 June 2020 | 10,087,782 | 0 | 10,087,782 | 3,712,962 | 34,717,297 | 38,430,259 | 48,518,041 | 959,055 | 4,391,382 | 1,611,460 | 55,479,938 |
| Comprises: | | | | | | | | | | | |
| Gross carrying amount at 30 June 2020 | 10,087,782 | 0 | 10,087,782 | 3,967,277 | 36,752,883 | 40,720,160 | 50,807,942 | 1,376,962 | 5,598,825 | 2,154,864 | 59,938,593 |
| Accumulated depreciation at 30 June 2020 | 0 | 0 | 0 | (254,315) | (2,035,586) | (2,289,901) | (2,289,901) | (417,907) | (1,207,443) | (543,404) | (4,458,655) |
| Carrying amount at 30 June 2020 | 10,087,782 | 0 | 10,087,782 | 3,712,962 | 34,717,297 | 38,430,259 | 48,518,041 | 959,055 | 4,391,382 | 1,611,460 | 55,479,938 |

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

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|---|-----------------------------|---|--------------------------------|-------------------------------|---|
| Land and buildings | | | | | |
| Land Freehold Land | 2 | Market approach using recent observable market data for similar properties | Independent registered valuers | June 2017 | Price per hectare/ available market information |
| Land - freehold land | 3 | Improvements to land valued using cost approach using depreciated replacement cost | Independent registered valuers | June 2017 | Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs. |
| Land Vested in and under the control of Council | 3 | Improvements to land valued using cost approach using depreciated replacement cost | Management valuation | June 2017 | Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs. |
| Buildings Non-specialised | 2 | Improvements to buildings valued using cost approach using depreciated replacement cost | Independent registered valuers | June 2017 | Market price per item |
| Buildings - non-specialised | 3 | Improvements to buildings valued using cost approach using depreciated replacement cost | Independent registered valuers | June 2017 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Buildings Specialised | 2 | Improvements to buildings valued using cost approach using depreciated replacement cost | Independent registered valuers | June 2017 | Price per square metre/ available market information |
| Buildings - specialised | 3 | Improvements to buildings valued using cost approach using depreciated replacement cost | Independent registered valuers | June 2017 | Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Furniture and Equipment | 3 | Cost approach using depreciated replacement cost | Management valuation | June 2016 | Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement. During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

Plant and Equipment

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

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

10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

| | Infrastructure Roads | Infrastructure Footpaths | Infrastructure Drainage | Infrastructure Playground Equipment | Infrastructure Other | Infrastructure Streetscape | Infrastructure Bridges and Culverts | Infrastructure Aerodrome | Infrastructure Work in Progress | Total Infrastructure |
|--|----------------------|--------------------------|-------------------------|-------------------------------------|----------------------|----------------------------|-------------------------------------|--------------------------|---------------------------------|----------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2018 | 84,950,530 | 4,750,461 | 10,094,802 | 438,900 | 7,959,200 | 215,400 | 29,938,500 | 971,100 | 184,751 | 139,503,644 |
| Additions | 2,959,309 | 303,729 | 1,405,266 | 0 | 606,002 | 181,235 | 12,800,000 | 52,196 | 5,387,218 | 23,694,955 |
| Write off under \$5,000 | 0 | 0 | 0 | (7,200) | (16,000) | (34,000) | 0 | (3,600) | 0 | (60,800) |
| Depreciation (expense) | (1,380,912) | (148,214) | (118,109) | (46,099) | (443,719) | (1,417) | (453,054) | (64,816) | 0 | (2,656,340) |
| Carrying amount at 30 June 2019 | 86,528,927 | 4,905,976 | 11,381,959 | 385,601 | 8,089,483 | 361,218 | 42,285,446 | 954,880 | 5,571,969 | 160,465,459 |
| Comprises: | | | | | | | | | | |
| Gross carrying amount at 30 June 2019 | 87,909,839 | 5,054,190 | 11,500,068 | 431,700 | 8,533,203 | 362,635 | 42,738,500 | 1,019,696 | 5,571,969 | 163,121,800 |
| Accumulated depreciation at 30 June 2019 | (1,380,912) | (148,214) | (118,109) | (46,099) | (443,720) | (1,417) | (453,054) | (64,816) | 0 | (2,656,341) |
| Carrying amount at 30 June 2019 | 86,528,927 | 4,905,976 | 11,381,959 | 385,601 | 8,089,483 | 361,218 | 42,285,446 | 954,880 | 5,571,969 | 160,465,459 |
| Additions | 2,858,372 | 123,971 | 1,636,911 | 0 | 7,598,924 | 121,739 | 0 | 114,051 | 46,945 | 12,500,913 |
| Depreciation (expense) | (1,443,810) | (157,691) | (134,551) | (46,100) | (612,052) | (10,478) | (568,420) | (66,234) | 0 | (3,039,336) |
| Transfers | 0 | 0 | 0 | 0 | 5,532,513 | 0 | 0 | 4,096 | (5,571,969) | (35,360) |
| Carrying amount at 30 June 2020 | 87,943,489 | 4,872,256 | 12,884,319 | 339,501 | 20,608,868 | 472,479 | 41,717,026 | 1,006,793 | 46,945 | 169,891,676 |
| Comprises: | | | | | | | | | | |
| Gross carrying amount at 30 June 2020 | 90,768,211 | 5,178,161 | 13,136,979 | 431,700 | 21,664,640 | 484,374 | 42,738,500 | 1,137,843 | 46,945 | 175,587,353 |
| Accumulated depreciation at 30 June 2020 | (2,824,722) | (305,905) | (252,660) | (92,199) | (1,055,772) | (11,895) | (1,021,474) | (131,050) | 0 | (5,695,677) |
| Carrying amount at 30 June 2020 | 87,943,489 | 4,872,256 | 12,884,319 | 339,501 | 20,608,868 | 472,479 | 41,717,026 | 1,006,793 | 46,945 | 169,891,676 |

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

10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

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

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

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

SHIRE OF NORTHAM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

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

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

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

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

Land under roads prior to 1 July 2019

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

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

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

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

Land under roads from 1 July 2019

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

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

Vested improvements from 1 July 2019

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

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

SHIRE OF NORTHAM
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11. FIXED ASSETS

(a) Disposals of Assets

| | 2020 | | 2020 | | 2020 | | 2020 | | 2020 | | 2020 | | 2020 | | 2020 | | 2020 | |
|----------------------------|----------------|-----------|--------|-------------|----------------|-----------|---------|-------------|----------------|----------|--------|--------|----------------|----------|--------|--------|--------|-----------|
| | Actual | Actual | Actual | Actual | Budget | Budget | Budget | Budget | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual |
| | Net Book Value | Proceeds | Profit | Loss | Net Book Value | Proceeds | Loss | Loss | Net Book Value | Proceeds | Loss | Loss | Net Book Value | Proceeds | Loss | Loss | Profit | Loss |
| Land Freehold Land | 2,139,700 | 1,046,396 | 0 | (1,093,304) | 2,453,300 | 1,693,500 | 318,000 | (1,077,800) | 109,200 | 80,500 | 0 | 0 | 109,200 | 80,500 | 0 | 0 | 0 | (28,700) |
| Buildings Specialised | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 16,277 | 0 | 0 | 0 | 16,277 | 0 | 0 | 0 | 0 | (16,277) |
| Furniture and Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 40,837 | 0 | 0 | 0 | 40,837 | 0 | 0 | 0 | 0 | (40,837) |
| Plant and Equipment | 375,611 | 236,036 | 2,762 | (142,337) | 329,889 | 208,200 | 0 | (121,689) | 390,008 | 209,674 | 0 | 0 | 390,008 | 209,674 | 33,146 | 0 | 33,146 | (213,480) |
| Infrastructure Aerodrome | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,600 | 0 | 0 | 0 | 3,600 | 0 | 0 | 0 | 0 | (3,600) |
| Infrastructure Playground | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,200 | 0 | 0 | 0 | 7,200 | 0 | 0 | 0 | 0 | (7,200) |
| Infrastructure Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 16,000 | 0 | 0 | 0 | 16,000 | 0 | 0 | 0 | 0 | (16,000) |
| Infrastructure Streetscape | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 34,000 | 0 | 0 | 0 | 34,000 | 0 | 0 | 0 | 0 | (34,000) |
| | 2,515,311 | 1,282,432 | 2,762 | (1,235,641) | 2,783,189 | 1,901,700 | 318,000 | (1,199,489) | 617,122 | 290,174 | 33,146 | 0 | 617,122 | 290,174 | 33,146 | 0 | 33,146 | (360,094) |

The following assets were disposed of during the year.

| | 2020 | 2020 | 2020 | 2020 | 2020 | 2020 | 2020 | 2020 | 2020 |
|----------------------------------|----------------|-----------|--------|-------------|----------------|----------|--------|--------|--------|
| | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual |
| | Net Book Value | Proceeds | Profit | Loss | Net Book Value | Proceeds | Loss | Loss | Loss |
| Plant and Equipment | | | | | | | | | |
| Governance | | | | | | | | | |
| CEO Vehicle | 35,000 | 24,545 | 0 | (10,455) | | | | | |
| Law, order, public safety | | | | | | | | | |
| 2001 ISUZU FTSS Inkenpen BFB | 78,556 | 34,545 | 0 | (44,011) | | | | | |
| Ranger Vehicle | 14,138 | 12,727 | 0 | (1,411) | | | | | |
| Health | | | | | | | | | |
| Manager Health Vehicle | 18,607 | 10,909 | 0 | (7,698) | | | | | |
| Community amenities | | | | | | | | | |
| Manager Planning Vehicle | 19,501 | 13,182 | 0 | (6,319) | | | | | |
| Transport | | | | | | | | | |
| Holden Colorado Ute | 24,004 | 26,766 | 2,762 | 0 | | | | | |
| Hino Water Truck | 132,288 | 73,816 | 0 | (58,472) | | | | | |
| EMES Vehicle | 25,223 | 24,091 | 0 | (1,132) | | | | | |
| Asset Manager Vehicle | 20,542 | 14,545 | 0 | (5,997) | | | | | |
| Pegasus Verge Mower | 7,752 | 910 | 0 | (6,842) | | | | | |
| | 375,611 | 236,036 | 2,762 | (142,337) | | | | | |
| Land | | | | | | | | | |
| Recreation and culture | | | | | | | | | |
| Sale Victoria Oval | 2,046,800 | 969,000 | 0 | (1,077,800) | | | | | |
| 65 Kinga Road Wundowie | 92,900 | 77,396 | 0 | (15,504) | | | | | |
| | 2,139,700 | 1,046,396 | 0 | (1,093,304) | | | | | |
| | 2,515,311 | 1,282,432 | 2,762 | (1,235,641) | | | | | |

(b) Fully Depreciated Assets in Use

There are no fully depreciated assets in use as at 30 June 2020.

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

11. FIXED ASSETS

(c) Depreciation

| | 2020 Actual | 2020 Budget | 2019 Actual |
|---|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Buildings Non-specialised | 87,144 | 85,917 | 86,692 |
| Buildings Specialised | 732,623 | 686,113 | 691,619 |
| Furniture and Equipment | 159,499 | 210,389 | 202,131 |
| Plant and Equipment | 455,941 | 398,097 | 400,614 |
| Bushfire Equipment | 171,169 | 141,482 | 142,759 |
| Infrastructure Roads | 1,443,810 | 1,368,563 | 1,380,912 |
| Infrastructure Footpaths | 157,691 | 146,888 | 148,214 |
| Infrastructure Drainage | 134,551 | 117,053 | 118,109 |
| Infrastructure Playground Equipment | 46,100 | 0 | 46,099 |
| Infrastructure Other | 612,052 | 83,249 | 443,719 |
| Infrastructure Streetscape | 10,478 | 470,101 | 1,417 |
| Infrastructure Bridges and Culverts | 568,420 | 449,102 | 453,054 |
| Infrastructure Aerodrome | 66,234 | 0 | 64,816 |
| Right of use assets Buildings | 9,688 | 0 | 0 |
| Right of use assets - Plant and Equipment | 14,994 | 0 | 0 |
| | 4,670,394 | 4,156,954 | 4,180,155 |

Revision of useful lives of plant and equipment

This is carried out on an ongoing bases, in addition during fair value adjustments the depreciation rates are questioned if the variance is greater than considered satisfactory.

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

| Asset Class | Useful life | Asset Class | Useful life |
|------------------------------------|------------------------------|--|-----------------|
| Buildings | 20 to 55 years | Playground Equipment | 5 to 15 years |
| Furniture & Equipment | 4 to 10 years | Bridges & Culverts | 75 to 100 years |
| Plant & Equipment (Bush fire) | 3 to 15 years | Parks, Reserves and other infrastructure | 4 to 55 years |
| Sealed Roads & Streets | | Infrastructure-Aerodrome | 5 to 50 years |
| Formation | Not depreciated | Footpaths | |
| Pavement | 80 years | Insitu concrete & slabs | 32 years |
| Seal | | Drainage | 85 years |
| bituminous seals | 23 to 30 years | | |
| asphalt surfaces | 23 to 30 years | | |
| Streetscape | 15 to 55 years | | |
| Gravel Roads | | | |
| Formation | Not depreciated | | |
| Pavement | 80 years | | |
| Gravel Sheet | 33 years | | |
| Water supply piping | 75 years | | |
| Right of use (buildings) | Based on the remaining lease | | |
| Right of use (plant and equipment) | Based on the remaining lease | | |

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

12. LEASES

(a) Right of Use Assets

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

| | Right of use assets - | | Right of use assets Total |
|--|----------------------------------|------------------------|------------------------------|
| | Right of use assets Buildings | Plant and Equipment | |
| | \$ | \$ | |
| Recognised on initial application of AASB 16 | 19,349 | 30,934 | 50,283 |
| Depreciation (expense) | (9,688) | (14,994) | (24,682) |
| Carrying amount at 30 June 2020 | 9,661 | 15,940 | 25,601 |

(b) Cash outflow from leases

| | | | |
|---------------------------------------|--------------|---------------|---------------|
| Interest expense on lease liabilities | 475 | 760 | 1,235 |
| Lease principal expense | 9,521 | 14,725 | 24,246 |
| Total cash outflow from leases | 9,996 | 15,485 | 25,481 |

The Shire has two leases for plant and equipment, one for a photocopier and one for a floor sweeper, both are for five year terms, in addition the Shire leases one block of land known as the village green also for a period of five years.

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - valuation

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 11 for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

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

13. REVALUATION SURPLUS

| | 2020 | 2020 | 2020 | 2019 | 2019 |
|---|-------------|-------------------|-------------|-------------|-------------|
| | Opening | Changes in | Closing | Opening | Closing |
| | Balance | Accounting Policy | Balance | Balance | Balance |
| | \$ | | \$ | \$ | \$ |
| Revaluation surplus - Land | 12,364,848 | (1,937,674) | 10,427,174 | 12,364,848 | 12,364,848 |
| Revaluation surplus - Buildings | 13,445,586 | 0 | 13,445,586 | 13,445,586 | 13,445,586 |
| Revaluation surplus - Furniture and Equipment | 175,330 | 0 | 175,330 | 175,330 | 175,330 |
| Revaluation surplus - Plant and Equipment | 368,708 | 0 | 368,708 | 368,708 | 368,708 |
| Revaluation surplus - Bushfire Equipment | 1,074,141 | 0 | 1,074,141 | 1,074,141 | 1,074,141 |
| Revaluation surplus - Infrastructure Roads | 53,504,060 | 0 | 53,504,060 | 53,504,060 | 53,504,060 |
| Revaluation surplus - Infrastructure Playground Equipment | 631,572 | 0 | 631,572 | 631,572 | 631,572 |
| Revaluation surplus - Infrastructure Other | 5,917,610 | 0 | 5,917,610 | 5,917,610 | 5,917,610 |
| Revaluation surplus - Infrastructure Streetscape | (91,084) | 0 | (91,084) | (91,084) | (91,084) |
| Revaluation surplus - Infrastructure Bridges and Culverts | 26,588,240 | 0 | 26,588,240 | 26,588,240 | 26,588,240 |
| | 113,979,011 | (1,937,674) | 112,041,337 | 113,979,011 | 113,979,011 |

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

Vested land no longer required to be recognised. Land under golf courses and racecourses of regional significance are no longer be recognised.

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

14. TRADE AND OTHER PAYABLES

Current

| | 2020 | 2019 |
|----------------------------|-----------|-----------|
| | \$ | \$ |
| Sundry creditors | 1,694,112 | 2,887,363 |
| Prepaid rates | 253,294 | 0 |
| Accrued salaries and wages | 98,189 | 72,392 |
| ATO liabilities | 130,967 | 0 |
| Bonds and deposits held | 518,942 | 610,335 |
| Accrued Expenditure | 65,279 | 59,178 |
| Interest Accrued on loans | 67,861 | 28,890 |
| | 2,828,644 | 3,658,158 |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Prepaid rates

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

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

15. CONTRACT LIABILITIES

Current

Contract Liabilities

| 2020 | 2019 |
|---------|------|
| \$ | \$ |
| 712,567 | 0 |
| 712,567 | 0 |

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

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

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

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

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

16. LEASE LIABILITIES

| | 2020 | 2019 |
|-------------|--------|------|
| | \$ | \$ |
| Current | 25,025 | 0 |
| Non-current | 1,012 | 0 |
| | 26,037 | 0 |

(b) Movements in Carrying Amounts

| Purpose | Lease Number | Institution | Lease Interest Rate | Lease Term | 30 June 2020 | | 30 June 2020 | | 30 June 2019 | | 30 June 2019 | | 30 June 2019 | |
|-------------------------------|--------------|-----------------------------|---------------------|------------|------------------------|-----------------------|-----------------------------|-----------------|-----------------|-----------------|-----------------|----------------|--------------|-------------|
| | | | | | Actual Lease Principal | Actual Lease Interest | Lease Principal Outstanding | Lease Principal | Lease Principal | Lease Principal | Lease Principal | Lease Interest | Repayments | Outstanding |
| Government | | | | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Photocopier | 1 | Canon Finance | 3.20% | 5 years | 8,828 | 3,848 | 4,980 | 217 | 0 | 0 | 0 | 0 | 0 | 0 |
| Recreation and culture | | | | | | | | | | | | | | |
| Floor cleaner | 2 | Tennant Finance | 3.20% | 5 years | 22,106 | 10,877 | 11,229 | 543 | 0 | 0 | 0 | 0 | 0 | 0 |
| Economic services | | | | | | | | | | | | | | |
| Village Green | 3 | Malinowski Holdings Pty Ltd | 3.20% | 5 years | 19,349 | 9,521 | 9,828 | 475 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | 50,283 | 24,246 | 26,037 | 1,235 | 0 | 0 | 0 | 0 | 0 | 0 |

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

17. INFORMATION ON BORROWINGS

| | 2020 | 2019 |
|----------------|-----------|-----------|
| (a) Borrowings | \$ | \$ |
| Current | 345,975 | 279,985 |
| Non-current | 6,058,528 | 2,000,696 |
| | 6,404,503 | 2,280,681 |

(b) Repayments - Borrowings

| Particulars | Institution | Interest Rate | 30 June 2020 | | 30 June 2020 | | 30 June 2020 | | 30 June 2020 | | 30 June 2020 | | 30 June 2019 | | 30 June 2019 | | 30 June 2019 | | 30 June 2019 | |
|---------------------------------|-------------|---------------|------------------------------|------------------|-----------------------------|----------------------------|------------------------------|------------------|-----------------------------|----------------------------|------------------------------|------------------|-----------------------------|----------------------------|------------------------------|------------------|-----------------------------|----------------------------|------------------------------|------------------------------|
| | | | Actual Principal 1 July 2019 | Actual New Loans | Actual Principal repayments | Actual Interest repayments | Budget Principal 1 July 2019 | Budget New Loans | Budget Principal repayments | Budget Interest repayments | Budget Principal 1 July 2019 | Budget New Loans | Budget Principal repayments | Budget Interest repayments | Actual Principal 1 July 2018 | Actual New Loans | Actual Principal repayments | Actual Interest repayments | Actual Principal outstanding | Actual Principal outstanding |
| Recreation and culture | | | | | | | | | | | | | | | | | | | | |
| Loan 223 Recreation Facilities | WATC* | 6.06% | 130,050 | 0 | 130,049 | 0 | 10,136 | 0 | 252,563 | 0 | 122,513 | 12,002 | 860,271 | 0 | 43,876 | 60,294 | 130,050 | | | |
| Loan 224 Recreation Facilities | WATC* | 6.48% | 816,395 | 0 | 46,765 | 0 | 57,285 | 769,630 | 860,271 | 0 | 43,876 | 60,294 | 860,271 | 0 | 43,876 | 60,294 | 816,395 | | | |
| Loan 228 Northam Aquatic Centre | WATC* | 1.88% | 0 | 4,500,000 | 62,868 | 0 | 58,868 | 4,437,132 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Loan 227 Northam Youth Space | WATC* | 2.26% | 500,000 | 0 | 45,097 | 0 | 12,110 | 454,903 | 500,000 | 0 | 0 | 2,458 | 0 | 500,000 | 0 | 2,458 | 500,000 | | | |
| Economic services | | | | | | | | | | | | | | | | | | | | |
| Loan 225 Victoria Oval | WATC* | 6.48% | 667,960 | 0 | 38,262 | 0 | 51,781 | 629,698 | 703,858 | 0 | 35,898 | 49,332 | 1,816,692 | 500,000 | 202,287 | 124,086 | 667,960 | | | |
| | | | 2,114,404 | 4,500,000 | 323,041 | 0 | 190,180 | 6,291,363 | 1,816,692 | 500,000 | 202,287 | 124,086 | 1,816,692 | 500,000 | 202,287 | 124,086 | 2,114,405 | | | |
| Self Supporting Loans | | | | | | | | | | | | | | | | | | | | |
| Recreation and culture | | | | | | | | | | | | | | | | | | | | |
| Loan 208 Northam Country Club | WATC* | 7.36% | 3,235 | 0 | 3,238 | 0 | 153 | 0 | 9,363 | 0 | 6,128 | 524 | 182,007 | 0 | 18,967 | 6,827 | 3,235 | | | |
| Loan 219A Northam Bowling Club | WATC* | 3.18% | 163,041 | 0 | 19,574 | 0 | 8,854 | 143,466 | 182,007 | 0 | 18,967 | 6,827 | 182,007 | 0 | 18,967 | 6,827 | 163,041 | | | |
| | | | 166,276 | 0 | 22,812 | 0 | 9,007 | 143,466 | 191,370 | 0 | 25,095 | 7,351 | 191,370 | 0 | 25,095 | 7,351 | 166,276 | | | |
| | | | 2,280,681 | 4,500,000 | 376,178 | 0 | 223,867 | 6,404,503 | 2,008,062 | 500,000 | 227,382 | 131,437 | 2,008,062 | 500,000 | 227,382 | 131,437 | 2,280,681 | | | |

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 5 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

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

17. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2019/20

| Particulars/Purpose | Institution | Loan Type | Term Years | Interest Rate % | Amount Borrowed | | Amount (Used) | | Total Interest & Charges | Actual Balance Unspent |
|-----------------------------------|-------------|-----------|------------|-----------------|-----------------|-------------|---------------|-------------|--------------------------|------------------------|
| | | | | | 2020 Actual | 2020 Budget | 2020 Actual | 2020 Budget | | |
| Loan 228 Northam Aquatic Facility | WATC* | Fixed | 20 | 1.88% | 4,500,000 | 4,500,000 | 4,500,000 | 4,500,000 | 919,763 | 0 |
| * WA Treasury Corporation | | | | | 4,500,000 | 4,500,000 | 4,500,000 | 4,500,000 | 919,763 | 0 |

(d) Undrawn Borrowing Facilities

Credit Standby Arrangements

| | 2020 | 2019 |
|--------------------------------------|----------------|----------------|
| Bank overdraft limit | 100,000 | 100,000 |
| Bank overdraft at balance date | 0 | 0 |
| Credit card limit | 15,000 | 15,000 |
| Credit card balance at balance date | (3,727) | (4,867) |
| Total amount of credit unused | 111,273 | 110,133 |

Loan facilities

| | | |
|--|------------------|------------------|
| Loan facilities - current | 345,975 | 279,985 |
| Loan facilities - non-current | 6,058,528 | 2,000,696 |
| Lease liabilities - current | 25,025 | 0 |
| Lease liabilities - non-current | 1,012 | 0 |
| Total facilities in use at balance date | 6,430,540 | 2,280,681 |

Unused loan facilities at balance date

Nil Nil

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 29.

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

18. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2019

| | Provision for Annual Leave | Provision for Long Service Leave | Total |
|------------------------|----------------------------------|--|-----------|
| | \$ | \$ | \$ |
| Current provisions | 592,704 | 614,721 | 1,207,425 |
| Non-current provisions | 0 | 222,810 | 222,810 |
| | 592,704 | 837,531 | 1,430,235 |

Additional provision

Balance at 30 June 2020

| | | | |
|--|---------|---------|-----------|
| | 60,927 | (8,032) | 52,895 |
| | 653,631 | 829,499 | 1,483,130 |

| | | | |
|-------------|---------|---------|-----------|
| Current | 653,631 | 599,207 | 1,252,838 |
| Non-current | 0 | 230,292 | 230,292 |
| | 653,631 | 829,499 | 1,483,130 |

Comprises

Current
Non-current

Amounts are expected to be settled on the following basis:

| | 2020 | 2019 |
|---|-----------|-----------|
| | \$ | \$ |
| Less than 12 months after the reporting date | 200,000 | 59,161 |
| More than 12 months from reporting date | 1,259,604 | 1,282,763 |
| Expected reimbursements from other WA local governments | 23,526 | 88,311 |
| | 1,483,130 | 1,430,235 |

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

Provisions

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

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

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

19. OTHER PROVISIONS

| | Provision for Customer Deposits | |
|---------------------------------------|--|--------------|
| | Leave | Total |
| | \$ | \$ |
| Opening balance at 1 July 2019 | | |
| Current provisions | 0 | 0 |
| Non-current customer deposits (bonds) | 221,047 | 221,047 |
| | 221,047 | 221,047 |
| Less customer deposit returned 2020 | (61,501) | (61,501) |
| Balance at 30 June 2020 | 159,546 | 159,546 |
| Comprises | | |
| Current | 0 | 0 |
| Non-current | 159,546 | 159,546 |
| | 159,546 | 159,546 |

Extractive Industries bonds are considered non-current as notice and rehabilitation take more than 12 months to complete prior to returning the bonds.

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

20. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

| | 2020 Actual | 2020 Budget | 2019 Actual |
|---------------------------|------------------------|------------------------|------------------------|
| | \$ | \$ | \$ |
| Cash and cash equivalents | 9,868,173 | 5,378,255 | 8,123,774 |

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

| | | | |
|---|------------------|------------------|------------------|
| Net result | 3,310,925 | 3,054,013 | 18,691,153 |
| Non-cash flows in Net result: | | | |
| Adjustments to fair value of financial assets at fair value through profit and loss | (3,458) | 0 | (210,205) |
| Depreciation on non-current assets | 4,670,394 | 4,156,954 | 4,180,155 |
| Net (profit)/loss on sale of asset | 1,232,879 | 881,489 | 326,948 |
| Gifted bridge from mainroads | 0 | 0 | (12,800,000) |
| Changes in assets and liabilities: | | | |
| (Increase)/decrease in receivables | (151,475) | 2,459,516 | 104,883 |
| (Increase)/decrease in other assets | 1,931,434 | 0 | (1,862,488) |
| (Increase)/decrease in inventories | 0 | 224 | 1,224 |
| Increase/(decrease) in payables | (829,517) | (250,846) | 2,181,018 |
| Increase/(decrease) in provisions | (8,606) | 50,000 | 94,126 |
| Increase/(decrease) in contract liabilities | 138,641 | 0 | 0 |
| Non-operating grants, subsidies and contributions | (4,068,319) | (7,696,397) | (5,019,568) |
| Net cash from operating activities | <u>6,222,898</u> | <u>2,654,953</u> | <u>5,687,246</u> |

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

21. CONTINGENT LIABILITIES

The Shire did not have any contingent liabilities as at 30 June 2020.

22. SUBSEQUENT EVENTS

The Shire did not have any known subsequent events at the reporting date.

23. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

| | 2020 | 2019 |
|-----------------------------|--------------------|--------------------|
| | \$ | \$ |
| Governance | 3,360,630 | 0 |
| General purpose funding | 12,679,808 | 14,627,125 |
| Law, order, public safety | 3,579,411 | 3,741,916 |
| Health | 125,155 | 119,351 |
| Education and welfare | 4,110,264 | 4,171,189 |
| Housing | 1,159,867 | 1,276,078 |
| Community amenities | 2,155,674 | 2,028,248 |
| Recreation and culture | 48,518,122 | 38,795,600 |
| Transport | 154,752,163 | 152,693,132 |
| Economic services | 8,520,876 | 8,743,057 |
| Other property and services | 372,051 | 352,300 |
| Unallocated | 154,700 | 8,117,094 |
| | 239,488,721 | 234,665,090 |

SHIRE OF NORTHAM
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24. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

| | 2020 | 2019 |
|--|---------|-----------|
| | \$ | \$ |
| | 472,071 | 6,579,846 |
| | 472,071 | 6,579,846 |
| | 472,071 | 6,579,846 |

Payable:

- not later than one year

The commitment as at 30 June 2020 relates to the Northam Youth Park, \$107,798, Northam Aquatic Facility retention, \$245,986 and Southern Brook Road Construction \$118,287. The commitment as at 30 June 2019 relates to the tendered contracts for Northam Aquatic Centre construction.

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts (short term and low value leases).

Payable:

- not later than one year

- later than one year but not later than five years

| | 2020 | 2019 |
|--|-------|--------|
| | \$ | \$ |
| | 1,588 | 13,008 |
| | 1,588 | 11,395 |
| | 3,176 | 24,403 |

The above operating leases are low value items.

SIGNIFICANT ACCOUNTING POLICIES

Leases

On adoption of AASB16, the Shire recognised lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB117. However all contracts that are classified as short term leases and leases of low value assets are recognised as operating expenses on a straight line basis over the term of the lease.

SHIRE OF NORTHAM
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25. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

| | 2020 Actual | 2020 Budget | 2019 Actual |
|--|------------------------|------------------------|------------------------|
| The following fees, expenses and allowances were paid to council members and/or the President. | \$ | \$ | \$ |
| Meeting fees | 201,350 | 201,350 | 201,600 |
| President's allowance | 45,000 | 45,000 | 45,000 |
| Deputy President's allowance | 11,250 | 11,250 | 11,250 |
| Travelling expenses | 10,789 | 22,000 | 14,794 |
| Telecommunications allowance | 33,567 | 35,000 | 34,427 |
| | 301,956 | 314,600 | 307,071 |

Key Management Personnel (KMP) Compensation Disclosure

| | 2020 Actual | 2019 Actual |
|--|------------------------|------------------------|
| The total of remuneration paid to KMP of the Shire during the year are as follows: | \$ | \$ |
| Short-term employee benefits | 886,904 | 880,287 |
| Post-employment benefits | 91,317 | 90,419 |
| Other long-term benefits | 20,501 | 20,303 |
| | 998,722 | 991,009 |

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

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25. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

| The following transactions occurred with related parties: | 2020 Actual | 2019 Actual |
|---|----------------|----------------|
| | \$ | \$ |
| Sale of goods and services | 260 | 260 |
| Purchase of goods and services | 6,488 | 1,471 |

There are no outstanding trade receivables or trade payables for related party transactions as at 30 June 2020.

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

iii. Entities subject to significant influence by the Shire

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

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 FOR THE YEAR ENDED 30 JUNE 2020**

26. JOINT ARRANGEMENTS

(a) Carrying amount of investment in associate

The Shire together with the Department of Housing and Works have a joint venture housing arrangement for the provision of eight aged care accommodation units at Lot 410 Kuringal Road Wundowie. The joint venture has been established since 1996.

| | 2020 | 2019 |
|---|------------------|------------------|
| | \$ | \$ |
| Land and buildings fair value 30 June 2017 | 1,062,175 | 1,062,175 |
| Other infrastructure fair value 30 June 2018 | 8,800 | 8,800 |
| Additions at cost | 20,285 | 20,285 |
| Less : accumulated depreciation | (69,633) | (43,549) |
| Total assets | 1,021,627 | 1,047,711 |
| Current liabilities | 0 | 0 |
| Total liabilities | 0 | 0 |
| Statement of Comprehensive income | | |
| Other revenue | 48,107 | 43,819 |
| Other expenditure | (58,817) | (55,482) |
| Net result for the period | (10,710) | (11,663) |
| Other comprehensive income | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | |
| Changes in asset revaluation surplus | 0 | 0 |
| Total other comprehensive income for the period | 0 | 0 |
| Total comprehensive income for the period | (10,710) | (11,663) |

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

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

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

Interests in joint arrangements (Continued)

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

SHIRE OF NORTHAM
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27. RATING INFORMATION

(a) Rates

| RATE TYPE | Number of Properties | 2019/20 Actual Rateable Value | 2019/20 Actual Rate | 2019/20 Actual Interim Rates | 2019/20 Actual Back Rates | 2019/20 Actual Total Revenue | 2019/20 Budget Interim Rate | 2019/20 Budget Back Rate | 2019/20 Budget Total Revenue | 2018/19 Actual Total Revenue |
|---|----------------------|-------------------------------|---------------------|------------------------------|---------------------------|------------------------------|-----------------------------|--------------------------|------------------------------|------------------------------|
| | | | | | | | | | | |
| Differential general rate / general rate | | | | | | | | | | |
| Gross rental valuations | | | | | | | | | | |
| 00 Non Rateable Value | 0 | 4,375,663 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 01 GRV Townsite Residential | 4,038 | 60,027,265 | 6,014,732 | 70,655 | (233,556) | 5,851,831 | 49,000 | 400 | 6,064,131 | 5,890,504 |
| 02 GRV Northam Commercial /Industrial | 259 | 15,262,822 | 1,656,352 | (3,199) | 0 | 1,653,153 | 5,000 | 300 | 1,661,652 | 1,478,732 |
| Unimproved valuations | | | | | | | | | | |
| 05 Agricultural Local | 367 | 134,168,040 | 830,366 | 17,676 | 141 | 848,183 | 2,000 | 100 | 832,466 | 822,446 |
| 06 Agricultural Regional | 168 | 120,132,967 | 612,558 | (15,629) | 1 | 596,930 | 2,000 | 100 | 614,658 | 585,536 |
| 07 Rural Small Holding | 94 | 15,292,000 | 128,025 | (1,343) | (255) | 126,427 | 2,000 | 100 | 130,125 | 118,794 |
| Sub-Total | 5,640 | 349,258,757 | 9,242,033 | 68,160 | (233,669) | 9,076,524 | 60,000 | 1,000 | 9,303,032 | 8,896,012 |
| Minimum payment | | | | | | | | | | |
| | | | | | | | | | | |
| Gross rental valuations | | | | | | | | | | |
| 01 GRV Townsite Residential | 894 | 3,438,728 | 843,936 | 0 | 0 | 843,936 | 0 | 0 | 843,936 | 827,244 |
| 02 GRV Northam Commercial /Industrial | 51 | 210,748 | 48,144 | 0 | 0 | 48,144 | 0 | 0 | 48,144 | 46,168 |
| Unimproved valuations | | | | | | | | | | |
| 05 Agricultural Local | 69 | 6,951,310 | 65,136 | 0 | 0 | 65,136 | 0 | 0 | 65,136 | 65,533 |
| 06 Agricultural Regional | 164 | 20,418,133 | 143,336 | 0 | 0 | 143,336 | 0 | 0 | 143,336 | 148,603 |
| 07 Rural Small Holding | 944 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,461 |
| Sub-Total | 1,178 | 31,018,919 | 1,100,552 | 0 | 0 | 1,100,552 | 0 | 0 | 1,100,552 | 1,094,009 |
| Less Rates Written Off | | | | | | | | | | |
| | | | | | | | | | | |
| Discounts | 6,818 | 380,277,676 | 10,342,585 | 68,160 | (233,669) | 10,145,683 | 60,000 | 1,000 | 10,403,584 | 9,990,021 |
| Total amount raised from general rate | | | | | | | | | | |
| Ex-gratia rates | | | | | | | | | (1,000) | 0 |
| Prepaid rates | | | | | | | | | 10,402,584 | 9,990,021 |
| Totals | | | | | | | | | 14,900 | 14,483 |
| | | | | | | | | | 0 | 280,140 |
| | | | | | | | | | 10,417,484 | 10,284,644 |

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

SHIRE OF NORTHAM
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27. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

| Instalment Options | Date Due | Instalment Plan Admin Charge \$ | Instalment Plan Interest Rate % | Unpaid Rates Interest Rate % |
|---------------------|------------|------------------------------------|------------------------------------|---------------------------------|
| Option One | | | | |
| Single full payment | 9/10/2019 | 0.00 | 0.00% | 11.00% |
| Option Two | | | | |
| First instalment | 9/10/2019 | 0.00 | 5.50% | 11.00% |
| Second instalment | 10/02/2020 | 10.00 | 5.50% | 11.00% |
| Option Three | | | | |
| First instalment | 9/10/2019 | 0.00 | 5.50% | 11.00% |
| Second instalment | 9/12/2019 | 10.00 | 5.50% | 11.00% |
| Third instalment | 10/02/2020 | 10.00 | 5.50% | 11.00% |
| Fourth instalment | 14/04/2020 | 10.00 | 5.50% | 11.00% |

| | 2020 Actual | 2020 Budget | 2019 Actual |
|-----------------------------|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Interest on unpaid rates | 159,630 | 152,000 | 211,697 |
| Interest on instalment plan | 41,224 | 36,500 | 36,249 |
| Charges on instalment plan | 37,930 | 38,000 | 38,150 |
| | 238,784 | 226,500 | 286,096 |

Note: As part of the COVID-19 pandemic response the Shire put a freeze on interest rates effective 01/04/2020 to 01/02/2021.

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FOR THE YEAR ENDED 30 JUNE 2020

28. RATE SETTING STATEMENT INFORMATION

| Note | 2019/20 | 2019/20 | 2019/20 | 2018/19 | | |
|--|--|--|-------------------------------------|--------------------------------------|--------------------|--------------------|
| | (30 June 2020 Carried Forward) | Budget (30 June 2020 Carried Forward) | (1 July 2019 Brought Forward) | (30 June 2019 Carried 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 <i>Financial Management Regulation 32</i> . | | | | | | |
| Adjustments to operating activities | | | | | | |
| | Less: Profit on asset disposals | 11(a) | (2,762) | (318,000) | (33,146) | (33,146) |
| | Less: Movement in liabilities associated with restricted cash | | 544,328 | 0 | 0 | 0 |
| | Less: Fair value adjustments to financial assets at fair value through profit and loss | | (3,458) | 0 | (210,205) | (210,205) |
| | Movement in pensioner deferred rates (non-current) | | (62,420) | 0 | 4,937 | 4,937 |
| | Movement in employee benefit provisions (non-current) | | 7,482 | 0 | (49,003) | (49,003) |
| | Change in customer deposits and bonds | | (61,501) | 0 | 221,047 | 221,047 |
| | Movement in other provisions (non current) | | 0 | (22,339) | 8,630 | 8,630 |
| | Add: Loss on disposal of assets | 11(a) | 1,235,641 | 1,199,489 | 360,094 | 360,094 |
| | Add: Depreciation on non-current assets | 11(c) | 4,670,394 | 4,156,954 | 4,180,155 | 4,180,155 |
| | Non cash amounts excluded from operating activities | | 6,327,704 | 5,016,104 | 4,482,509 | 4,482,509 |
| (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 <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates. | | | | | | |
| Adjustments to net current assets | | | | | | |
| | Less: Reserves - cash backed | 4 | (3,386,574) | (4,535,578) | (5,015,888) | (5,015,888) |
| | Less: Financial assets at amortised cost - self supporting loans | 5(a) | (20,203) | 0 | (15,758) | (15,758) |
| | Add: Current liabilities not expected to be cleared at end of year | | | | | |
| | - Current portion of borrowings | 17(a) | 345,975 | 385,911 | 279,985 | 279,985 |
| | - Budgeted leave cash backed | | 250,000 | 250,000 | 250,000 | 250,000 |
| | - Current portion of lease liabilities | | 25,025 | 0 | 0 | 0 |
| | - Employee benefit provisions | | 972,124 | 405,457 | 427,796 | 427,796 |
| | Total adjustments to net current assets | | (1,813,653) | (3,494,210) | (4,073,865) | (4,073,865) |
| Net current assets used in the Rate Setting Statement | | | | | | |
| | Total current assets | | 13,288,460 | 8,319,414 | 13,381,991 | 13,381,991 |
| | Less: Total current liabilities | | (5,165,049) | (4,825,204) | (5,719,494) | (5,145,568) |
| | Less: Total adjustments to net current assets | | (1,813,653) | (3,494,210) | (4,073,865) | (4,073,865) |
| | Net current assets used in the Rate Setting Statement | | 6,309,758 | 0 | 3,588,632 | 4,162,558 |
| (c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards | | | | | | |
| | Total current liabilities at 30 June 2019 | | | | | (5,145,568) |
| | - Contract liabilities | 29(b) | | | | (573,926) |
| | Total current liabilities at 1 July 2019 | | | | | (5,719,494) |

SHIRE OF NORTHAM
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29. FINANCIAL RISK MANAGEMENT

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

| Risk | Exposure arising from | Measurement | Management |
|------------------------------------|---|-----------------------------------|--|
| Market risk - interest rate | Long term borrowings at variable rates | Sensitivity analysis | Utilise fixed interest rate borrowings |
| Credit risk | Cash and cash equivalents, trade receivables, financial assets and 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.

| | Weighted Average Interest Rate | Carrying Amounts | Fixed Interest Rate | Variable Interest Rate | Non Interest Bearing |
|---------------------------|---------------------------------------|-------------------------|----------------------------|-------------------------------|-----------------------------|
| | % | \$ | \$ | \$ | \$ |
| 2020 | | | | | |
| Cash and cash equivalents | 0.65% | 9,868,173 | 0 | 9,864,393 | 3,780 |
| 2019 | | | | | |
| Cash and cash equivalents | 1.10% | 8,123,774 | 0 | 8,120,344 | 3,430 |

Sensitivity

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

| | 2020 | 2019 |
|---|-------------|-------------|
| | \$ | \$ |
| Impact of a 1% movement in interest rates on profit or loss and equity* | 98,682 | 81,238 |

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 17(b).

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29. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. 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 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors. The loss allowance as at 30 June 2020 and 1 July 2019 (on adoption of AASB 9) was determined as follows for rates receivable.

| | Current | More than 1 year past due | More than 2 years past due | More than 3 years past due | Total |
|-----------------------|---------|------------------------------|-------------------------------|-------------------------------|-----------|
| 30 June 2020 | | | | | |
| Rates receivable | | | | | |
| Expected credit loss | 0.77% | 1.12% | 1.56% | 8.00% | |
| Gross carrying amount | 807,683 | 519,665 | 314,320 | 1,232,023 | 2,873,691 |
| Loss allowance | 6,214 | 5,815 | 4,918 | 98,537 | 115,484 |
| 30 June 2019 | | | | | |
| Rates receivable | | | | | |
| Expected credit loss | 0.64% | 0.88% | 1.29% | 9.30% | |
| Gross carrying amount | 720,098 | 501,541 | 298,426 | 1,164,780 | 2,684,845 |
| Loss allowance | 4,622 | 4,403 | 3,861 | 70,787 | 83,673 |

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

| | Current | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total |
|-----------------------------|---------|-------------------------------|-------------------------------|-------------------------------|---------|
| 30 June 2020 | | | | | |
| Trade and other receivables | | | | | |
| Expected credit loss | 0.80% | 3.58% | 4.05% | 53.14% | |
| Gross carrying amount | 782,241 | 29,036 | 33,179 | 133,073 | 977,529 |
| Loss allowance | 6,218 | 1,042 | 1,343 | 70,720 | 79,323 |
| 30 June 2019 | | | | | |
| Trade and other receivables | | | | | |
| Expected credit loss | 1.09% | 8.40% | 10.35% | 58.38% | |
| Gross carrying amount | 766,807 | 10,287 | 30,283 | 105,475 | 912,852 |
| Loss allowance | 8,366 | 864 | 3,135 | 61,577 | 73,942 |

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29. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

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

| | Due within 1 year | Due between 1 & 5 years | Due after 5 years | Total contractual cash flows | Carrying values |
|----------------------|----------------------------------|--|----------------------------------|---|----------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| <u>2020</u> | | | | | |
| Payables | 2,828,644 | 0 | 0 | 2,828,644 | 2,828,644 |
| Borrowings | 531,595 | 2,126,379 | 5,134,462 | 7,792,436 | 6,404,503 |
| Contract liabilities | 712,567 | 0 | 0 | 712,567 | 712,567 |
| Lease liabilities | 25,481 | 1,016 | 0 | 26,497 | 26,037 |
| | <u>4,098,287</u> | <u>2,127,395</u> | <u>5,134,462</u> | <u>11,360,144</u> | <u>9,971,751</u> |
| <u>2019</u> | | | | | |
| Payables | 3,879,205 | 0 | 0 | 3,879,205 | 3,879,205 |
| Borrowings | 399,952 | 1,042,427 | 1,601,235 | 3,043,614 | 2,280,681 |
| | <u>4,279,157</u> | <u>1,042,427</u> | <u>1,601,235</u> | <u>6,922,819</u> | <u>6,159,886</u> |

SHIRE OF NORTHAM
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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.

(a) AASB 15: Revenue from Contracts with Customers

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019.

There is no revenue that needs to be reclassified from last year due to the adoption of AASB 15: Revenue from Contracts with Customers.

(b) AASB 1058: Income For Not-For-Profit Entities

The Shire adopted 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 adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods was not 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 occurred to the following financial statement line items by application of AASB 1058 as compared to AASB 118: Revenue and AASB 1004: Contributions before the change:

| | Note | AASB 118 and AASB 1004 carrying amount 30 June 2019 \$ | Reclassification \$ | AASB 1058 carrying amount 01 July 2019 \$ |
|---|-------|--|------------------------|--|
| Current liabilities | | | | |
| Contract liabilities | 15 | 0 | (573,926) | (573,926) |
| Adjustment to retained surplus from adoption of AASB 1058 | 31(b) | 0 | (573,926) | (573,926) |

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.

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30. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

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

| | | 2020 \$ | 2020 \$ | |
|---|-------|---|---|--|
| | Note | As reported under AASB 15 and AASB 1058 | Adjustment due to application of AASB 15 and AASB 1058 | Compared to AASB 118 and AASB 1004 |
| Statement of Comprehensive Income | | | | |
| Revenue | | | | |
| Rates | 27(a) | 10,160,528 | 253,294 | 10,413,822 |
| Operating grants, subsidies and contributions | 2(a) | 6,651,352 | 0 | 6,651,352 |
| Fees and charges | 2(a) | 4,024,370 | 0 | 4,024,370 |
| Non-operating grants, subsidies and contributions | 2(a) | 4,068,319 | 712,567 | 4,780,886 |
| Net result | | 3,310,925 | 965,861 | 4,276,786 |
| Statement of Financial Position | | | | |
| Trade and other payables | 14 | 2,828,644 | (253,294) | 2,575,350 |
| Contract liabilities | 15 | 712,567 | (712,567) | 0 |
| Adjustment due to the AASB 1058 | | | | |
| Net assets | | 227,874,294 | 965,861 | 228,840,155 |
| Statement of Changes in Equity | | | | |
| Net result | | 3,310,925 | 965,861 | 4,276,786 |
| Retained surplus | | 112,446,383 | 965,861 | 113,412,244 |

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

(c) AASB 16: Leases

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

On adoption of AASB 16, the Shire recognised lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117 (excluding short term and low value leases). These lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rate is applied to the lease liabilities on 1 July 2019 was 3.2%

| | Note | 2020 \$ |
|---|--------|------------|
| Lease liability recognised as 1 July 2019 discounted using the Shire's incremental borrowing rate of 3.2% | 12 (a) | 50,283 |
| Lease liability - current | | 24,286 |
| Lease liability - non-current | | 25,997 |
| Right-of-use assets recognised at 1 July 2019 | | 50,283 |

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

Right of use assets and lease liabilities increased by \$50,283, on 1 July 2019 resulting in no impact on retained surplus

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

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

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

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

31. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

Effective 6 November 2020, *Local Government (Financial Management) Regulation 16* was deleted and *Local Government (Financial Management) Regulation 17A* was amended with retrospective application. The changes were effective for financial years ending on or after 30 June 2020 so are required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 11.

In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

| | Note | Carrying amount 30 June 2019 | Adjustments | Carrying amount 01 July 2019 |
|-------------------------------|-------------|---|--------------------|---|
| | | \$ | \$ | \$ |
| Property, plant and equipment | 9 | 60,053,216 | (1,937,674) | 58,115,542 |
| Revaluation surplus | 13 | 113,979,011 | (1,937,674) | 112,041,337 |

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

(b) Changes in equity due to change in accounting policies

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

| | Note | Adjustments | 2019 |
|---|-------------|--------------------|-------------|
| | | | \$ |
| Retained surplus - 30 June 2019 | | 0 | 108,080,070 |
| Adjustment to retained surplus from adoption of AASB 15 | | 0 | 0 |
| Adjustment to retained surplus from adoption of AASB 1058 | 30(b) | (573,926) | (573,926) |
| Retained surplus - 1 July 2019 | | | 107,506,144 |

The impact on the Shire's opening revaluation surplus resulting from *Local Government (Financial Management) Regulation 16* being deleted and the amendments to *Local Government (Financial Management) Regulation 17A* as at 1 July 2019 was as follows:

| | Note | Adjustments | 2019 |
|--|-------------|--------------------|-------------|
| | | | \$ |
| Revaluation surplus - 30 June 2019 | | 0 | 113,979,011 |
| Adjustment to revaluation surplus from deletion of FM Reg 16 | 13 | (1,937,674) | (1,937,674) |
| Revaluation surplus - 1 July 2019 | | | 112,041,337 |

SHIRE OF NORTHAM
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FOR THE YEAR ENDED 30 JUNE 2020

32. TRUST FUNDS

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

| | 1 July 2019 | Amounts Received | Amounts Paid | 30 June 2020 |
|-------------------|--------------------|-------------------------|---------------------|---------------------|
| | \$ | \$ | \$ | \$ |
| Public Open Space | 229,494 | 1,267 | 0 | 230,761 |
| | 229,494 | 1,267 | 0 | 230,761 |

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

33. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

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

34. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES

ACTIVITIES

GOVERNANCE

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

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

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

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

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

HEALTH

To provide an operational framework for environmental and community health.

Inspection of food outlets and their control, pest control, immunisation services, noise control and health inspections.

EDUCATION AND WELFARE

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

Assistance with playgroup centres, senior citizen hall and respite care centre. Provision of home and community care programs and youth services.

HOUSING

To provide and maintain elderly residents housing

Provision and maintenance of rental housing, including elderly residents housing.

COMMUNITY AMENITIES

To provide services required by the community

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

RECREATION AND CULTURE

To establish and effectively manage infrastructure

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

TRANSPORT

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

Construction and maintenance of roads, streets, bridges, drainage works, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc. Licensing transactions under contract with the WA Government.

ECONOMIC SERVICES

To help promote the Shire and its economic wellbeing

The regulation and provision of tourism, area promotion and building control. Provision of rural services including weed control, vermin control and standpipes.

OTHER PROPERTY AND SERVICES

To monitor and control Shire's overheads operating accounts

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

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

35. FINANCIAL RATIOS

| | 2020 Actual | 2019 Actual | 2018 Actual |
|-----------------------------------|----------------|----------------|----------------|
| Current ratio | 3.10 | 1.76 | 2.29 |
| Asset consumption ratio | 0.53 | 0.53 | 0.56 |
| Asset renewal funding ratio | 0.97 | 0.98 | 1.08 |
| Asset sustainability ratio | 1.21 | 1.31 | 0.98 |
| Debt service cover ratio | 6.90 | 14.45 | 12.23 |
| Operating surplus ratio | (0.05) | 0.06 | 0.01 |
| Own source revenue coverage ratio | 0.66 | 0.74 | 0.71 |

Note: The book loss on the Sale of Victoria Oval of \$1,077,800 has had a negative one off impact on the debt service cover ratio, operating surplus ratio and own source revenue coverage ratio.

The above ratios are calculated as follows:

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



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Northam

Report on the Audit of the Financial Report

Opinion

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

In my opinion the annual financial report of the Shire of Northam:

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

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

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

- (i) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
 - a. Accounting journal entries were posted without being reviewed by a person independent of the preparer. Accounting journals can represent significant adjustments to previously approved transactions and should therefore be appropriately reviewed and approved.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial ratios for 2018 in Note 35 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2018. The auditor expressed an unmodified opinion on the annual financial report for that year.

Matters Relating to the Electronic Publication of the Audited Financial Report

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



KELLIE TONICH
SENIOR DIRECTOR FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
21 December 2020



Shire of Northam
Heritage, Commerce and Lifestyle

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