



Annual Report

2018/19

CONTENTS

Introduction	2
.....	2
Our Vision	2
Our Mission	2
Our Values	2
Our Shire.....	2
SHIRE OF BRUCE ROCK STATISTICS	3
.....	5
The Council.....	6
SHIRE OF BRUCE ROCK CONTACT NUMBERS	7
STAFF	9
PRESIDENT'S REPORT	10
CHIEF EXECUTIVE OFFICER'S REPORT	13
CORPORATE AND COMMUNITY.....	13
FINANCE	14
REGULATORY	15
WORKS AND SERVICES.....	15
THE YEAR AHEAD.....	16
DISABILITIES SERVICE PLAN	17
STATE RECORDKEEPING ACT	21
FREEDOM OF INFORMATION	22
EMPLOYEE PAYMENTS	22
REGISTER OF CERTAIN COMPLAINTS FOR MINOR BREACHES	23

Introduction

OUR VISION

Leads the Way

OUR MISSION

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

OUR VALUES

We will conduct our business with:

Respect

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

Inclusiveness

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

Fairness and equity

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

Communication

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



Our Shire

The Shire of Bruce Rock covers an area of 2,772 km² in the Wheatbelt of Western Australia and has a population of approximately 930 (ABS, Census, 2016).

SHIRE OF BRUCE ROCK STATISTICS

Localities

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

Significant Local Events

Bruce Rock Agricultural Show – Saturday 21st September 2019

Back to the Bush Reunion – Annually - 1st Weekend in November

Ordinary Council Meeting

Meets third Thursday of each month except January



Tourist Attractions

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



Local Industries

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



Council Statistics (2018-19)

Distance from Perth (km)	245
Area (sq. km)	2,772
Length of Sealed Roads (km)	501.1
Length of Unsealed Roads (km)	757.6
Population	930
Number of Electors	642
Number of Dwellings	470
Total Rates Levied	\$1,460,543
Total Revenue	\$5,371,808
Number of Employees	43



The Council

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

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

President

Cr SA Strange

Deputy President

Cr R Rajagopalan

Councillors	Telephone	Years of Service	Term Expires
Cr Stephen Strange	0429 611 324	29	2023
Cr Ramesh Rajagopalan	0448 012 656	10	2021
Cr Ian Dolton	0427 623 010	20	2021
Cr Merredith Thornton	0429 611 307	7	2019
Cr Phillip Negri	0428 611 228	4	2023
Cr Brendan Waight	0428 149 654	2	2021
Cr Natalie Kilminster	0428 611 975	2	2021
Cr Anthony Crooks	0428 911 922	1	2023
Cr Kevin Foss	0427 998 878	1	2023

Council elections are held on the third Saturday in October.

SHIRE OF BRUCE ROCK CONTACT NUMBERS

Office Hours

8.30am to 4.30pm

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

After Hours

Chief Executive Officer	Darren Mollenoyux	0428 611 377
Deputy Chief Executive Officer	Alan O'Toole	0408 383 530
Manager of Finance	Jennifer Bow	0427 611 229
Manager of Works and Services	Glenn Casley	0418 745 217
Works Foreman	Colin Brownley	0428 611 297
Town Foreman	Peter Elliot	0427 211 104
Workshop Mechanic	Paul Clark	0427 611 061

Contact

Phone 08 9061 1377
Fax 08 9061 1340
Email admin@brucerock.wa.gov.au

54 Johnson Street
Bruce Rock WA 6418

PO Box 113
Bruce Rock WA 6418

www.brucerock.wa.gov.au





Fire Contact Numbers

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

Emergency Numbers

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



STAFF

Chief Executive Officer	Darren Mollenoyux
Deputy Chief Executive Officer	Alan O'Toole
Manager of Finance	Jennifer Bow
Manager of Works and Services	Glenn Casley
Environmental Health Officer	Julian Goldacre
Senior Finance Officer	Mike Darby
Community Development Officer	Ashleigh Waight
Finance Officer	Shenae Cosh/Teresa Cousins
Executive Support Officer	Melissa Schilling
Customer Service Officer	Caris Negri
Natural Resource Mgmt. Officer	Mandy Schilling
Swimming Pool Manager	Mel Warren
Medical Centre Practice Manager	Sam Aurisch
Medical Centre Receptionist	Trudy Butler
Construction Foreman	Colin Brownley
Leading Hand Grader Driver	Ron Yeats
Truck Driver	Martin Parker
Dozer Driver	Darron Smith
Loader Driver	Brockman Williams
Truck Driver	Mark Black
Truck Driver	Phil Cumming
Plant Operator	Des Houston
Plant Operator	Clint Houston
Plant Operator	Brian Braddock
Town Foreman	Peter Elliot
Leading Hand	Vern Jetta
Labourer	Stephen Leek
Labourer	Trevor Smith
Building Leading Hand	Jack Andrews
Building Assistant	Jaxson Hintz
Workshop Manager	Brian Dayman
Apprentice Mechanic	Bruce Parker
Recreation Centre Manager	Damien Bow
Leading Hand Gardener	Geoffrey Wilkins
Gardener	James Houston
Gardener	Tenisha Hannah
Gardener	Tyson Van Bakkum
Cleaners	Robyn Brownley, Jennifer Elliott, Linda Dyson, Marilyn Kristensen, Lisa Mackwell, Cathy Cumming

PRESIDENT'S REPORT



I am pleased to provide this report on the activities of the Shire of Bruce Rock for the year ending 30 June 2019.

The year 2018-19 has again seen a change to the composition of the Council, with an Extraordinary Election in October bringing the arrival of two new Councillors: Tony Crooks and Kevin Foss. We welcome Tony and Kevin to the team and are confident they will make valuable contributions to Council going forward.

With many changes occurring in the Local Government sector, it has become ever more important for the Council and Officers to remain focused on managing resources carefully to continue to deliver great outcomes for the community.

One of the major projects that has been progressed over the course of this year has been the development of a workers' accommodation village at the Bruce Rock Engineering site. Both Council and Officers have been extremely supportive of this project, recognizing its importance to the economy of the Shire and the ongoing capacity of Bruce Rock Engineering to expand and develop its business.

Council has progressed the implementation of its Integrated Strategic Plan over the course of the year, including the adoption of the Shire of Bruce Rock's revised Corporate Business Plan 2018 – 2022, and the new Strategic Resource Plan, which incorporates the Long Term Financial Plan and Asset Management Plan.

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

As in previous years, 2018-2019 saw the completion of a number of projects that were part the Shire's plan for improvement of the facilities, and to increase the amenity for our residents and visitors. These include:

- Commenced the construction of a second executive residence at the residential sub-division
- Completion of fencing around the Hockey Turf viewing area as well as a new path and garden
- Construction of new fencing around the Emergency Services Building, increasing the safety and security of the area

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

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

As part of the plan for the future, the Shire undertook a rebrand process which involved consultation with and input from members of the Community. From this was developed the Shire's new branding which focused on the concept of: "Where Friends Become Family." It is now a major goal to see this embedded within the community and also for visitors to the Shire.

The Shire's part-time Natural Resource Management Officer (NRMO) assists and advises the Shire and local landowners in land management and conservation projects. The Bruce Rock Land Conservation Development Committee (LCDC) has had a productive year, with many new members being elected to Group and big plans for Projects to pursue over the coming year. Council also supports the local Skeleton Weed Coordinator program.

Council has continued to advocate for a return to grain transport on Tier 3 rail, as well as seeking additional funding to upgrade and maintain road infrastructure on the grain freight network up to a reasonable standard. This remains one of the most serious issues facing the Shire, and is one which requires considerable time and effort. The Shire is part of the Wheatbelt Secondary Freight Project, a group of 42 Local Governments working collaboratively to create interconnecting regional freight routes.

Council continues its commitment towards optimum aged care services within the Shire and is currently implementing a strategic direction that will meet the needs of our community into the future.

This Shire is an integral part of the Central East Aged Care Alliance (CEACA), and contributes to the regional strategic direction in delivering aged care services in Bruce Rock and its partnering Councils. CEACA was created in order to apply for regional funding from the Federal Government to manage aged care housing provision including independent living units (ILUs) across the region. CEACA has been successful in receiving grant funding from State and Federal governments and has commenced construction of 77 ILUs, including 8 in Bruce Rock. It is anticipated these units will be completed in late 2019.

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

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

- Local community and recreation group meetings.

Another major project which was commenced in 2018-2019 is the Main Street Revitalisation Strategy. This is a long-term project centred on making Johnson Street, as the community focus of the town, into a modern, inviting and vibrant place where residents and visitors are encouraged to congregate and linger to enjoy the facilities. Johnson Street is unique in the Wheatbelt by being a dual carriage-way in both directions, and it is utilizing this feature alongside its interesting and heritage architecture and the other tourist attractions, by which Council is seeking to enhance the experience of living in and visiting Bruce Rock. Council has engaged a consultancy to help develop these plans and this work will continue into 2019 and beyond.

Council's role is to provide direction and guidance to the Administration, and it does this through careful planning and diligent oversight. This includes consideration of the essential infrastructure and facilities that support the development of the district, and the provision of a wide range of services that combine that combine to make Bruce Rock an attractive place in which to live, work, invest and play.

Working within the regulations and guidelines set by the State Department of Local Government, Councillors and staff work together to provide for community need, while also continuing to plan for the long-term viability of the Shire and its residents. Council firmly believes that it is well placed both financially and strategically to be sustainable for the foreseeable future.

With regard to essential infrastructure, over the past twelve months, Shire staff have been working hard on road construction and maintenance, building works, and town landscaping and gardens. All of the Shire-owned buildings and facilities such as the Aquatic Centre and Medical Centre, receive significant attention and maintenance over the year to ensure they remain available for the community.

At the end of another successful year for the Shire, I would like to offer my sincere thanks to all the staff and community members for making the consistent and ongoing efforts which help to make the Shire of Bruce Rock the place that we call home. It is with a sense of civic pride in this great Shire that I am honoured to be Shire President.

Finally, it is in this role that I would like to thank my fellow Councillors for their support and their contribution towards the future of Council and the Shire as a whole. The Councillors willingly give of their time and show commitment and dedication to their roles. Their contribution this year has been outstanding, and I thank them for their support.



Cr Stephen Strange

PRESIDENT

CHIEF EXECUTIVE OFFICER'S REPORT



I am very pleased to present the 2018-19 Annual Report for the Shire of Bruce Rock. This 2018-2019 year has again been a very productive one, and has seen the improvement of the Shire's physical

infrastructure whilst improving and enhancing governance strategies, introducing better practices and future planning.

In addition to the day to day operations of the Shire, there was also significant progress on several improvement projects. All of the Shire staff combine as an efficient team to ensure projects are completed effectively and in a sustainable, competent and professional manner.

Other infrastructure projects such as new housing at the residential subdivision was commenced, while the aged housing in town, and the Dunstall St redevelopment, along with footpaths and the usual road program have kept the staffing team thoroughly occupied.

The focus on Community Development initiatives through forums and workshops engaging with the community, which initially resulted in the updated Community Strategic Plan, has also led to staff developing a new Tourism Strategy.

In addition, significant work has also gone into producing Council's Strategic Resource Plan and also the Corporate Business Plan.

CORPORATE AND COMMUNITY

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

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

During the 2018-2019 year, in the Compliance area, the Senior Management team has worked on the continuing implementation of the Integrated Planning framework. In addition there has been considerable effort put into the implementation of the Shire's Workforce Plan, to ensure that we are in the best position to face the challenges of the future.

With the launch of the new Shire Brand on 20th July 2018, Shire staff have made it a focus of 2018-2019 to seek to embed the concept of "Where Friends Become Family" at the forefront of community awareness. As part of this, Council have adopted the Rebrand Implementation Strategy, which sets out a clear path for the better positioning and promoting Bruce Rock and its communities into the future.

In our role as a Wheatbelt Regional Shire, we continue our involvement in the Central East Aged Care Alliance ("CEACA"), Wheatbelt Communities Inc., Aged Friendly Communities Resource Sharing, Wheatbelt Eastern Regional Operating Council ("WERO").

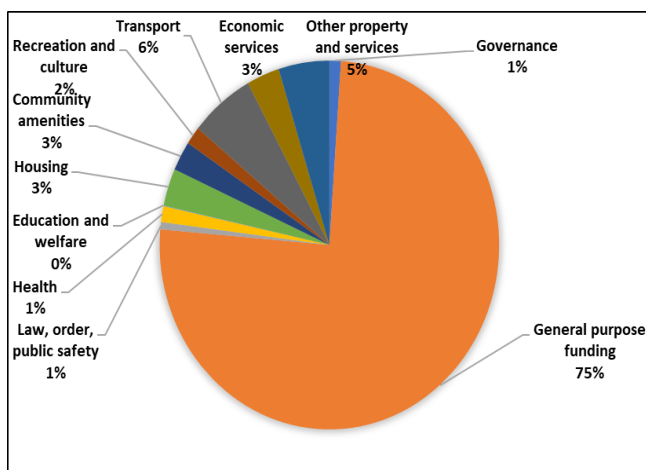
We are also involved in a variety of tourism initiative across the region, and continue to represent the Shire and its community in the fight to manage grain freight operations, seeking to retain the necessary funding to maintain and upgrade the affected road system.

FINANCE

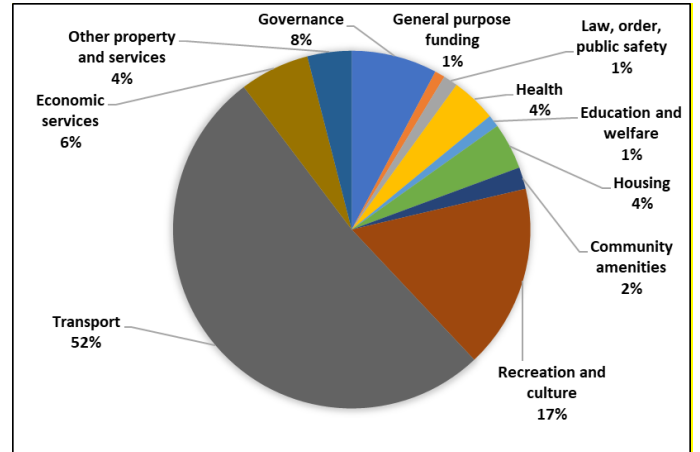
The Finance department is responsible for the sound financial management of the Shire. It maintains accurate accounting records and produces financial reports to Council each month. The department is also responsible for the preparation and presentation of the Shire's Annual Financial Reports, Annual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

Council completed 2018/19 with a net operating loss of \$3,474,197. This reflected a total operating revenue of \$5,371,808 and total operating expenditure of \$9,946,363.

Operating Revenue by programme



Operating Expense by programme



Council also undertook an extensive capital works program totaling \$2,157,565. This expenditure consisted of \$336,985 in land and buildings, \$527,150 in plant acquisition, and \$1,275,430 in roads and other infrastructure development.

Debt Management

Through a conservative approach to financial management Council has been able to retain its loan indebtedness to less than \$71,000 allowing Council in the future access to loan funds for large projects. Most projects are funded by operating income or the use of reserve funds. However, careful use of loan borrowings is considered to be an effective way to fund large projects and spread the cost burden over a number years. As at 30 June 2019 Council has two loans on its books at a value of \$70,719. This was taken out to help fund the Caravan Park upgrade and installation of solar panels on public buildings.

REGULATORY

The Regulatory Services department is responsible for the following areas:

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

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

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

Occupancy Permits have been issued and served and investigations to ensure Construction Compliance have been undertaken.

Inspections of food premises and lodging accommodations occurred as scheduled and/or necessary. Public Health and Safety Inspections were undertaken prior to the Vietnam Veterans Week to ensure there were no potential hazards to the public. Compliance through education is at the forefront of engaging with persons undertaking food businesses. Registration of Food Businesses as well as changes to Proprietors have been undertaken using the delegated authority of Council.

Routine monitoring of the Hydrotherapy and Aquatic Centre facilities/swimming pools has been undertaken including

upgrades to aging infrastructure. Housing, public buildings and commercial buildings were inspected, and a schedule of works listed for ongoing maintenance and replacements.

The landfill facility is monitored with ongoing works to make as practical to use and maintain compliance being undertaken where possible.

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

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

WORKS AND SERVICES

The Works and Services Department is responsible for:

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

Construction Crew

In the 2018/19 year the construction crew worked on the following projects:

- Regional Road Group
 - Bruce Rock-Narembeen Rd
 - Sippe Road (Blackspot Funding)
 - Yarding Ardath Road (Blackspot Funding)
- Finishing off the WANDRRA-funded flood damage program
- Roads to Recovery
 - Yarding Ardath Road
 - Eujiny North Road
 - Liebeck Road

- Yarding South Road
- Perkins Road
- Hughes Road

Town Crew

The Town Crew in the 2018/19 year worked on the following projects:

- Footpath repairs
- Storm water drainage sealing
- Culvert works on various roads
- Erect Fence at the VFES building
- Drainage on Hughes Road, bridge converted to culverts
- Barr Rd Bridge to culverts
- Liebeck Road Bridge to culvert
- Private Works
- New entry statement at Curlew Drive plus landscaping commenced
- Upgrade of entry to Bruce Rock Recreation Centre
- New Entry statement to the Caravan Park commenced
- General Maintenance and Gardening around the townsites

Workshop

The following Plant and Equipment were purchased throughout the 2018/19 year:

- Toyota Prado (CEO's vehicle)
- 6 new Isuzu Utes
- Hyundai Tuscon (Doctor's Car)
- 2 new Traffic road counters
- Upgrades to one of the Sidetippers

THE YEAR AHEAD

The major sources of funding for the 2018/19 budget are;

- \$1.167 million from Federal Financial Assistance Grants. This was reduced as an advanced payment of \$1.214 million received in June 2018.
- Recovery \$1.42.million from Council Rates

- \$0.420 million from the Federal Government's Roads to Recovery Program
- \$0.562 million for Specific road and bridge funding through Main Roads and the WA Grants Commission.

Council's total operating expenditure will be \$8.74 million for the 2018/19 financial year. In addition to this, Council will have significant expenditure on capital works and purchases of \$2.47 million.

The 2018/19 budget will see improvement in many areas of the Shire. Council will continue to fund the maintenance of many of its buildings and community facilities, however the following is an overview of expenditure on new projects and improvements:

Administration and Governance

- Installation of solar panels on Admin Building

Health Services

- Installation of solar panels on Medical Centre

Housing

- Construction of second residence on Curlew Drive

Community Amenities

- Complete an entry statement for Curlew Drive
- Upgrade entrance to Recreation Centre
- Improve Drainage in Recreation Centre Carpark

Recreation & Culture

- Installation of new playground and soft fall at Aquatic Centre.

Road and Transport

- \$421,400 reconstruction of Bruce Rock - Narembeen Road.
- \$464,610 will be spent on other improvements to the road network, funded by Roads to Recovery.
- \$195,000 has been allocated to bridgeworks and repairs.

Economic Services

- New fence at Pony Club
- Upgrade fencing at Caravan Park and Pool and Entry Statement to Caravan Park
- Signage and gazebo at Bruce's Rock
- The 'Back to the Bush Reunion' will return to a full week finishing on the first weekend in November.
- Improvements to tourism re: signage and works at Bruce's Rock

DISABILITIES SERVICE PLAN

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

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

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

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

DISABILITY ACCESS AND INCLUSION PLAN

The Disability Services Act 1993 was amended in December 2003, creating a requirement for public authorities to

develop and implement Disability Access and Inclusion Plans (DAIPs). These plans replace and build on the achievements of the Disability Services Plans (DSPs).

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

Outcome 1: Services and Events

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

Council ensures people with disabilities are given access to all Shire events and to access the services of the Shire. Events such as the 'Back to the Bush Reunion' Week progress because the Council ensures that adequate and proper facilities are provided. These facilities include level ground for caravan parking, new footpaths to the town centre from temporary overflow facilities and access to the heated pool facilities.

Outcome 2: Buildings and Other Facilities

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

Outcome 3: Information

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

People with disabilities can access information produced by the Shire of Bruce Rock in different formats. Anyone requiring a different format are encouraged to

contact the Shire Office. Council also has a website which enables ease of access to public documents, information and other Council related data.

Outcome 4: Level and Quality of Service

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

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

Outcome 5: Complaints Process

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

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

Outcome 6: Public Consultation Process

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

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

Outcome 7: Employment

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

INTEGRATED STRATEGIC PLANNING

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

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

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

This plan builds on the innovations and achievements of Bruce Rock – our success in attracting new businesses and residents to the Shire, the quality of our facilities and lifestyle, the financial sustainability of the Shire Council, and most importantly, the strengths, energy and commitment of our community. It was developed in consultation with the community and is available for viewing on the Shire's website. While this is the overarching

document, the development of this plan included the creation of a number of other informing strategies which include the Long Term Financial Plan, Asset Management Plan, Workforce Plan and Corporate Business Plan.

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

- Road infrastructure meets the freight task and is sustainable in the long term
- a recognizable Shire of Bruce Rock identity;
- Asset maintenance and preservation is in line with community needs and Shire financial resources advocate and provide for an integrated transport network;
- Appealing and vibrant main street in Bruce Rock;
- Actively used main street in Bruce Rock;
- Occupied business units;
- Workers and their families reside in and contribute to the local economy;
- Reliable telecommunications and an extension of coverage across the whole Shire;
- Our tourism profile is increased in the region and State;
- Residents can age in-home;
- Bruce Rock Hospital is retained;
- Improved Civic leadership within the community;
- Less reliance on the Shire to lead projects and change;
- Improved mental and physical health outcomes for local residents;

- There are enough volunteers for voluntary services to be retained;
- Access to local early childhood programs and services is retained;
- Our community feels safe;
- Building upon our positive work culture;
- Collaboration amongst staff units;
- Improved understanding of each other's roles in the organization (works and administration staff);
- Technology reduces delays and improves accuracy in organisational processes;
- Be part of a strong regional group representing all members;
- We are financially viable while meeting all levels of compliance;
- Sustainable resource, land and waste management.

Major Initiatives proposed or continuing during 2019/20 are:

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



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

Copies of these plans are available from the Shire Office or can be downloaded from the Council's website at www.brucerock.wa.gov.au

NATIONAL COMPETITION POLICY

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

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

- No business enterprise of the Shire has been classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or a Public Financial Enterprise.
- Competitive neutrality has not been applied to any activities undertaken by the Shire in this reporting period.
- No allegations of non-compliance with the competitive neutrality principles have been made by any private enterprise.
- The principles of competitive neutrality were implemented in respect of any relevant activities undertaken during the 2018/19 year.

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

STATE RECORDKEEPING ACT

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

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

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

Rationale:

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

Minimum Compliance Requirements:

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

1. The efficiency and effectiveness of the organisation's record keeping system is evaluated not less than once every 5 years.
2. The organisation conducts a record keeping training program.

3. The efficiency and effectiveness of the record keeping training program is reviewed from time to time.

4. The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's record keeping plan.

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

PUBLIC INTEREST DISCLOSURES

The *Public Interest Disclosure Act 2003* facilitates the disclosure of public interest information, and provides for the protection of those making such disclosure and those who are subject of the disclosures. The Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken.

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

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

The Shire of Bruce Rock had no Public Interest Disclosures during the reporting period 2018/19.

FREEDOM OF INFORMATION

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

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

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

EMPLOYEE PAYMENTS

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

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

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

Salary Range	2018	2017
\$130,000 - \$139,999	0	1
\$140,000 - \$149,999	1	0

REGISTER OF CERTAIN COMPLAINTS FOR MINOR BREACHES

For the purpose of Section 5.121 of the *Local Government Act 1995* Council must report entries recorded in the Register of Complaints during the financial year. Council did not receive any complaints during the 2018/19 financial year.



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Bruce Rock

Report on the Audit of the Financial Report

Qualified Opinion

I have audited the annual financial report of the Shire of Bruce Rock which comprises the Statement of Financial Position as at 30 June 2019, 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, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the annual financial report of the Shire of Bruce Rock:

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

Basis for Qualified Opinion

Other than for roads, the valuation of infrastructure assets including bridges, footpaths, drainage, other infrastructure and the airstrip which was performed in 2017-18 was a desktop valuation and did not include an assessment of the condition of assets.

I am therefore unable to obtain sufficient appropriate audit evidence to confirm that infrastructure assets other than roads, totalling \$33,767,492 at 30 June 2019 and \$34,303,030 at 30 June 2018 represent fair value in accordance with Regulation 17A of the Local Government (Financial Management) Regulations 1996 and Australian Accounting Standards. In addition, I am also unable to obtain sufficient appropriate audit evidence that the revaluation surplus and movements in comprehensive income associated with the 2017-18 valuation of these assets are fairly presented.

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

Emphasis of Matter – Basis of Accounting

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
 - a. The Asset Sustainability Ratio as reported in Note 32 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the last three years;
 - b. The Operating Surplus Ratio as reported in Note 32 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the last three years; and
 - c. The Own Source Revenue Coverage Ratio as reported in Note 32 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the last three years.
- (ii) 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. The Shire has included bonds and other monies in its trust account which are not held in trust, or required to be credited to the trust account under section 6.9(1) of the *Local Government Act 1995*.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The annual financial ratios for 2017 in Note 32 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2017. The auditor expressed an unmodified opinion on the annual financial report for that year.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Bruce Rock for the year ended 30 June 2019 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the 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.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
/8 February 2020

SHIRE OF BRUCE ROCK
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and forming part of the Financial Report	9
Independent Auditor's Report	52

COMMUNITY VISION

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

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



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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 17th day of February 2020



Chief Executive Officer

Mr Darren Mollenoyux
Name of Chief Executive Officer

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

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	23(a)	1,434,475	1,436,206	1,366,465
Operating grants, subsidies and contributions	2(a)	2,929,140	1,516,021	3,712,524
Fees and charges	2(a)	790,185	862,860	912,207
Interest earnings	2(a)	76,080	70,291	70,404
Other revenue	2(a)	141,928	55,000	125,642
		5,371,808	3,940,378	6,187,242
Expenses				
Employee costs		(2,451,563)	(2,478,915)	(2,288,687)
Materials and contracts		(1,387,452)	(1,592,127)	(2,226,688)
Utility charges		(242,427)	(235,300)	(255,377)
Depreciation on non-current assets	10(b)	(5,578,423)	(3,920,994)	(5,526,882)
Interest expenses	2(b)	(3,676)	(2,955)	(5,718)
Insurance expenses		(175,719)	(168,385)	(176,366)
Other expenditure		(107,103)	(204,505)	(128,564)
		(9,946,363)	(8,603,181)	(10,608,282)
		(4,574,555)	(4,662,803)	(4,421,040)
Non-operating grants, subsidies and contributions	2(a)	1,120,849	858,256	1,204,337
Profit on asset disposals	10(a)	12,530	1,000	8,976
(Loss) on asset disposals	10(a)	(33,021)	(137,500)	(3,636)
		1,100,358	721,756	1,209,677
Net result for the period		(3,474,197)	(3,941,047)	(3,211,363)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	(9,809,407)	0	30,834,175
Total other comprehensive income for the period		(9,809,407)	0	30,834,175
Total comprehensive income for the period		(13,283,604)	(3,941,047)	27,622,812

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

SHIRE OF BRUCE ROCK
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Governance		58,644	66,390	66,474
General purpose funding		4,043,139	2,627,907	3,813,343
Law, order, public safety		34,252	25,750	23,753
Health		74,964	59,900	57,515
Education and welfare		2,576	2,400	2,459
Housing		176,496	170,600	184,884
Community amenities		139,680	140,470	137,808
Recreation and culture		85,149	90,210	61,000
Transport		329,450	271,551	1,189,676
Economic services		167,598	162,200	190,223
Other property and services		259,859	323,000	460,107
		5,371,807	3,940,378	6,187,242
Expenses				
Governance		(771,197)	(683,622)	(672,735)
General purpose funding		(91,736)	(88,690)	(117,319)
Law, order, public safety		(130,160)	(133,220)	(136,465)
Health		(405,270)	(575,250)	(395,106)
Education and welfare		(109,449)	(117,118)	(105,804)
Housing		(417,358)	(433,559)	(404,600)
Community amenities		(195,993)	(189,046)	(186,800)
Recreation and culture		(1,654,275)	(1,657,962)	(1,647,287)
Transport		(5,141,250)	(3,662,729)	(5,890,638)
Economic services		(628,227)	(678,853)	(540,600)
Other property and services		(397,771)	(380,177)	(505,210)
		(9,942,686)	(8,600,226)	(10,602,564)
Finance Costs				
Recreation and culture	2(b)	(951)	(765)	(1,479)
Economic services		(2,725)	(2,190)	(4,239)
		(3,676)	(2,955)	(5,718)
		(4,574,555)	(4,662,803)	(4,421,040)
Non-operating grants, subsidies and contributions				
	2(a)	1,120,849	858,256	1,204,337
Profit on disposal of assets	10(a)	12,530	1,000	8,976
(Loss) on disposal of assets	10(a)	(33,021)	(137,500)	(3,636)
		1,100,358	721,756	1,209,677
Net result for the period		(3,474,197)	(3,941,047)	(3,211,363)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	(9,809,407)	0	30,834,175
Total other comprehensive income for the period		(9,809,407)	0	30,834,175
Total comprehensive income for the period		(13,283,604)	(3,941,047)	27,622,812

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

SHIRE OF BRUCE ROCK
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019

	NOTE	2019	2018
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	2,667,677	2,197,191
Trade receivables	5	281,068	278,571
Other financial assets at amortised cost	7(a)	1,260,128	1,309,120
Inventories	6	34,774	41,624
TOTAL CURRENT ASSETS		4,243,647	3,826,506
NON-CURRENT ASSETS			
Trade receivables	5	11,069	10,621
Financial assets at fair value through profit and loss	7(b)	70,068	0
Property, plant and equipment	8(a)	34,105,424	35,346,555
Infrastructure	9(a)	77,741,139	89,977,034
TOTAL NON-CURRENT ASSETS		111,927,700	125,334,210
TOTAL ASSETS		116,171,347	129,160,716
CURRENT LIABILITIES			
Trade and other payables	12	646,084	314,408
Borrowings	13(a)	70,719	69,045
Employee related provisions	14	408,126	388,105
TOTAL CURRENT LIABILITIES		1,124,929	771,558
NON-CURRENT LIABILITIES			
Borrowings	13(a)	0	70,719
Employee related provisions	14	63,239	51,656
TOTAL NON-CURRENT LIABILITIES		63,239	122,375
TOTAL LIABILITIES		1,188,168	893,933
NET ASSETS		114,983,179	128,266,783
EQUITY			
Retained surplus		32,010,617	35,435,822
Reserves - cash backed	4	1,260,128	1,309,120
Revaluation surplus	11	81,712,434	91,521,841
TOTAL EQUITY		114,983,179	128,266,783

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

SHIRE OF BRUCE ROCK
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2017		38,661,877	1,294,428	60,687,666	100,643,971
Comprehensive income					
Net result for the period		(3,211,363)	0	0	(3,211,363)
Other comprehensive income	11	0	0	30,834,175	30,834,175
Total comprehensive income		(3,211,363)	0	30,834,175	27,622,812
Transfers from/(to) reserves	4	(14,692)	14,692	0	0
Balance as at 30 June 2018		35,435,822	1,309,120	91,521,841	128,266,783
Comprehensive income					
Net result for the period		(3,474,197)	0	0	(3,474,197)
Other comprehensive income	11	0	0	(9,809,407)	(9,809,407)
Total comprehensive income		(3,474,197)	0	(9,809,407)	(13,283,604)
Transfers from/(to) reserves	4	48,992	(48,992)	0	0
Balance as at 30 June 2019		32,010,617	1,260,128	81,712,434	114,983,179

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

SHIRE OF BRUCE ROCK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,451,923	1,436,206	1,342,308
Operating grants, subsidies and contributions		2,908,747	1,516,021	4,480,311
Fees and charges		790,185	862,860	912,207
Interest received		76,080	70,291	70,404
Other revenue		56,352	55,000	125,642
		5,283,287	3,940,378	6,930,872
Payments				
Employee costs		(2,414,146)	(2,678,915)	(2,247,412)
Materials and contracts		(1,055,757)	(1,705,861)	(3,071,566)
Utility charges		(242,427)	(235,300)	(255,377)
Interest expenses		(2,658)	(2,955)	(6,040)
Insurance paid		(175,719)	(168,385)	(176,366)
Other expenditure		(107,103)	(204,505)	(128,564)
		(3,997,810)	(4,995,921)	(5,885,325)
Net cash provided by (used in) operating activities	15	1,285,477	(1,055,543)	1,045,547
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(866,626)	(1,095,260)	(1,148,826)
Payments for construction of infrastructure	9	(1,275,430)	(1,392,610)	(1,722,811)
Payments for financial assets at amortised cost	7(b)	48,992	0	0
Non-operating grants, subsidies and contributions	2(a)	1,120,849	858,256	1,204,337
Proceeds from sale of property, plant & equipment	10	226,269	227,500	106,803
Net cash provided by (used in) investing activities		(745,946)	(1,402,114)	(1,560,497)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	13	(69,045)	(69,044)	(67,410)
Proceeds from new borrowings		0	272,000	0
Net cash provided by (used in) financing activities		(69,045)	202,956	(67,410)
Net increase (decrease) in cash held		470,486	(2,254,701)	(582,360)
Cash at beginning of year		2,197,191	3,506,312	2,779,551
Cash and cash equivalents at the end of the year	15	2,667,677	1,251,611	2,197,191

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

SHIRE OF BRUCE ROCK
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	24 (b)	1,925,686	1,896,373	2,461,796
		1,925,686	1,896,373	2,461,796
Revenue from operating activities (excluding rates)				
Governance		62,456	66,390	66,750
General purpose funding		2,620,625	1,191,701	2,461,178
Law, order, public safety		34,252	25,750	23,753
Health		74,964	59,900	57,515
Education and welfare		2,576	2,400	2,459
Housing		176,496	170,600	184,884
Community amenities		139,680	140,470	137,808
Recreation and culture		85,149	90,210	61,000
Transport		338,168	272,551	1,198,376
Economic services		167,598	162,200	190,223
Other property and services		277,874	323,000	460,107
		3,979,838	2,505,172	4,844,053
Expenditure from operating activities				
Governance		(777,117)	(692,622)	(672,735)
General purpose funding		(91,736)	(88,690)	(117,319)
Law, order, public safety		(130,160)	(133,220)	(136,465)
Health		(411,562)	(582,750)	(395,106)
Education and welfare		(109,449)	(117,118)	(105,804)
Housing		(417,358)	(433,559)	(404,600)
Community amenities		(195,993)	(189,046)	(186,800)
Recreation and culture		(1,655,226)	(1,658,727)	(1,648,766)
Transport		(5,162,059)	(3,708,729)	(5,890,638)
Economic services		(630,952)	(756,043)	(548,475)
Other property and services		(397,771)	(380,177)	(505,210)
		(9,979,383)	(8,740,681)	(10,611,918)
Non-cash amounts excluded from operating activities	24(a)	5,524,473	4,056,540	5,519,280
Amount attributable to operating activities		1,450,614	(282,596)	2,213,211
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	1,120,849	858,256	1,204,337
Proceeds from disposal of assets	10(a)	226,269	227,500	106,803
Purchase of property, plant and equipment	8(a)	(882,135)	(1,095,260)	(1,148,826)
Purchase and construction of infrastructure	9(a)	(1,275,430)	(1,392,610)	(1,722,811)
Amount attributable to investing activities		(810,447)	(1,402,114)	(1,560,497)
FINANCING ACTIVITIES				
Repayment of borrowings	13(b)	(69,045)	(69,044)	(67,410)
Proceeds from borrowings	13(c)	0	272,000	0
Transfers to reserves (restricted assets)	4	(91,008)	(82,491)	(214,692)
Transfers from reserves (restricted assets)	4	140,000	140,000	200,000
Amount attributable to financing activities		(20,053)	260,465	(82,102)
Surplus/(deficit) before imposition of general rates		620,114	(1,424,245)	570,612
Total amount raised from general rates	23	1,422,514	1,424,245	1,355,074
Surplus/(deficit) after imposition of general rates	24(b)	2,042,628	0	1,925,686

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

1. BASIS OF PREPARATION

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 26 to these financial statements.

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	57,756	66,100	66,399
General purpose funding	2,456,895	1,117,610	2,316,720
Law, order, public safety	29,116	22,250	21,718
Health	21,011	4,600	1,267
Education and welfare	135	0	0
Housing	20,341	8,100	28,892
Community amenities	4,491	1,200	599
Recreation and culture	18,938	35,510	13,273
Transport	283,003	239,551	1,160,632
Economic services	7,586	7,100	26,108
Other property and services	29,868	14,000	76,916
	2,929,140	1,516,021	3,712,524
Non-operating grants, subsidies and contributions			
Recreation and culture	61,386	0	29,950
Transport	1,059,463	852,406	1,174,387
Other property and services	0	5,850	0
	1,120,849	858,256	1,204,337
Total grants, subsidies and contributions	4,049,989	2,374,277	4,916,861

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over

Grants, donations and other contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 22. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Operating grants, subsidies and contributions revenue includes significant revenue of:			
WANDRRA Funding	104,118	131,851	1,052,635
Other revenue			
Recognition of Local Government House Trust Units (Note 7(b))	70,068	0	0
Other	71,860	55,000	125,642
	<u>141,928</u>	<u>55,000</u>	<u>125,642</u>
Fees and Charges			
Governance	888	290	74
General purpose funding	5,371	3,800	3,882
Law, order, public safety	5,136	3,500	2,035
Health	51,143	55,300	52,174
Education and welfare	2,441	2,400	2,459
Housing	156,155	162,500	155,992
Community amenities	135,188	139,270	137,209
Recreation and culture	50,703	54,700	47,728
Transport	46,448	32,000	29,044
Economic services	159,013	155,100	153,855
Other property and services	177,699	254,000	327,755
	<u>790,185</u>	<u>862,860</u>	<u>912,207</u>

The following fees or charges were introduced during the year;

- New monthly rental charge for Factory Unit located at Unit 1, Lot 427 Johnson Street, Bruce Rock - \$1,824 (inc GST)
- New monthly rental charge for Factory Unit located at 70 Dampier Street, Bruce Rock - \$396 (inc GST)
- New weekly rental charge for residential property located at 21 Collier Street, Bruce Rock - \$290 (input taxed)
- Hourly hire of tennis courts at Bruce Rock Recention Centre at night - \$25 (inc GST)
- New monthly rental charge for Factory Unit located at Unit 1 9-11 Swan Street, Bruce Rock - \$400 (inc GST)

Interest earnings			
Reserve accounts interest	36,132	32,491	30,693
Rates instalment and penalty interest (refer Note 23(e))	14,585	14,850	13,399
Other interest earnings	25,363	22,950	26,312
	<u>76,080</u>	<u>70,291</u>	<u>70,404</u>

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (Continued)

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

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report

Interest expenses (finance costs)

Borrowings (refer Note 13(b))

Accrued Interest

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
	24,700	25,000	12,263
	24,700	25,000	12,263
	2,955	2,955	4,589
	721	0	1,129
	3,676	2,955	5,718

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

3. CASH AND CASH EQUIVALENTS

	NOTE	2019	2018
		\$	\$
Cash at bank and on hand		2,667,677	2,197,191
Comprises:			
- Unrestricted cash and cash equivalents		2,606,291	2,176,931
- Restricted cash and cash equivalents		61,386	20,260
		<u>2,667,677</u>	<u>2,197,191</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts (Note 7(b)- Term Deposits)			
Long Service Leave Reserve	4	113,319	110,813
Plant Reserve	4	6,179	6,042
Housing Reserve	4	224,116	219,159
Council Housing Reserve	4	3,604	140,428
Transport Infrastructure Reserve	4	756,794	733,921
Shire Sports Facility Replacement Reserve	4	86,429	64,757
Bowls - Sporting Clubs Facility Replacement Reserve	4	12,148	6,000
Cricket - Sporting Clubs Facility Replacement Reserve	4	9,079	3,000
Football - Sporting Clubs Facility Replacement Reserve	4	11,661	7,000
Hockey - Sporting Clubs Facility Replacement Reserve	4	12,148	6,000
Netball - Sporting Clubs Facility Replacement Reserve	4	12,138	6,000
Squash - Sporting Clubs Facility Replacement Reserve	4	375	0
Tennis - Sporting Clubs Facility Replacement Reserve	4	12,138	6,000
		<u>1,260,128</u>	<u>1,309,120</u>
Restricted cash and cash equivalents and financial assets			
Unspent grants/contributions	22	61,386	20,260
Total restricted cash and cash equivalents and financial assets		<u>1,321,514</u>	<u>1,329,380</u>

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash

Cash and cash equivalents (Continued)

and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

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

4. RESERVES - CASH BACKED

	2019		2019		2019		2019		2019		2018		2018	
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance		
(a) Long Service Leave Reserve	\$ 110,813	\$ 2,506	\$ 0	\$ 113,319	\$ 110,813	\$ 2,763	\$ 0	\$ 113,576	\$ 107,902	\$ 2,911	\$ 0	\$ 110,813		
(b) Plant Reserve	6,042	137	0	6,179	6,042	151	0	6,193	5,883	159	0	6,042		
(c) Housing Reserve	219,159	4,956	0	224,115	219,159	5,464	0	224,623	213,401	5,758	0	219,159		
(d) Council Housing Reserve	140,428	3,175	(140,000)	3,603	140,428	3,501	(140,000)	3,929	331,484	8,944	(200,000)	140,428		
(e) Transport Infrastructure Reserve	733,921	22,873	0	756,794	733,921	18,298	0	752,219	572,702	161,219	0	733,921		
(f) Shire Sports Facility Replacement Reserve	64,757	21,672	0	86,429	64,757	21,614	0	86,371	63,056	1,701	0	64,757		
(g) Bowls - Sporting Clubs Facility Replacement Reserve	6,000	6,149	0	12,149	6,000	6,150	0	12,150	0	6,000	0	6,000		
(h) Cricket - Sporting Clubs Facility Replacement Reserve	3,000	6,079	0	9,079	3,000	6,075	0	9,075	0	3,000	0	3,000		
(i) Football - Sporting Clubs Facility Replacement Reserve	7,000	4,662	0	11,662	7,000	6,175	0	13,175	0	7,000	0	7,000		
(j) Hockey - Sporting Clubs Facility Replacement Reserve	6,000	6,148	0	12,148	6,000	6,150	0	12,150	0	6,000	0	6,000		
(k) Netball - Sporting Clubs Facility Replacement Reserve	6,000	6,138	0	12,138	6,000	6,150	0	12,150	0	6,000	0	6,000		
(l) Squash - Sporting Clubs Facility Replacement Reserve	0	375	0	375	0	0	0	0	0	0	0	0		
(m) Tennis - Sporting Clubs Facility Replacement Reserve	6,000	6,138	0	12,138	6,000	0	0	6,000	0	6,000	0	6,000		
	1,309,120	91,008	(140,000)	1,260,128	1,309,120	82,491	(140,000)	1,251,611	1,294,428	214,692	(200,000)	1,309,120		

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Long Service Leave Reserve	Ongoing	To be used to fund long service leave requirements for employees.
(b) Plant Reserve	Ongoing	To be used to fund major plant purchases.
(c) Housing Reserve	Ongoing	To be used for the construction of future joint venture housing projects.
(d) Council Housing Reserve	Ongoing	To be used for construction of housing for Council staff.
(e) Transport Infrastructure Reserve	Ongoing	To be used for the road infrastructure network within the Shire.
(f) Shire Sports Facility Replacement Reserve	Ongoing	To be used towards the replacement of sporting playing surfaces within the Shire.
(g) Bowls - Sporting Clubs Facility Replacement Reserve	Ongoing	To be used for the Bruce Rock Bowling Club's contribution to upgrade or replacement of facilities at the Bruce Rock Rec Centre.
(h) Cricket - Sporting Clubs Facility Replacement Reserve	Ongoing	To be used for the Bruce Rock Cricket Club's contribution to upgrade or replacement of facilities at the Bruce Rock Rec Centre.
(i) Football - Sporting Clubs Facility Replacement Reserve	Ongoing	To be used for the Bruce Rock Football Club's contribution to upgrade or replacement of facilities at the Bruce Rock Rec Centre.
(j) Hockey - Sporting Clubs Facility Replacement Reserve	Ongoing	To be used for the Bruce Rock Hockey Club's contribution to upgrade or replacement of facilities at the Bruce Rock Rec Centre.
(k) Netball - Sporting Clubs Facility Replacement Reserve	Ongoing	To be used for the Bruce Rock Netball Club's contribution to upgrade or replacement of facilities at the Bruce Rock Rec Centre.
(l) Squash - Sporting Clubs Facility Replacement Reserve	Ongoing	To be used for the Bruce Rock Squash Club's contribution to upgrade or replacement of facilities at the Bruce Rock Rec Centre.
(m) Tennis - Sporting Clubs Facility Replacement Reserve	Ongoing	To be used for the Bruce Rock Tennis Club's contribution to upgrade or replacement of facilities at the Bruce Rock Rec Centre.

5. TRADE RECEIVABLES

Current

Rates receivable
 Sundry receivables
 Accrued Interest

Non-current

Pensioners' rates and ESL deferred

	2019	2018
	\$	\$
	125,531	143,427
	147,487	124,385
	8,050	10,759
	281,068	278,571
	11,069	10,621
	11,069	10,621

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 25.

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.

6. INVENTORIES

Current

Fuels, Oil & Cement

	2019	2018
	\$	\$
	34,774	41,624
	<u>34,774</u>	<u>41,624</u>
	41,624	39,599
	(253,499)	(308,936)
	246,649	310,962
	<u>34,774</u>	<u>41,624</u>

The following movements in inventories occurred during the year:

Carrying amount at 1 July

Inventories expensed during the year

Additions to inventory

Carrying amount at 30 June

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

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

7. OTHER FINANCIAL ASSETS

	Note	2019	2018
		\$	\$
(a) Current assets			
Other financial assets at amortised cost		1,260,128	1,309,120
		<u>1,260,128</u>	<u>1,309,120</u>
Other financial assets at amortised cost			
- Financial assets at amortised cost - term deposits	3,4	1,260,128	1,309,120
		<u>1,260,128</u>	<u>1,309,120</u>
(b) Non-current assets			
Financial assets at fair value through profit and loss		70,068	0
		<u>70,068</u>	<u>0</u>
Other financial assets at amortised cost			
		<u>0</u>	<u>0</u>
Financial assets at fair value through profit and loss			
- <i>Unlisted equity investments</i>			
Financial assets at fair value through profit and loss - Local Govt House		70,068	0
		<u>70,068</u>	<u>0</u>

Local Government House

The Shire holds 4 of 620 units in the Local Government House Trust. The total contribution by all Council's towards the purchase of the building was \$582,000.

Based on net assets of \$10,860,610 and 620 units, the value of 1 unit in Local Government House at 30 June 2018 is \$17,517. The value of 4 units being \$70,068 has been brought to account in 2019 as shown above.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

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

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land	Buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	1,463,607	31,001,090	32,464,697	204,471	3,974,988	36,644,156
Additions	0	956,534	956,534	33,864	158,428	1,148,826
(Disposals)	(35,000)	0	(35,000)	0	(66,463)	(101,463)
Depreciation (expense)	0	(1,403,678)	(1,403,678)	(41,529)	(379,757)	(1,824,964)
Transfers	0	(520,000)	(520,000)	0	0	(520,000)
Carrying amount at 30 June 2018	1,428,607	30,033,946	31,462,553	196,806	3,687,196	35,346,555
Comprises:						
Gross carrying amount at 30 June 2018	1,428,607	31,437,624	32,866,231	286,610	4,370,676	37,523,517
Accumulated depreciation at 30 June 2018	0	(1,403,678)	(1,403,678)	(89,804)	(683,480)	(2,176,962)
Carrying amount at 30 June 2018	1,428,607	30,033,946	31,462,553	196,806	3,687,196	35,346,555
Additions	18,000	336,985	354,985	0	527,150	882,135
(Disposals)	0	0	0	0	(246,762)	(246,762)
Depreciation (expense)	0	(1,434,970)	(1,434,970)	(45,424)	(396,110)	(1,876,504)
Carrying amount at 30 June 2019	1,446,607	28,935,961	30,382,568	151,382	3,571,474	34,105,424
Comprises:						
Gross carrying amount at 30 June 2019	1,446,607	31,774,609	33,221,216	286,611	4,587,654	38,095,481
Accumulated depreciation at 30 June 2019	0	(2,838,648)	(2,838,648)	(135,229)	(1,016,180)	(3,990,057)
Carrying amount at 30 June 2019	1,446,607	28,935,961	30,382,568	151,382	3,571,474	34,105,424

8. 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	2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent registered valuers	Jun-17	Price per hectare/ market borrowing rate
Buildings	3	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent registered valuers	Jun-17	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
Furniture and equipment	2	Market approach using recent observable market data for similar assets	Independent registered valuers	Jun-16	Market price per item
Plant and equipment	2	Market approach using recent observable market data for similar assets	Independent registered valuers	Jun-16	Market price per item

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

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

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

9. 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 - Bridges	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Other	Infrastructure - Airstrip	Infrastructure - Carparks	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	30,116,151	22,616,232	617,142	6,188,157	1,064,285	0	0	60,601,967
Additions	1,520,575	202,236	0	0	0	0	0	1,722,811
Revaluation increments / (decrements) transferred to revaluation surplus	26,979,852	703,702	430,861	1,164,832	1,508,102	46,826	0	30,834,175
Depreciation (expense)	(2,942,574)	(495,394)	(40,591)	(157,327)	(28,435)	(37,598)	0	(3,701,919)
Transfers	0	0	0	0	0	520,000	0	520,000
Carrying amount at 30 June 2018	55,674,004	23,026,776	1,007,412	7,195,662	2,543,952	529,228	0	89,977,034
Comprises:								
Gross carrying amount at 30 June 2018	55,674,004	23,026,776	1,007,412	7,195,662	2,543,952	529,228	0	89,977,034
Carrying amount at 30 June 2018	55,674,004	23,026,776	1,007,412	7,195,662	2,543,952	529,228	0	89,977,034
Additions	1,051,625	202,425	0	2,843	18,537	0	0	1,275,430
Revaluation increments / (decrements) transferred to revaluation surplus	(9,809,407)	0	0	0	0	0	0	(9,809,407)
Depreciation (expense)	(2,942,575)	(495,394)	(40,590)	(157,327)	(28,383)	(37,598)	(52)	(3,701,919)
Transfers	0	0	0	0	(2,180)	0	2,180	0
Carrying amount at 30 June 2019	43,973,647	22,733,807	966,822	7,041,178	2,531,926	491,630	2,128	77,741,139
Comprises:								
Gross carrying amount at 30 June 2019	43,973,647	23,229,201	1,007,412	7,198,505	2,560,309	529,228	2,180	78,500,482
Accumulated depreciation at 30 June 2019	0	(495,394)	(40,590)	(157,327)	(28,382)	(37,598)	(52)	(759,343)
Carrying amount at 30 June 2019	43,973,647	22,733,807	966,822	7,041,178	2,531,927	491,630	2,128	77,741,139

9. 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	Independent valuation	Jun-19	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Bridges	3	Cost approach using depreciated replacement cost	Independent valuation	Jun-18	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Independent valuation	Jun-18	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Independent valuation	Jun-18	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Other	3	Cost approach using depreciated replacement cost	Independent valuation	Jun-18	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Airstrip	3	Cost approach using depreciated replacement cost	Independent valuation	Jun-18	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Carparks	3	Cost approach using depreciated replacement cost	Independent valuation	Jun-18	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs

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

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

9. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

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

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

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

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as 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 fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same 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

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

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

Land under roads

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

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

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

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

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

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2019		2019		2019		2019		2019		2018		2018	
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Net Book	Actual	Actual	Actual	Actual	Actual
Net Book Value	Proceeds	Profit	Loss	Net Book Value	Proceeds	Profit	Loss	Value	Sale	Proceeds	Value	Sale	Proceeds	Loss
Land	\$ 0	\$ 0	\$ 0	\$ 0	\$ 75,000	\$ 0	\$ 0	\$ 35,000	\$ 31,364	\$ 31,364	\$ 35,000	\$ 0	\$ 0	\$ (3,636)
Plant and equipment	246,762	226,269	12,530	(33,021)	289,000	(1,000)	(60,500)	66,463	75,439	75,439	66,463	8,976	8,976	0
	246,762	226,269	12,530	(33,021)	364,000	(1,000)	(135,500)	101,463	106,803	106,803	101,463	8,976	8,976	(3,636)

The following assets were disposed of during the year.

	2019		2019		2019		2019	
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget
Net Book Value	Proceeds	Profit	Loss	Net Book Value	Proceeds	Profit	Loss	
Plant and Equipment								
Governance								
BK1 - CEO's Vehicle	52,283	46,364	0	(5,919)				
BK1 - CEO's Vehicle	43,461	47,273	3,813	0				
Health								
BK09 - Doctor's Vehicle	20,838	14,545	0	(6,293)				
Transport								
BK472 - Utility	10,320	10,909	590	0				
BK010 - MOWS Vehicle	30,467	25,455	0	(5,012)				
BK02 - Construction Foreman's Vehicle	22,468	17,178	0	(5,290)				
BK08 - Town Foreman's Vehicle	22,468	15,454	0	(7,014)				
BK04 - Building Crew's Vehicle	16,675	13,182	0	(3,493)				
BK05 - Rec Centre Manager's Vehicle	9,693	10,909	1,216	0				
BK1018 - Written Off - accident	18,089	25,000	6,911	0				
	246,762	226,269	12,530	(33,021)				
	246,762	226,269	12,530	(33,021)				

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

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(b) Depreciation	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Buildings	1,434,970	1,490,360	1,403,678
Furniture and equipment	45,424	42,000	41,529
Plant and equipment	396,110	380,000	379,757
Infrastructure - Roads	2,942,575	2,008,634	2,942,574
Infrastructure - Bridges	495,394	0	495,394
Infrastructure - Footpaths	40,590	0	40,591
Infrastructure - Drainage	157,327	0	157,327
Infrastructure - Other	28,383	0	28,435
Infrastructure - Airstrip	37,598	0	37,598
Infrastructure - Carparks	52	0	0
	5,578,423	3,920,994	5,526,883

Note: The 2019 budget amount for infrastructure-roads above includes depreciation on all infrastructure classes, the 2019 budget does not separate the depreciation amount by infrastructure class.

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings	5 to 50 years
Furniture and equipment	4 to 20 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement seal	20 to 50 years
- bituminous seals	20 to 50 years
- asphalt surfaces	20 to 50 years
Gravel roads formation	not depreciated
pavement	10 years
Formed roads (unsealed) formation	not depreciated
pavement	5 to 50 years
Bridges	80 years
Footpaths	30 to 65 years
Drainage	10 to 80 years
Other Infrastructure	10 to 80 years
Airstrip	5 to 50 years
	20 to 50 years

Depreciation (Continued)

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

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

11. REVALUATION SURPLUS

	2019	2019	2019	2019	2018	2018	2018	2018	2018
	Opening	Revaluation	Total	2019	Opening	Revaluation	Total	2018	2018
	Balance	(Decrement)	Movement on	Closing	Balance	Increment	Movement on	Revaluation	Closing
	\$	\$	Revaluation	Balance	\$	\$	Revaluation	\$	Balance
Revaluation surplus - Land	1,272,266	0	0	1,272,266	1,272,266	0	0	0	1,272,266
Revaluation surplus - Buildings	22,358,743	0	0	22,358,743	22,358,743	0	0	0	22,358,743
Revaluation surplus - Furniture and equipment	91,733	0	0	91,733	91,733	0	0	0	91,733
Revaluation surplus - Plant and equipment	554,191	0	0	554,191	554,191	0	0	0	554,191
Revaluation surplus - Infrastructure - Roads	35,447,086	(9,809,407)	(9,809,407)	25,637,678	8,467,234	26,979,852	26,979,852	26,979,852	35,447,086
Revaluation surplus - Infrastructure - Bridges	22,009,156	0	0	22,009,156	21,305,454	703,702	703,702	703,702	22,009,156
Revaluation surplus - Infrastructure - Footpaths	430,861	0	0	430,861	0	430,861	430,861	430,861	430,861
Revaluation surplus - Infrastructure - Drainage	7,008,511	0	0	7,008,511	5,843,679	1,164,832	1,164,832	1,164,832	7,008,511
Revaluation surplus - Infrastructure - Other	2,302,468	0	0	2,302,468	794,366	1,508,102	1,508,102	1,508,102	2,302,468
Revaluation surplus - Infrastructure - Airstrip	46,827	0	0	46,827	0	46,826	46,826	46,826	46,827
	91,521,842	(9,809,407)	(9,809,407)	81,712,434	60,687,666	30,834,175	30,834,175	30,834,175	91,521,842

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.

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Bonds and deposits	
Rates paid in advance	
Accrued salaries and wages	
Accrued interest on long term borrowings	

2019	2018
\$	\$
562,056	246,818
9,936	0
6,638	5,621
67,119	61,306
335	663
646,084	314,408

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

Trade and other payables (Continued)

of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

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

13. INFORMATION ON BORROWINGS

	2019	2018
(a) Borrowings		
	\$	\$
Current	70,719	69,045
Non-current	0	70,719
	70,719	139,764

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2019			30 June 2019			30 June 2019			30 June 2018			30 June 2018		
				Actual Principal 1 July 2018	Actual Principal repayments	Actual Interest repayments	Budget Principal 1 July 2018	Budget Principal repayments	Budget Interest repayments	Budget Principal 1 July 2017	Budget Principal repayments	Budget Interest repayments	Actual Principal 1 July 2018	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Actual Principal repayments	Actual Interest repayments
Recreation and culture	2	WATC	2.41%	36,157	17,862	765	36,157	17,861	765	18,296	53,596	17,439	1,187	36,157				
Solar Panels																		
Economic services	1	WATC	2.41%	103,607	51,183	2,190	103,607	51,183	2,190	52,424	153,578	49,971	3,402	103,607				
Caravan Park Accommodation				139,764	69,045	2,955	139,764	69,044	2,955	70,720	207,174	67,410	4,589	139,764				
				139,764	69,045	2,955	139,764	69,044	2,955	70,720	207,174	67,410	4,589	139,764				

Self supporting loans are financed by payments from third parties. These are shown in Note 7 as other financial assets at amortised cost.
 All other loan repayments were financed by general purpose revenue.

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

13. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2018/19

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2019 Actual	2019 Budget	2019 Actual	2019 Budget		
Loan 3 - Construct House*	WATC	Debenture	10	3.34%	\$ 0	\$ 272,000	\$ 0	\$ 272,000	\$ 0	\$ 0
					0	272,000	0	272,000	0	0

*The Shire did not take up the budgeted borrowings during the year ended 30th June 2019.

(d) Unspent Borrowings

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

	2019	2018
(e) Undrawn Borrowing Facilities	\$	\$
Credit Standby Arrangements		
Credit card limit	5,000	5,000
Credit card balance at balance date	(300)	(4)
Total amount of credit unused	4,700	4,996
Loan facilities		
Loan facilities - current	70,719	69,045
Loan facilities - non-current	0	70,719
Total facilities in use at balance date	70,719	139,764
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 25.

14. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2018			
Current provisions	172,361	215,744	388,105
Non-current provisions	0	51,656	51,656
	172,361	267,400	439,761
Additional provision	8,420	23,184	31,604
Balance at 30 June 2019	180,781	290,584	471,365
Comprises			
Current	180,781	227,345	408,126
Non-current	0	63,239	63,239
	180,781	290,584	471,365
	2019	2018	
Amounts are expected to be settled on the following basis:	\$	\$	
Less than 12 months after the reporting date	408,126	172,361	
More than 12 months from reporting date	63,239	267,400	
	471,365	439,761	

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

15. 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:

	2019 Actual	2018 Actual
	\$	\$
Cash and cash equivalents	2,667,677	2,197,191
Reconciliation of Net Cash Provided By Operating Activities to Net Result		
Net result	(3,474,197)	(3,211,363)
Non-cash flows in Net result:		
Adjustments to fair value of financial assets	(70,068)	0
Fair value recognition of land	(15,508)	0
Depreciation	5,578,423	5,526,883
(Profit)/loss on sale of asset	20,491	(5,340)
Changes in assets and liabilities:		
(Increase)/decrease in receivables	(2,945)	743,630
(Increase)/decrease in inventories	6,850	(2,025)
Increase/(decrease) in payables	331,676	(810,460)
Increase/(decrease) in provisions	31,604	8,560
Grants contributions for the development of assets	(1,120,849)	(1,204,337)
Net cash from operating activities	1,285,477	1,045,548

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	136,480	147,238
Law, order, public safety	172,201	176,713
Health	123,826	130,139
Education and welfare	56,879	61,918
Housing	3,315,808	3,230,951
Community amenities	97,074	110,431
Recreation and culture	7,129,448	7,495,015
Transport	78,374,324	91,773,019
Economic services	1,437,432	1,451,242
Other property and services	232,758	299,893
Unallocated	25,095,117	24,284,157
	<u>116,171,347</u>	<u>129,160,716</u>

17. CONTINGENT LIABILITIES

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

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

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

ii. Shackleton - Lot 424 - Old Rubbish Tip Site

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

Soil and groundwater investigations have not been carried out and the quality of soil at the site and groundwater beneath the site is unknown. No risk assessment has been undertaken to determine the potential risk posed by the substances on the site to human health, the environment or any environmental value.

As the site has not been investigated, a comment cannot be made on the suitability of the site as a whole for any land use. The site is classified by DER as 'possibly contaminated - investigation required'.

The DER notice of classification requires that the Shire perform soil and groundwater investigations to ascertain the nature and extent of soil and groundwater contamination on the site.

18. CAPITAL AND LEASING COMMITMENTS

	2019	2018
	\$	\$
(a) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	378,161	0
	378,161	0
Payable:		
- not later than one year	378,161	0

The capital expenditure projects outstanding at the end of the current reporting period represent the delivery of a transportable residence for Curlew Drive, Bruce Rock and the installation of lighting at the Bruce Rock Hockey Turf.

(b) Operating Lease Commitments

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

19. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting Fees	13,941	15,000	11,383
President's Allowance	14,000	14,000	14,011
Deputy President's Allowance	3,500	3,500	2,335
Travelling Expenses	1,064	3,000	1,248
Telecommunication Allowance	3,500	5,500	5,520
	<u>36,005</u>	<u>41,000</u>	<u>34,497</u>

Key Management Personnel (KMP) Compensation Disclosure

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

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	543,476	515,086
Post-employment benefits	69,545	59,550
Other long-term benefits	51,864	1,865
	<u>664,885</u>	<u>576,501</u>

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.

19. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:

	2019 Actual	2018 Actual
	\$	\$
Sale of goods and services		
to KMP	44,306	26,946
to Other related parties	8,813	1,885
	<u>53,119</u>	<u>28,831</u>
Purchase of goods and services		
to KMP	182,807	159,305
to Other related parties	100	1,345
	<u>182,907</u>	<u>160,650</u>
Short term employee benefits to other related parties (salaries)	278,710	264,874
Amounts outstanding from related parties:		
Trade and other receivables	4,521	0
Amounts payable to related parties:		
Trade and other payables	14,251	0

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.

20. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2018-19 financial year.

21. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2018-19 financial year.

22. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received ⁽²⁾	Expended ⁽³⁾	Closing	Received ⁽²⁾	Expended ⁽³⁾	Closing
	Balance ⁽¹⁾ 1/07/17	2017/18	2017/18	Balance ⁽¹⁾ 30/06/18	2018/19	2018/19	Balance ⁽¹⁾ 30/06/19
	\$	\$	\$	\$	\$	\$	\$
General purpose funding							
WA Grants Commission	0	731,280	(731,280)	0	813,282	(813,282)	0
WA Grants Commission Advance Payment	0	795,546	(795,546)	0	833,489	(833,489)	0
WALGGC - Local Roads	0	343,983	(343,983)	0	353,966	(353,966)	0
WALGGC - Local Roads Advance Payment	0	419,115	(419,115)	0	427,085	(427,085)	0
Law, order, public safety							
AWARE - State Emergency Management	5,455	0	0	5,455	0	(5,455)	0
ESL Operating Grant for BFB	0	13,292	(13,292)	0	14,516	(14,516)	0
Bayer Croscience - Community Emergenc	0	0	0	0	4,870	(4,870)	0
Recreation and culture							
DSR - CSRFF Grant Hockey Turf	0	29,950	(29,950)	0	0	0	0
Australian Sports Commission - Lighting	0	0	0	0	61,386	0	61,386
Transport							
Regional Road Group	0	384,787	(384,787)	0	280,812	(280,812)	0
Main Roads - Direct Grant	0	102,521	(102,521)	0	174,681	(174,681)	0
Main Roads - Bridges	0	18,000	(18,000)	0	65,000	(65,000)	0
Main Roads - Black Spot	0	19,536	(19,536)	0	163,743	(163,743)	0
Main Roads - Streetlight Subsidy	0	4,347	(4,347)	0	4,204	(4,204)	0
Roads to Recovery	275,351	752,064	(1,012,610)	14,805	419,843	(434,648)	0
WANDRRA - Flood Repairs Funding	0	1,052,635	(1,052,635)	0	104,118	(104,118)	0
WALGGC - Special Projects Bridges	0	0	0	0	130,065	(130,065)	0
Economic services							
Stronger Communities	0	0	0	0	3,095	(3,095)	0
DVA - Vets Weekends	0	341	(341)	0	0	0	0
Total	280,806	4,667,397	(4,927,943)	20,260	3,854,155	(3,813,029)	61,386

Notes:

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

23. RATING INFORMATION

(a) Rates

RATE TYPE	Number of Properties	2018/19		2018/19		2018/19		2018/19		2017/18	
		Rate in \$	Actual Rateable Value	Actual Rate Revenue	Actual Interim Rates	Actual Total Revenue	Budget Rate Revenue	Budget Total Revenue	Actual Total Revenue		
Differential general rate / general rate			\$	\$	\$	\$					\$
Gross rental valuations											
General Rate	193	0.064500	1,792,681	115,628	(635)	114,993		115,628			110,682
Unimproved valuations											
General Rate	318	0.012612	99,502,000	1,254,919	(67)	1,254,852		1,254,919			1,196,300
Sub-Total	511		101,294,681	1,370,547	(702)	1,369,845		1,370,547			1,306,982
Minimum payment											
Gross rental valuations											
General Rate	174	449	657,671	78,126	0	78,126		78,126			73,359
Unimproved valuations											
General Rate	25	449	539,500	11,225	0	11,225		11,225			9,438
Mining Tenements	3	449	46,666	1,347	0	1,347		1,347			1,046
Sub-Total	202		1,243,837	90,698	0	90,698		90,698			83,843
Discounts/concessions (refer Note 23(d))											
Total amount raised from general rate	713		102,538,518	1,461,245	(702)	1,460,543		1,461,245			1,390,825
Ex-gratia rates						(38,029)		(37,000)			(35,751)
Totals						1,422,514		1,424,245			1,355,074
						11,961		11,961			11,391
						1,434,475		1,436,206			1,366,465

SIGNIFICANT ACCOUNTING POLICIES

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

23. RATING INFORMATION (Continued)

(b) Specified Area Rate

No specified area rates were imposed by the Shire of Bruce Rock.

(c) Service Charges

No service charges were imposed by the Shire of Bruce Rock.

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

23. RATING INFORMATION (Continued)

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

Rates Discounts				2019	2019	2018	
Rate or Fee	Discount	Discount	2019	Budget	Actual	Circumstances in which Discount is Granted	
Discount Granted	%		Actual				
Rates	3.00%	N/A	\$ 38,029	\$ 37,000	\$ 35,751	A discount of 3% of the current rates levied (excluding services charges) will be offered to rate payers who make payment of the full amount owing, including arrears and service charges on or before the 21st September 2018 or 35 days after the date of service appearing on the rates notice, whichever is the later.	
			38,029	37,000	35,751		
Waivers or Concessions							
Rate or Fee and Charge to which the Waiver or Concession is Granted							
	Type	Discount %	2019 Actual	2019 Budget	2018 Actual		
Rubbish charge	Pensioner Senior	50.00% 25.00%	\$ 14,820	\$ 14,680	\$ 13,992		
Recycling charge	Pensioner Senior	50.00% 25.00%	5,564	5,650	5,395		
			20,384	20,330	19,387		
Rate or Fee and Charge to which the Waiver or Concession is Granted							
	Circumstances in which the Waiver or Concession is Granted and to whom it was available					Objects of and reasons for the Waiver or Concession	
Rubbish charge	Rate payer must be registered as a pensioner, concession card holder or senior under the Rates & Charges (Rebates & Deferments) Act 1992.					Discount of 50% applicable for pensioners and 25% applicable for seniors- reduction in service charge if registered as a pensioner, concession card holder or senior.	
Recycling charge	Rate payer must be registered as a pensioner, concession card holder or senior under the Rates & Charges (Rebates & Deferments) Act 1992.					Discount of 50% applicable for pensioners and 25% applicable for seniors- reduction in service charge if registered as a pensioner, concession card holder or senior.	

23. RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan	Instalment Plan	Unpaid Rates
		Admin Charge	Interest Rate	Interest Rate
		\$	%	%
Option One				
1 Payment	21 Sep 2018	0.00	0.00%	0.00%
Option Two				
2 Instalment Option	21 Sep 2018	0.00	5.50%	11.00%
	23 Nov 2018	10.50	5.50%	11.00%
Option Three				
4 Instalment Option	21 Sep 2018	0.00	5.50%	11.00%
	23 Nov 2018	10.50	5.50%	11.00%
	25 Jan 2019	10.50	5.50%	11.00%
	29 Mar 2019	10.50	5.50%	11.00%

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Interest on unpaid rates	13,347	14,000	12,582
Interest on instalment plan	1,238	850	817
Charges on instalment plan	1,575	1,300	1,290
	<u>16,160</u>	<u>16,150</u>	<u>14,689</u>

24. RATE SETTING STATEMENT INFORMATION

	2018/19 (30 June 2019 Carried Forward)	2018/19 (30 June 2019 Carried Forward)	2018/19 (1 July 2018 Brought Forward)	
Note	\$	\$	\$	
(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	10(a)	(12,530)	(1,000)	(8,976)
Less: Non-cash grants and contributions for assets		(15,508)	0	0
Less: Fair value adjustments to financial assets at amortised cost	7(b)	(70,068)	0	0
Movement in pensioner deferred rates (non-current)	5	(448)	(954)	(2,161)
Movement in employee benefit provisions (non-current)	14	11,583	0	(101)
Add: Loss on disposal of assets	10(a)	33,021	137,500	3,636
Add: Depreciation on assets	10(b)	5,578,423	3,920,994	5,526,882
Non cash amounts excluded from operating activities		5,524,473	4,056,540	5,519,280
(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 - restricted cash	3	(1,260,128)	(1,251,611)	(1,309,120)
Add: Borrowings	13(a)	70,719	58,897	69,045
Add: Cash Back Reserve - LSL	4	113,319	113,576	110,813
Total adjustments to net current assets		(1,076,090)	(1,079,138)	(1,129,262)
Net current assets used in the Rate Setting Statement				
Total current assets		4,243,647	1,443,235	3,826,506
Less: Total current liabilities		(1,124,929)	(364,097)	(771,558)
Less: Total adjustments to net current assets		(1,076,090)	(1,079,138)	(1,129,262)
Net current assets used in the Rate Setting Statement		2,042,628	0	1,925,686

25. FINANCIAL RISK MANAGEMENT

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

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.

(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
	%	\$	\$	\$	\$
2019					
Cash and cash equivalents	1.19%	2,667,677	0	2,666,977	700
Financial assets at amortised cost - term deposits	2.42%	1,260,128	1,260,128	0	0
2018					
Cash and cash equivalents	1.45%	2,197,191	0	2,196,491	700
Financial assets at amortised cost - term deposits	2.60%	1,309,120	1,309,120	0	0

Sensitivity

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

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	26,670	21,965

* 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 13(b).

25. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade Receivables

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

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

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

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

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

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	3,026	32,948	23,544	66,013	125,531
Loss allowance	0	0	0	0	0
01 July 2018					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	1,740	48,395	34,230	59,062	143,427
Loss allowance	0	0	0	0	0

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	107,008	4,386	16,203	19,890	147,487
Loss allowance	0	0	0	0	0
01 July 2018					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	1.4792%	
Gross carrying amount	82,667	14,451	2,523	24,744	124,385
Loss allowance	0	0	0	366	366

25. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 13(e).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2019					
Payables	646,084	0	0	646,084	646,084
Borrowings	74,746	0	0	74,746	70,719
	<u>720,830</u>	<u>0</u>	<u>0</u>	<u>720,830</u>	<u>716,803</u>
2018					
Payables	314,408	0	0	314,408	314,407
Borrowings	73,634	73,674	0	147,308	139,764
	<u>388,042</u>	<u>73,674</u>	<u>0</u>	<u>461,716</u>	<u>454,171</u>

26. 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 2018	Amounts Received	Amounts Paid	Amount reclassified to Municipal	30 June 2019
	\$	\$	\$	\$	\$
Factory Unit & Housing Bonds	15,293	3,135	(7,009)	(9,936)	1,483
Nomination Deposits	0	240	(240)	0	0
Fundraisers	0	400	(100)	0	300
Kwolyin Progress Assoc	501	0	0	0	501
Sale of Land Deposits	1,000	0	0	0	1,000
Bruce Rock Museum Funds	34	0	0	0	34
Overpayment of Rates	120	0	0	0	120
Community Rec Centre	25	0	0	0	25
Tidy Towns	1,512	0	0	0	1,512
Vietnam Veterans	7,541	0	0	0	7,541
Wind Up Committee	125	0	0	0	125
Wheatbelt Women	7,839	0	0	0	7,839
Hall Hire Bonds	0	100	(100)	0	0
LG Professionals CW Branch	504	512	(1,016)	0	0
	34,494	4,387	(8,465)	(9,936)	20,480

27. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There have been no events occurring after the end of the reporting period that affects the financial statements.

28. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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

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

(a) Revenue from Contracts with Customers

The Shire will adopt AASB 15 *Revenue from Contracts with Customers* (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. A portion of the Shire's revenue from grants, contributions and reimbursements is likely to be deferred although the amount is not expected to be material.

(b) Income For Not-For-Profit Entities

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

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates will be recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurs the financial liability will be extinguished and the Shire will recognise income for the prepaid rates that have not been refunded. The financial impact of these are not expected to be material.

29. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

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

AASB 9 Financial instruments

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

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139. There were no adjustments to the accumulated surplus as a result of adopting AASB9 as the financial impact was not material.

(a) Classification and measurement

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

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

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

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

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

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

AASB 139 category	AASB 139 value	AASB 9 category amortised cost	Fair value through OCI	Fair value through P/L
	\$	\$	\$	\$
Loans and receivables				
Trade receivables	267,812	267,812	0	0
Loans and advances	0	0	0	0
Available for sale financial assets	0	0	0	0
	267,812	267,812	0	0

(b) Impairment

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

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

30. 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.

31. ACTIVITIES/PROGRAMS

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

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

32. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	2.89	3.80	2.45
Asset consumption ratio	0.69	0.98	0.95
Asset renewal funding ratio	1.19	N/A	N/A
Asset sustainability ratio	0.28	0.24	0.32
Debt service cover ratio	13.71	15.51	35.97
Operating surplus ratio	(1.99)	(1.87)	(0.70)
Own source revenue coverage ratio	0.23	0.22	0.30

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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$