

Shire of Shark Bay

2019/2020

ANNUAL REPORT



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PRESIDENT'S REPORT

From early March 2020, it has been a challenging time for all of us in adjusting to the restrictions of the worldwide Covid-19 virus pandemic. However, the community of Shark Bay has displayed strength and resilience throughout this period, banding together and supporting each other to ensure that community members have remained Covid free in the Bay. It's a tribute to you all that we have such an inclusive and caring community which has contributed to us being able to maintain this status.

During the height of the pandemic, much of the Shire's infrastructure and facilities were required to be closed and non-operational. However, as restrictions eased and limits on numbers were introduced, it became possible to re-open facilities and operations to the public again and this has continued as regulations have been amended.

Shire staff at the Shark Bay World Heritage Discovery and Visitor Centre were very proactive in April, marketing and promoting Shark Bay via social media, and television and radio advertising of the area in anticipation of a recovery phase which would provide some economic relief for our local tourism operators and businesses. With further reductions in Western Australia's regional travel boundaries occurring in May, these media campaigns paid off, with a significant influx of visitors to our Shire occurring and accommodation being fully booked out during the July school holiday period.

This resulted in local businesses reporting economic relief and returning cash flows, which are anticipated to continue beyond Covid. As many of these visitors would normally travel overseas at this time of the year and reported that this was either their very first visit to Shark Bay or they hadn't visited for many years, it is likely this will result in an increase in return visitors into the future.

Shire Councillor's resolved in March to cancel training courses and conference attendances in addition to not increasing the rate in the dollar, nor increasing any fees and charges for the 2020/2021 financial year, in recognition of the economic constraints being experienced by local community members, families and businesses throughout the 2019/2020 financial year due to the Covid-19 outbreak.

To achieve this objective without significantly reducing the services provided to the community, the focus will be on operational expenditure and ongoing maintenance commitments to infrastructure and plant, which will in turn assist to maintain service delivery levels to the local community.

We were fortunate that both State and Federal Governments provided funding to ensure that REX airline services, which was struggling to maintain capacity to operate across its networks, has continued to provide vital services to Shark Bay throughout the Covid period, although with reduced numbers of regular flights.

The review of the Shire's Strategic Community Plan and community consultation surveys and workshops in early 2020, indicated that community members appreciate that they live in an incredibly unique and special place and that their aspirations are to have balanced economic growth, as well as population growth, whilst also protecting and maintaining our pristine environment and local character.

It's an exciting development that Denham has been selected to trial the first hydrogen power plant in Western Australia to be powered by solar energy. Which, if successful, could become the model blueprint for hydrogen power in other regional towns and provide the opportunity to expand the plant to supply full power requirements for the town in the future whilst also contributing to Horizon Power's goal of 'no new diesel power by 2025'.

It is pleasing that four Shark Bay businesses were recipients of State Government Regional Economic Development grant funding which was announced in late 2019. They are; Dirk Hartog Island Distilleries, Tidal Moon Sea Cucumbers, Denham Seaside Caravan Park expansion and Ngala Early Years childcare facility.

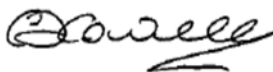
A big thank you to everyone who attended the workshops and presentation in regard to the Coastal Hazard Risks and Planning which discussed the recommendations from the State Government's plan to deal with future impacts from seawater inundation and coastal land erosion associated with projected sea level rises. The Coastal Risks Management Plan has identified local areas (particularly along Denham foreshore) which are at risk and developed options to ensure Denham is well prepared for these potential coastal hazards.

The Western Australian Local Government Association, which represents 139 local governments in the State, held its 2019 Regional State Council meeting in Shark Bay. This regional meeting involved 45 Councillor's from around the State, plus also the Western Australian Local Government Association staff, who stayed in the Bay for a few days. It was a great opportunity to showcase our area, both physically and via video presentations, to a significant and very varied group who were extremely positive about our patch of paradise. In August 2019, we extended a warm welcome to the Bay for His Excellency, the Hon. Kim Beazley, Governor of Western Australia at a civic reception held in the Emergency Services precinct. Volunteers from a diverse range of local groups attended the function. As it was the Governor's first visit to Shark Bay, it was a chance to show him many of our local facilities and the area's natural assets.

Council provides Community Assistance Grants to local community groups to ensure continuation of their operations, both in community and recreational groups and emergency services. These groups contribute a great deal to the local community and also to visitors. Thank you to all of our volunteers for providing your skills, time and energy to support our lifestyle and wellbeing.

Thanks also to the Shire staff for your dedication and hard work, in sometimes trying circumstances, to maintain our community roads, grounds and amenities in excellent condition, thus generating community pride and also visitor satisfaction. Likewise, to those who provide great support in administrative positions and customer service roles.

The continued overarching goal of Council is to encourage new development and business opportunities which will lead to additional services, amenities and infrastructure for Shark Bay, and in turn to a benefit for the local community. However, as the majority of visitors to the Bay are here to appreciate the area's natural attributes, Council has also to ensure that the balance between community expectations and sustainable economic development is maintained.



Cheryl Cowell
SHIRE PRESIDENT

GENERAL INFORMATION

The Shire of Shark Bay is made up of two peninsulas on the western most point of Australia it includes 1,500 km of coastline, together with some 25,000 square kilometres of hinterland. The Bay's main body of water covers an area of approximately 8,000 square kilometres with average water depth of 10-15 metres and is divided by shallow banks and many peninsulas and islands.

The town of Denham, the main settlement within the Shire, is 833 km from Perth, 405 km from Geraldton, 330 km from Carnarvon and 129 km from the Overlander turnoff on the North West Coastal Highway. Shark Bay has a permanent population of 950 people and it is estimated that this figure doubles during the tourist season April to October.

Shark Bay enjoys a mild climate all year round with an average temperature of 26.5 degrees Celsius. The average annual rainfall is 228 mm, most of which occurs between May and August.

Outside Denham, settlements also exist at Monkey Mia, Nanga, Overlander, Billabong (Wannoo) and Useless Loop. Useless Loop is a "closed" mining town located 250 km from Denham by road or 25 km across the bay. The region's landscapes and habitats range from rugged sea cliffs along the coast to tranquil bays and inlets fringed with wide beaches of sand and shells. Shark Bay has a strong community spirit with several sporting, recreational, educational, youth, special interest groups, clubs and committees. Many of these groups organise annual and weekly events for residents and visitors in the Shire of Shark Bay.

Tourist Attractions

Shark Bay World Heritage Discovery and Visitor Centre, World Heritage Listing, Monkey Mia, Stromatolites, Shell Beach, Steep Point (the most western point on mainland Australia), fishing, indigenous culture, Dirk Hartog Island, Peron Peninsula, aquaculture and Cape Inscription (first documented landing by Europeans on Australian soil in 1616).

Local Industries

Pastoral, tourism, fishing, salt production, pearl culturing, shell grit mining.

Significant Local Events

Far Western Speedway Championship – July, Bowling Club Anniversary Meeting – July, Denham Golf Open – August, Fishing Fiesta – May

STRATEGIC OBJECTIVES

In order to discharge its responsibilities to the community, the Shire of Shark Bay has developed a set of operational and financial objectives. These objectives have been established on an overall basis reflected by the Shire’s Vision Statement and for each of its broad activities/programs. These objectives provide a framework for the future direction of the Shire of Shark Bay.

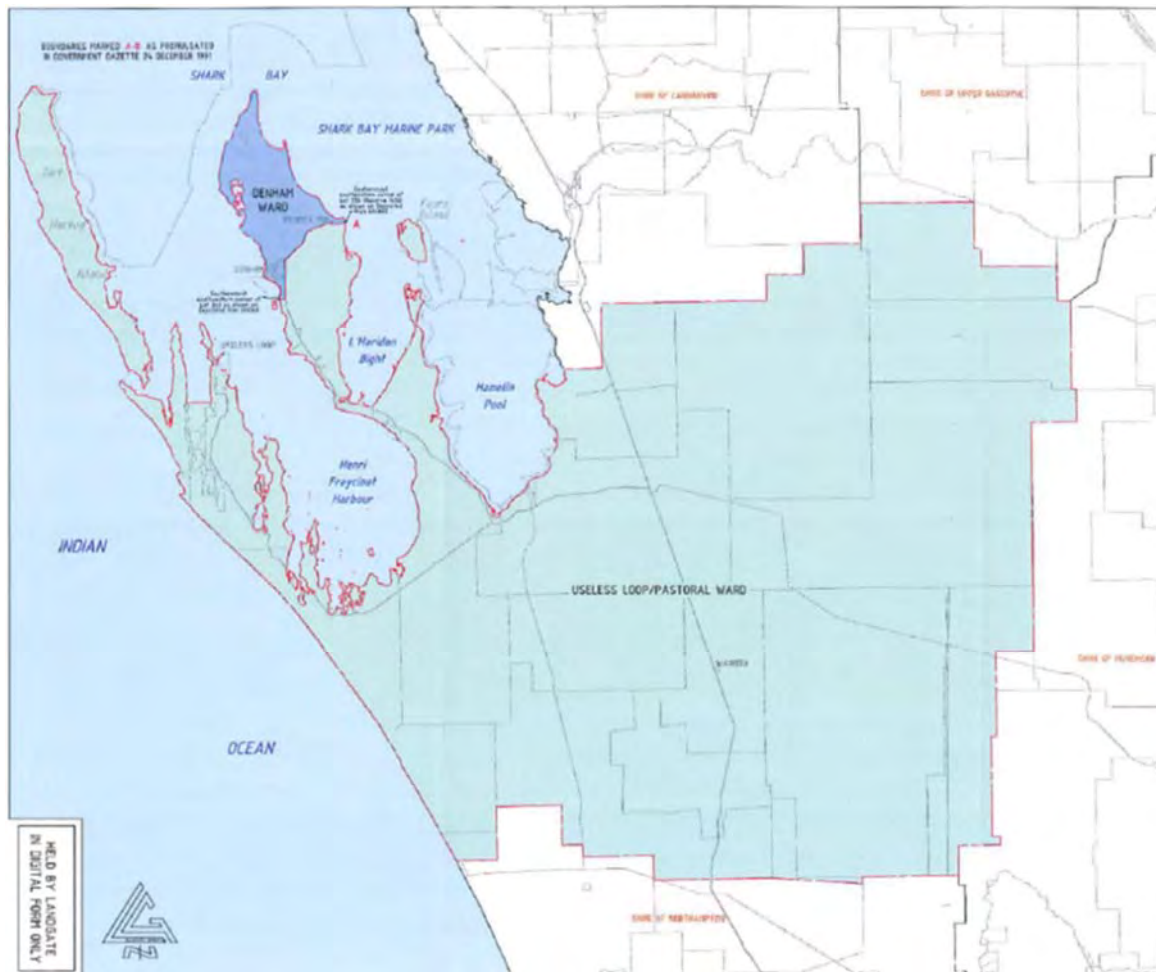
Shire of Shark Bay Vision Statement

Shark Bay is a proud unified community, respecting and sharing our pristine environment and great lifestyle.

The Council Wards

There are two Wards in the Shire of Shark Bay

- Denham Ward
- Useless Loop / Pastoral Ward



CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to report to residents of the Shire of Shark Bay that the Shire has continued to improve in the delivery of its services, improvements to infrastructure and is operating in an open, efficient, and accountable manner.

The 2019/2020 year proved to be far more challenging than was anticipated due to the COVID-19 pandemic.

I would like to thank the dedicated Shire employees and local external contractors who continued to maintain the level of service to the community in which was a very uncertain and challenging environment.

I firmly believe that this stability and ongoing provision of the majority of the Council's functions significantly contributed to the overall health, social and economic wellbeing of the community during the initial stages of the pandemic.

The Shire in assessing the emerging environment during a review of the Strategic Community Plan took action in February/March 2020 through a review of the operational and capital expenditure.

The review and reduction of capital expenditure along with the processes and protocols that were required to be put in place assisted the community in what was a very unanticipated circumstance.

This included the Long-Term Financial Plan being amended to not have an increase in rate revenue in the 2020/2021 financial year and reduced operating and capital expenditure in future years that reflected this reduction in revenue.

This strategy enabled the Council in the second half of the financial year to allocate additional funds to reserves to ensure the Council was in a stronger long term financial position and be able to address any possible cash flow issues or possible unanticipated expenditures.

Following the opening of the Western Australia regional borders in late May 2020 the majority of business in the Shire experienced a significant economic turnaround which has continued into the new financial year.

The increase in tourism and economic growth the Shire was experiencing before the pandemic due to the investment in capital projects and promotion of the area has greatly assisted the ability to recover and prosper as a community.

The biennial elections to Council were held in October 2019 and it was very positive to have a number of candidates nominating for the vacancies in the two wards. The election was undertaken through the postal voting process and a very healthy 56.33% of the total electors voted through the postal voting process. The participation rate in nominating and participating in the elections certainly indicates that the community has a very healthy interest in democracy and the individuals that represent them.

The Shires major project of replacing the artesian bore located at the oval was finalized in the 2019/2020 year with the cost of \$800,000 being fully funded through a loan. This service is crucial to maintain the grassed areas on the foreshore and oval that are greatly utilized and appreciated by the community and visitors.

The 2019/2020 year also continued the period of maintenance consolidation following a number of years of building and improving infrastructure.

The investment by RAC to the redevelopment of the Monkey Mia Resort, had for the majority of the year a positive effect on the business economy with the increased marketing exposure contributing significantly to an increased visitation throughout the Shire.

The increased exposure and visitation will contribute in the long term to investment and development of other businesses throughout the Shire.

The Shire, due to prudent and effective management, has maintained a positive financial position and it is planned to continue this practice through responsible financial management.

The impact of community assets has as previously highlighted increased operating costs as has increasing maintenance needs of existing assets.

This has been highlighted by the Councils financial management ratios that indicate the Council needs to reduce its overall operating shortfall while increasing funding to maintain its assets.

The Council addressed this issue in the February 2019 budget review and significantly reduced its capital expenditure program and reviewed a number of operating expenditure areas.

The strategy of reviewing all areas of operating expenditure continues to be addressed and will see a reduction in the operating shortfall. This is a strategy that needs to continue as the Council has limited operating funding sources and relies heavily on its limited rate revenue base.

The Shire has continued to provide a number of programs through the Community Development section which are being well supported and contribute to the wellbeing of the residents. The collaboration between the Shire and Shark Bay Community Resource Centre has been very beneficial in providing these services with the running of the Shark Bay Recreation Center has greatly benefited the community and I look forward to this collaboration continuing.

The Shark Bay World Heritage Discovery and Visitor Centre had been experiencing increased visitation prior to closing during the initial stages of the pandemic and staff were redeployed to maintain a presence on social media and the preparation of advertising in anticipation of the easing of travel restrictions.

This strategy significantly raised the profile of the Shark Bay area and has seen a very good recovery for the tourism industry and the Discovery Centre.

I would continue to stress that the Shire and community must remain vigilant in ensuring that ongoing operational costs of new and existing facilities do not significantly impact upon the ability of the Council to provide for future projects.

The Shire has continued to address the many challenges of providing services in a remote location during the 2019/2020 year and I am confident that the Shire is providing for the residents of the district while positioning itself well to address future opportunities and I look forward to assisting the community achieve the long term goals in an economic, social and environmentally sustainable manner.



Paul Anderson
CHIEF EXECUTIVE OFFICER

FINANCE AND ADMINISTRATION

Overall Financial Position

The financial position of the Shire of Shark Bay remains stable irrespective of the impact of COVID-19 due to the strategies implemented to minimise the Councils financial risk as a result of this pandemic. The carried forward balance as at the 30 June 2020 is \$1,643,704. This result excludes Contract Liabilities, totalling \$33,488 detailed in Note 13 of the financial statements, comprising unspent Grants at year end for Fire and Emergency Services, Little Lagoon Trial Signage and Barriers, Regional Road Group Eagle Bluff Road and Gascoyne Sports Modelling which will be carried forward into the 2020/2021 financial year in readiness for project completion. In addition, an early payment of \$1,006,420 for 2020/2021 General Purpose Financial Assistance Grant has been treated operating revenue and contributed to this surplus.

Overall Income

Overall income of \$6,407,743 was greater than the budgeted amount of \$5,353,517 mainly due to the advance payment of the 2020/2021 Financial Assistance Grant (\$1,006,420) in the 2018/2019 year.

Operating Income

Operating income of \$5,868,223 was greater than the budgeted amount of \$4,826,055 due to operating grants received in advance of \$1,006,420.

Rates

The total net general rate revenue for 2019/2020 was \$1,446,352 which represented an increase over 2018/2019 of \$131,218 of which \$79,007 comprised back and interim rates due to increases in valuations in the Gross Rental and Unimproved Value rate categories. The remaining \$52,211 is in line with the Shire's Strategic Plan equating to an overall 4 percent increase in rates. In 2019/2020 general rates made up 25% of the Shire's operating revenue. Rates outstanding at year end totaled \$32,544 which represents a 98% collection rate for the year.

Operating Expenditure

Operating expenditure of \$7,030,381 was \$13,706 over the budgeted amount of \$7,016,675 substantially due to the Class A Reserve 45948 which comprises the Cape Inscription Light House Quarters and associated building being handed back to the State and resulted in a loss of disposal/devaluation of assets of \$819,091 with the benefit of removing ongoing future expenditure liability. Should this not have occurred our Operating Expenditure would have been \$805,385 under budget because of strategies implemented by the Shire to reduce operating expenditure during the COVID-19 pandemic and reliance on external funding.

Capital Expenditure

Capital expenditure of \$2,099,815 was less than the budgeted amount of \$2,650,338 due savings in the acquisition of Major Plant and Equipment and the COVID-19 pandemic causing delays and deferrals for the following capital projects which will be carried forward into 2020/2021 financial year.

Major projects carried forward include:

Asbestos Removal – Shire Properties	\$ 150,000
Morgue Replacement	\$ 20,000
Housing	\$ 85,000
Depot Office Awning	\$ 9,400
Depot Boundary Fencing	\$ 7,721
CEO Vehicle Replacement	\$ 65,000
Cemetery Shade	\$ 5,000
Hamelin Pool Carpark Upgrade	\$ 10,000
West End Toilet Roof Replacement	\$ 15,000
Playground Fence Replacement	\$ 8,000
Charlie Sappie Park Bed Replacement	\$ 20,000
Multi Purpose Courts Light Upgrade	\$ 10,000

Total Debt

A Western Australian Treasury Corporation Loan was raised In April 2020 for the amount of \$800,000 to fund the replacement of the Town Oval Artesian Bore due to the imminent failure of the old one. The term of the loan was 20 years incorporating bi-annual repayments at a compounding semi annual fixed rate interest rate of 2.24%. The Shire's total loan liability as at 30 June 2020 was \$912,863.77

This loan liability is made up of the following:

Staff Housing	\$ 9,900.65
Monkey Mia Bore	\$ 102,963.12
Town Oval Bore	\$ 800,000.00

Cash Backed Reserves

The Shire's cash backed reserves increased over the year by \$1,017,957. Significant transfers from these reserves in 2019/2020 included \$370,128 for the infrastructure upgrades and \$173,802 for plant replacement. Transfers to reserves included \$505,000 for plant replacement, \$881,168 for strategic infrastructure renewal, \$116,143 for Pensioner Unit Maintenance and upgrades and \$52,000 for Recreation Facility Replacement and upgrades.

WORKS REPORT

The Shire's outside employees contributed to capital projects undertaken either as total construction by the Shire or in a supporting role with outside contractors. Their performance was admirable and with the addition of normal operational duties, they performed in an enthusiastic manner throughout 2019/2020 with positive outcomes achieved.

During the 2019/2020 year the following capital major projects were finalised;

- base course works on the Eagle Bluff Road in preparation for 1.5 km of new seal
- upgrades on the Useless Loop Road including 4.5 km of new seal
- stage one of the Brockman Street upgrades, including asphalt and new dual use paths.
- Completion of the new Artesian Bore

Due to the COVID-19 pandemic some capital work projects were held over, these projects have since been reinstated in the 2020/2021 budget.

The Shark Bay Bring Centre has proven to be an ongoing success with the community and has maintained a consistent amount of recyclable products being deposited throughout the year.

The markets for the sale of recyclable products is still difficult, however the reduction in waste to landfill has and continues to be a positive result.

The standard of maintenance and operational activities associated with the Shire's day to day routine operations have been continued throughout the year. Town oval, Foreshore Parks, Foreshore playground and the Shark Bay Recreational Centre are among some of the more significant maintenance requirements along with Refuse and Recycling and Road Maintenance.

These more major activities are undertaken along with numerous minor and or reactive activities that are just as important and essential to the successful outcomes associated with the Shire of Shark Bay. Shire staff have performed these duties in a conscientious and responsible manner and should be commended.

Plant and machinery purchased during the year was in accordance with the Shire's plant replacement program. This ensures that Plant and Machinery used in the Shire operations is safe and fit for purpose. Comprehensive evaluations are undertaken to ensure best value for money for the Shire.

I would like to thank all the Shire of Shark Bay's Country, Town and Administrative employees for their ongoing support throughout the year especially with the onset of the Covid-19 pandemic. All staff performed their duties admirably and 2019/2020 was still a positive and productive year even with all the uncertainty hanging over everyone's head. I look forward to these continued performances in 2020/2021.

TOURISM, COMMUNITY AND ECONOMIC DEVELOPMENT REPORT

COMMUNITY ENGAGEMENT

Shire of Shark Bay maximizes the use of the mobile phone SMS system allowing a Shire-to-resident communication strategy. SMS communications are distributed to 275 people in one hit, thus proving to be an efficient way to keep the community informed.

The Shire's Facebook page is a functional tool with which to communicate important information to the broader community. The page has 900 followers and by "Sharing" the messages to the two local community administrated Facebook group pages, the Shire can access a further 6,500 members.

The Shire's website and noticeboard is updated on a regular basis with latest news and information.

During COVID-19 restrictions, communication to residents increased significantly. Weekly phone check-ins were undertaken with the Herald Denham Pensioner Unit tenants and daily Facebook posts shared relevant information aligned with the State Government's COVID-19 roadmap to recovery. Information shared also included Public Notice messages from the Shire's President and Chief Executive Officer during the COVID-19 impact.

The Shire engaged with Moore Australia (WA) to facilitate the Shire's Strategic Community Plan review in February, including a community survey and workshop with community members and elected members. The Shire's Strategic Community Plan 2020 -2030 was endorsed in March.

COMMUNITY FACILITIES

The Shark Bay Recreation Centre continues to be managed by Shark Bay Community Resource Centre. The users participated in a range of open courts, nightly sports, school holiday programs and toddler activities during the year. The Centre receives consistent attendance throughout the year with total of 4,856 participants registered for this financial year, and in October 2019, the Centre recorded its second highest attendance numbers since opening with 1,065 people through the doors. It is important to note that due to COVID-19 restrictions, the Centre was closed between 23 March – 15 June. This also provided an opportunity to undertake facility maintenance including painting and a deep clean of equipment.

The Shark Bay Community Gym has a total of 90 annual gym members. Due to COVID-19 restrictions, the Gym was closed between 23 March – 29 June. Full prorata refunds were given to gym members for this period, with the closure providing an opportunity to deep clean the facility and all equipment.

The Shire formed a partnership with Department of Local Government, Sport and Cultural Industries for the Gascoyne Sports Modelling and Activation Planning. The jointly funded project engaged sport consultant Michelle McManus to conduct an analysis review of infrastructure usage and delivery models for sport and recreation within the Shire. The original partnership with Department of Local Government, Sport and Cultural was agreed for 12 months, however, due to the COVID-19 impact the partnership has been extended into the 2020/2021 financial year. Upon completion, a report will be submitted to Council so it can plan for optimal usage of sporting infrastructure and appropriate models of sport and recreation delivery for the community.

An outdoor water fountain was installed at the Town Oval for participants to utilise when participating in outdoor activities within the Recreation Precinct.

The Shark Bay Public Library continues to be a popular service for all ages of the community with 237 Library members. During COVID-19 restrictions, there was an opportunity to implement E-Resources and the Shire was successful in introducing Borrowbox, RBDigital, Kanopy and Kanopy Kids, Storybox Library and Busy Things to our Shark Bay Public Library members.

COMMUNITY EVENTS

The Shark Bay Winter Festival Markets was held at George Wear Park on 14 July during the school holidays. Entertainment was organised and funded by the Shire to complement the market activities. The Shark Bay Winter Market hosted 31 stalls and received positive feedback from both locals and visitors.

Western Australia's Governor, the Honorable Kim Beazley AC visited Shark Bay on 27 & 28 August. The Shire hosted a Civic Function at the Emergency Services Precinct acknowledging the local emergency service volunteers; St John Ambulance, State Emergency Services, Volunteer Marine Rescue and Denham Volunteer Fire and Rescue.

Thank a Volunteer Day celebrations was held on 5 December at Rose de Freycinet Gallery to acknowledge the outstanding and essential work of all volunteers in our community. The value of our community volunteer contribution was recognized with the presentation of a certificate and small gift. This event was part funded by the Department for Communities.

The Shark Bay Community Resource Centre were engaged to coordinate this year's Shark Bay Australia Day breakfast and Citizen of the Year award presentation. The awards recognised outstanding community contribution under four categories, Citizen of the Year, Citizen of the Year (Youth), Citizen of the Year (Senior) and Citizen of the Year (Community Group).

The Shire supported the annual Keep Australia Beautiful community clean-up on 8 March with 33 Shark Bay community members participating. Participants collected a total of 25 bags of rubbish from the main streets, the foreshore, Little Lagoon, and along Denham Shark Bay Road. The hard-working participants were treated to a BBQ breakfast after the event.

The Shark Bay Community Resource Centre was successful in receiving funding to host a Harmony Week community event. The collaborative event was hosted by Shark Bay Community Resource Centre, Shark Bay Youth Group and the Shire at the Shark Bay Recreation Centre on 14 March. The free event featured stalls representing eight different countries with cultural food and activities for all ages.

ANZAC Day commemorations were cancelled this year due to COVID-19 restrictions, so the Shire supported the Shark Bay RSL with alternative strategies to commemorate the event, including a dawn service at the end of resident's driveways and ANZAC biscuits delivered to senior community members.

CHILD CARE SERVICES

The Shire of Shark Bay has an ongoing partnership with Ngala – Bright Stars child Care Services, with the Shire providing minimum rent of the Day Care Facility on Hughes Street. The Family Day Care hosts two educators and provides day care to a range of families throughout the year. Ngala has successfully obtained funding for a new Day Care building which will be constructed next year.

YOUTH

The Shire has provided strategic support to young people in Shark Bay through School-to-Work transition work experience and volunteering opportunities. Council continues to show support to the Shark Bay Youth Group by providing free use of the Shark Bay Recreation Centre facility, once a week during School term. In addition, the Shark Bay Youth Group have been offered opportunities to fundraise at various Shire-organised events throughout the year.

The United Nations Youth Representative Kareem El-Ansary visited Shark Bay on 2 & 3 July. The Shark Bay Youth Group were invited to participate in the consultation to share their voice and showcase our community. Kareem presented his statement to the 74th United Nations General Assembly on 10 October.

The Shire funded Laser Corps to provide a Laser Tag activity at Denham Town Oval during the October School Holidays. The active event was targeted at young people aged 25 or less and was well attended by both residents and visitors.

Youth Week activities were scheduled to be held on 18 & 19 April but due to COVID-19 restrictions the event was cancelled, along with the Youth Week Program and April School Holiday Program at the Shark Bay Recreation Centre. In response to this the Shire, in collaboration with Shark Bay Community Resource Centre, prepared Children and Youth take-home activity packs that included activities to keep our young people mentally and physically active while they were at home.

SENIORS

The Denham Seniors Group were meeting on a weekly basis at Denham Town Hall until the group's association voluntarily cancelled their incorporation in November. The group rebranded as the Friendly Hub and the Shark Bay Community Resource Centre commenced hosting weekly meetings to provide an opportunity for seniors to continue to meet on a regular basis. Local excursions were arranged by Shark Bay Community Resource Centre and guest speakers were invited to attend to provide important up-to-date information to our senior community.

National Seniors Week in November was celebrated at Shark Bay Bowling, Sport and Recreation Club with variety of physically and mentally active games. This event was held in collaboration with Shark Bay Community Resource Centre and partially funded by Department of Communities.

Shark Bay Community Men's Shed continue to meet on a weekly basis and operate from private temporary premise in Denham. The Shire continues to support the group and to advocate for them to relocate to a permanent premise with access to power and water.

The annual Seniors Christmas Lunch was held in December at the Denham Town Hall. The event was funded by the Shire and catered by community member Julie Robbins, who provided a three-course meal for the attendees. The Shark Bay Community Resource Centre provided a small Christmas gift to all attendees.

The Shire of Shark Bay continues to manage 13 low-cost rental accommodation at the Herald Denham Pensioner Units on Hughes Street. The Shire continues to investigate ways to upgrade these independent living units which are aging and are requiring more upkeep and maintenance.

ACCESS & INCLUSION

The Shire's Access and Inclusion Plan 2019 – 2024 was endorsed in September by Council. Several initiatives have been implemented to improve access and inclusion, including installing of new directional signs within the internal building of the Shire's Administration and Denham Town Hall facilities. Various Town footpaths have also been resurfaced and upgraded with appropriate crossfalls as identified from the pathway audit, including upgrading pathways at the Herald Denham Pensioner Units.

MENTAL HEALTH

The Blue Tree Project initiative aims to help raise awareness for mental health wellbeing. The project was conducted in Denham on 5 December. The project was coordinated by the Shire, in collaboration with Real Futures. Seven community members volunteered their time on the day to prepare and paint the tree blue.

WA Primary Health Alliance hosted a free 2-day Mental Health First Aid Training Course in November, attended by Shire staff and community members.

ARTS

Keep Australia Beautiful WA provided an opportunity for small remote and regional towns in Western Australia to take part in the Tidy Towns Sustainable Communities bin sticker art project. The Shire embraced the opportunity to facilitate the project and Council chose winning bin stickers designed by Laylah Garner, Natt Dul and Pippa Francis. The bin stickers are now proudly displayed on the Shire's public bins, and numerous Shire residents have also purchased bin stickers for their own residential bins.

The Shire's Community Development Officer and the Centre Coordinator of Shark Bay World Heritage Discovery and Visitors Centre worked together to design and print new street banners for Knight Terrace. The banners included the newly established branding 'sink your teeth in' and showcased both community and tourism themes.

ECONOMIC

Community Assistance Grants

Council allocated \$50,000 to the Shire's Community Assistance Grants during the 2019/2020 financial year. The grant program facilitates the Shire's investment in people, community, health and wellness at the grassroots level by assisting local community groups to offer a range of activities for the community and strengthen skills and capacity. Four community groups were successful in Round 1 of the 2019/2020 Community Assistance Grants and a total of \$3,688.95 was approved to purchase equipment. Round 2 of the 2019/2020 Community Assistance Grants was cancelled due to the COVID-19 impact

A new funding round, known as the Significant Event Sponsorship Funding, was introduced on 1 July. The Shark Bay Speedway Club were successful in receiving funding to support the construction of their speedway track improvement to host major event races. Shark Bay Fishing Club were also successful in receiving funding through this round for the 26th Shark Bay Fishing Fiesta in May, however, due to COVID-19 restrictions the event was cancelled, and monies were returned to the Shire.

Funding for new Day Care building

The Shire supported Ngala Bright Stars to successfully apply for \$300,000 funding towards a new Day Care building. A tender process for the construction is currently underway, with the building to be located near the Shark Bay Recreation Centre and opposite the Shark Bay School.

Funding for Little Lagoon Rehabilitation Project

The Shire successfully applied for funding from Department of Industry, Science, Energy and Resources to contribute towards the Little Lagoon Rehabilitation project. The project was completed in November by the Shire with support from the Malgana Aboriginal Corporation. The Rehabilitation Project included strategies to limit vehicle and pedestrian access to defined areas to help protect the pristine environment for future generations, and strategies to celebrate Indigenous heritage and culture. Interpretive and educational signage, incorporating Malgana Language, was installed to provide clear information to the public on area conservation and history.

TOURISM

Promotion of the Shark Bay World Heritage Discovery and Visitor Centre and the Shark Bay area continued though out 2019/2020 with consistent posts on social media, including Facebook and Instagram. These posts have generated traffic to our website and enquiries regarding tour bookings and accommodation. Shark Bay has also been promoted on TV and radio and these campaigns have received good ratings, particularly with the Southern regions of Western Australia.

The opening hours of the Centre have varied thought the year with the Centre closed for 8 weeks, from April to June, because of the COVID – 19 impact. The subsequent lifting of the Western Australian travel restrictions in early June greatly enhanced tourism within the Shark Bay region and enabled many of the business and tourism operators to continue to trade.

OTHER INFORMATION

Report on Complaints made against Councillor's

Section 5.53(2)(hb) of the Local Government Act requires disclosure of entries made in the register of complaints against Councillor's for the year.

For 2019/2020 there were no complaints lodged of any Breaches **of the Local Government Act 1995**.

Record Keeping Plan

The Shire's Record Keeping Plan outlines the control, retention and disposal policies and procedures for all shire records. The Shire's Record Keeping Plan was formally approved by the State Records Commission on 18 March 2008 in accordance with Section 28 of the *State Records Act 2000*. This plan was reviewed at the Ordinary Meeting of Council held on the 27 February 2013 and was reviewed by State Records in February 2018.

Adequate storage space is becoming an impediment to the operation of the Shires records system. This is being addressed by the disposal of records that have reached their expiry date for archival purposes under the State Records Act as well as developing new procedures to increase our storage of records in electronic format.

The State Records Act also requires the shire to maintain a recordkeeping training program that is to be reviewed on a regular basis. To comply with this requirement a records induction program has been developed and a review of the Records Policy and Procedures manual has commenced. This will ensure that all future Shire employees are informed of their responsibilities in regard to recordkeeping.

FREEDOM OF INFORMATION

Access to information / documents may be granted to members of the community under the *Freedom of Information Act 1992*. The Shire of Shark Bay complies with the Freedom of Information Act 1992. An Information Statement is available along with application forms on the Council's website. The statement is a guide on the Freedom of Information process and also lists the types of documents available outside of Freedom of Information. The Chief Executive Officer is the Shire's Freedom of Information Coordinator. Any formal application information that is not already freely available at the Council may be made through the Freedom of Information Coordinator.

Between 1 July 2019 and 30 June 2020, the Shire received no Freedom of Information requests.

NATIONAL COMPETITION POLICY

The National Competition Policy statement requires Local Governments to include in the Annual Report, ongoing statements on the following.

- 1) Competitive Neutrality – To remove benefits (and costs) that accrue to government business as a result of their public ownership.
- 2) Structural Reform – Local government is required to reform the structure of publicly owned monopoly businesses where it is proposed to introduce competition.
- 3) Legislative Review – To review legislation that restricts competition.

The full requirements are contained in a statement issued by the Department of Local Government and Regional Development.

Competitive Neutrality

There are several tests to apply that assist in determining if there is a “significant business enterprise”:

- 1) Does the activity receive revenue from external sources that exceeds \$200,000 per annum? (This threshold excludes grant income, internal charges and statutory fees)
- 2) Would the benefits to be realised from the implementation of competitive neutrality exceed the costs?

From an examination of the income statement of the Shire of Shark Bay for 2016/2017, there is no activity that satisfies this first part of the test, and therefore the principles of competitive neutrality do not apply to any of the Shire of Shark Bay’s activities.

Structural Reform of public monopolies

The Shire of Shark Bay is not classified as a natural monopoly, nor does it conduct any business activities that could be classed as public monopolies. Therefore the principle of structural monopolies does not apply to the Shire of Shark Bay.

Legislation Review

The Shire has a portfolio of local laws (previously known as by-laws), which may or may not conflict with the Competition Principles Agreement. The Shire of Shark Bay has undertaken a review of its local laws and has made a repeal of inappropriate provisions and the adoption of new local laws where necessary.

The Shire also has an obligation under the *Local Government Act 1995* to review its Local Laws every 8 years. This was undertaken in May 2014.

ACCESS AND INCLUSION PLAN

The Shire of Shark Bay is committed to facilitating the inclusion of people with disabilities through the improvement of access to its information facilities and services. Towards this goal, the Shire adopted its first Disability Service Plan in 1995 to address the access barriers within the community.

Since the adoption of the initial Disability Service Plan, the Shire has implemented many initiatives and made significant progress towards better access. This includes but is not limited to the following, new public buildings and facilities that incorporate Disability Service Plan being Shark Bay World Heritage Discovery and Visitor Centre, public school, Silver Chain medical facility, Recreation Centre, new footpaths, dual use paths and finalised new Town Planning Scheme along with a Town Centre Strategy.

The Disability Service Plan has been renamed as the “Access and Inclusion Plan” to better reflect our views and expectations as a community.

The Shire’s Access and Inclusion Plan 2019 – 2024 was endorsed in September 2020 by Council.

ELECTED MEMBERS AND OFFICER COMPLIANCE STATISTICS

The Local Government (Administration) Regulations 1996 Part 5 – Annual reports and planning, regulation 19B (1) and (2) was amended and as of the 7 November 2020 and now requires the following statistics to be included in the annual report:

Regulation - 19B (2) (a) & (b) and Prescribed Information for Payments to Employees

Section 5.53(2)(g) of the *Local Government Act 1995* requires disclosure of information as prescribed in relation to salary of \$130,000 or more made to employees.

For the 2019/2020 year there was one employee entitled to an annual salary in the band of \$160,000 to \$170,000.

Regulation - 19B (2) (c)

Elected Member Allowances 2019/2020 for Standards Panel costs for hearing a complaint regarding one of its council members and any amount that the Standards Panel orders to be reimbursed is nil.

Regulation - 19B (2) (d)

Any amount ordered under section 5.110(6)(b)(iv) to be paid by a person against whom a complaint was made under section 5.107(1), 5.109(1) or 5.114(1) to the local government during the financial year 2019/2020 was nil

Regulation - 19B (2) (e)

Chief Executive Officer Remuneration Paid 2019/2020 - \$187,828

Regulation - 19B (2) (f)

Elected Member Meeting Attendance / Ordinary Council Meetings 2019/2020

A	ATTENDED
LA	LEAVE APPROVED
N	APOLOGY

Councillor Name	JUL 19	AUG 19	SEPT 19	OCT 19	NOV 19	DEC 19	JAN 20	FEB 20	MA R 20	APR 20	MA Y 20	JUN 20	
Cr Bellottie	A	A	A	A	A	A	N O O C M	A	A	A	A	A	
Cr Burton	A	N	A	A	LA	A		LA	LA	A	A	A	
Cr Cowell President	A	A	A	A	A	A		A	A	A	A	A	
Cr Fenny	A	A	A	A	A	LA		A	A	A	A	A	
Cr Laundry	LA	A	A	Term	Expired								
Cr Ridgley	A	A	A	A	A	A		A	A	A	A	A	
Cr Smith	Elected	Oct 19		A	A	A		A	A	A	A	LA	A
Cr Stubberfield	Elected	Oct 19		A	A	A		A	A	A	A	A	A

Elected Member Meeting Attendance / Audit Committee Meetings 2019/2020

	FEB 20	APR 20
Cr Bellottie	A	A
Cr Burton	N	A
Cr Cowell - President	A	A
Cr Fenny	A	A
Cr Laundry	Term	Expired
Cr Ridgley	A	A
Cr Smith	A	A
Cr Stubberfield	A	A

Elected Member Meeting Attendance / Special Council Meetings 2019/2020

	OCT 2019	FEB 2020
Cr Bellottie	A	A
Cr Burton	A	N
Cr Cowell - President	A	A
Cr Fenny	A	A
Cr Ridgley	A	A
Cr Smith	A	A
Cr Stubberfield	A	A

Regulation - 19B (2) (h)

Elected Member Age Groups

Councillor Age Group	30-40 Years of Age	41-50 Years of Age	51-60 Years of Age	61-70 Years of Age
	2		1	4

Regulation - 19B (2) (i)

Aboriginal or Torres-Strait Islander Councillor's for 2019/2020

Aboriginal Councillor's	1
Torres-Strait Islander Councillor's	0

Regulation - 19B (2) (j)

There were no modifications made to the Shire of Shark Bay's Strategic Community Plan during the 2019/2020 financial year.

Regulation - 19B (2) (k)

There were no significant modifications made to the Shire of Shark Bay's Corporate Business Plan during the 2019/2020 financial year.

Regulation – 29C (2) (d)

The name of each Council member who lodged a primary return or annual return for the 2019/2020 financial year.

Councillor Name	Annual Return Completed	Primary Return Completed
Cr Bellottie	22/08/2019	
Cr Burton	15/08/2019	
Cr Cowell - President	31/07/2019	
Cr Fenny	29/08/2019	
Cr Ridgley	16/08/2019	
Cr Smith		9/01/2020
Cr Stubberfield		10/01/2020

Regulation – 29C (2) (e)

The position of each employee who lodged a primary return or annual return for the 2019/2020 financial year

Employee Position Held	Annual Return Completed	Primary Return Completed
Chief Executive Officer	3/07/2019	
Executive Manager Finance and Administration	4/07/2020	
Executive Manager Community Development		4/12/2019
Works Manager	19/07/2019	
Shark Bay World Heritage Discovery and Visitor Centre – Co-Ordinator	10/07/2019	
Shark Bay World Heritage Discovery and Visitor Centre – Acting Co-Ordinator		16/12/2019
Executive Assistant	4/07/2019	
Community Development Officer	5/07/2019	
Supervisor – Town	14/08/2019	
Supervisor – Works		12/12/2019

Local Government Act 1995 Section 5.127 – Report on training

S5.127 (1) A local government must prepare a report for each financial year on the training completed by council members in the financial year.

Elected Member Training Attendance 2019/2020

Councillor Name	Conflicts of Interest	Understanding Local Government	Serving on Council	Understanding Financial Reports and Budgets	Meeting Procedures
Cr Bellottie			18-19/02/2020	13/03/2020	12/03/2020
Cr Burton	09/04/2020	09/04/2020	18-19/02/2020	13/03/2020	12/03/2020
Cr Cowell - President	09/02/2020	09/02/2020	18-19/02/2020		12/03/2020
Cr Fenny					
Cr Ridgley	31/01/2020	30/01/2020		13/03/2020	12/03/2020
Cr Smith			18-19/02/2020	13/03/2020	12/03/2020
Cr Stubberfield	29/01/2020	31/01/2020	18-19/02/2020	13/03/2020	12/03/2020

STRATEGIC COMMUNITY PLAN 2020 - 2030

Section 5.53 (e) of the *Local Government Act 1995* requires that the Annual Report has an overview of the strategic community plan for the Shire made in accordance with section 5.56 of the *Local Government Act 1995*, including major initiatives that are proposed to commence or to continue in the next financial year.

Principal Objective	Outcomes, Strategies and Achievements
<p>Economic Objective- a progressive, resilient and diverse economy</p>	<p>1.1 Appropriate transport infrastructure and services in line with demand.</p> <p>Achievements:</p> <ul style="list-style-type: none"> • Road program completed in accordance with Councils Budget. <p>2 Support local business and encourage further investment in the district.</p> <p>Achievements:</p> <ul style="list-style-type: none"> • Development and building approval values have improved by 31% compared to 2018/2019. • The Shire has partnered with Ngala Children's Services to build a new Day Care Centre in 2020/2021. • Ongoing support provided to assist Strandline Resources with the development of the Coburn Mineral Sands Project near Nanga. <p>2.1 Maintain relationships with educational organisations</p> <p>Achievements:</p> <ul style="list-style-type: none"> • The Shire has provided strategic support to young people in Shark Bay through School-to-Work transition work experience and volunteering opportunities • The Shire provides ongoing sponsorship and community bus allowances to the Shark Bay School • Partnered with Ngala Children's Service to construct a new Day Care Centre primarily to operate Education and Care and other community programs focusing on children up to five years old. <p>2.2 Promote and support our tourism industry</p> <p>Achievements:</p> <ul style="list-style-type: none"> • The Shark Bay World Heritage Discovery and Visitor Centre continuously promotes the tourism industry via social media thereby increasing traffic to its website. In addition it provides counter servers incorporating recommendations of tourism services to visitors and

	<p>the general public and is a booking agent for the majority of services within the region.</p> <ul style="list-style-type: none"> • The Shire has promoted the area through a series of scheduled television and radio advertising promoting the brand “Shark Bay Sink Your Teeth In”. • Promoting Shark Bay via sponsorship in the Desert Vet Series 2 television series. <p>2.3 Advocate to support new industries and local business</p> <p>Achievements:</p> <ul style="list-style-type: none"> • Ongoing support provided to assist Strandline Resources with the development of the Coburn Mineral Sands Project near Nanga. • Negotiations for leasing reserve land for Aquaculture and Tourism purposes progressing • Relinquishing 20 Hectares of Crown Reserve 49809 to Horizon Power for the purposes of constructing a new Power Plant and associated infrastructure • Delegation of Authority to the Chief Executive Officer by Council to determine the development application for a permanent caravan park and ancillary development on Lot 309 Stella Rowley Drive provided for the extension of the Denham Seaside Caravan Park – Approval granted August 2019. • Ongoing promotion of the Shark Bay Investment Prospectus which details investment and business opportunities and general information on starting a local business. This is also available on the Shire’s website. • Community Assistant Grant Significant Event Sponsorship was introduced in July 2019 by the Shire and assisted the Shark Bay Speedway to upgrade their track prior to a 32nd Far Western Championship Meet. This event enticed many competitors and their support crew to the area resulting in a flow on benefit to local businesses and tourism services.
<p>Environment Objective – help protect our unique natural and built environment</p>	<p>3 A natural environment for the benefit and enjoyment of current and future generations.</p> <p>Achievements:</p> <ul style="list-style-type: none"> • Development of the Regional Waste Strategy progressing with the engagement of Ask Waste Management Consultants to undertake a Recycling and Refuse Site Review. • The Shire supported the annual Keep Australia Beautiful community clean-up of rubbish from the main streets, the foreshore, Little Lagoon, and along Denham Shark Bay Road.



	<ul style="list-style-type: none"> • Granted approval to the RAC Monkey Mia Resort to sublet a portion of Reserve 40727 Lot 130 and Reserve 49108 Lot 556 Monkey Mia Road for the purposes of a Research Station/Accommodation and Storage Shed for the University of Zurich. <p>3.1 Promote reduced environmental impact with the Shire</p> <p>Achievements:</p> <ul style="list-style-type: none"> • Signage and Bollards installed at Little Lagoon area to reduced impact on the environment. • Continued sourcing avenues of grant funding to further develop the Master plan for the Little Lagoon region <p>4 A well planned built environment and infrastructure supporting our community.</p> <p>Achievements:</p> <ul style="list-style-type: none"> • Increased use of the Bring Recycling Transfer Station resulting in reduced impact of waste products on the environment. <p>4.1 Ongoing development, maintenance and upgrade of infrastructure</p> <p>Achievements:</p> <ul style="list-style-type: none"> • The Shire's day to day routine operations have continued resulting in a high level of maintenance to the regions infrastructure inclusive of the Town Oval, Foreshore Parks and Playground, Shark Bay Recreation Centre, Refuse and Recycling and road and footpaths. • New Town Oval Artesian Bore project was completed and replaced the failing bore. • Stage One of the Brockman Street and dual use paths upgraded was completed. • Upgrades to Useless Loop Road including 4.50 kilometres of new seal completed. • Base works to Eagle Bluff Road completed in preparation of 1.50 kilometres of new seal. • Installation of an outdoor Water Fountain at the Town Oval.
<p>Social Objective – A safe and inclusive community.</p>	<p>5 Strong sense of spirit and pride in an inclusive community.</p> <p>5.1 Support provision of essential community services and facilities</p> <p>Achievements:</p> <ul style="list-style-type: none"> • Ongoing commitment and support to emergency and volunteer groups.

	<ul style="list-style-type: none"> • Grant funding received for numerous community events and initiatives • Ongoing advocacy for improvements to communications and health services technology. • Community Assistance Grants available upon application to assist local community groups to offer more activities to the community <p>5.2 Encourage inclusion, involvement and wellbeing</p> <p>Achievements:</p> <ul style="list-style-type: none"> • The Blue Tree Project initiative was conducted to help raise awareness for mental health wellbeing. • Dual Purposes pathways were installed at the Denham Pensioner Units and resurfaced on several dual purpose pathways throughout town. • New directional signage was installed within the Town Hall and Shire Administration facilities. • WA Primary Health Alliance hosted a 2 day Mental Health First Aid Training Course for Community Members.
<p>Leadership Objective – a transparent, resilient, organisation demonstrating leadership and governance.</p>	<p>6 A strategically focused, unified Council, functioning efficiently.</p> <p>Achievements:</p> <ul style="list-style-type: none"> • All Strategic and Operational plans regularly reviewed and budgets reflect strategic objectives <p>6.1 Effectively represent and promote the Shire of Shark Bay</p> <p>Achievements:</p> <ul style="list-style-type: none"> • Ongoing participation in State and regional boards and committees. <p>7 A transparent, resilient organisation demonstrating leadership and governance</p> <p>Achievements:</p> <ul style="list-style-type: none"> • Accountability and Financial responsibility have been maintained in line with long term financial plans. • All areas of operational expenditure are regularly reviewed through annual and midyear budget reviews. • A High Level of Legislative compliance has been maintained throughout the Organisation <p>7.1 Encourage and support community engagement</p> <p>Achievements:</p> <ul style="list-style-type: none"> • National Seniors Week supported by the Shire • Community Men’s Shed and advocates for them to relocate to a permanent premise.



	<ul style="list-style-type: none"> • Annual Seniors Christmas Lunch was hosted by the Shire • Keep Australia Beautiful Tidy Towns Sustainable Communities Art Project competition was embraced by the communities and the winning artwork proudly displayed on the public bins throughout town. • Shark Bay Winter Markets were supported by the Shire and received position feedback from locals and visitors. • Several events such as Thank A Volunteer Day, Australia Day and Citizen of the Year Awards, ANZAC Day and Harmony Week was organized and supported by the Shire and resulted in strong community engagement. <p>7.2 Provide appropriate services to the community in a professional and efficient manner</p> <p>Achievements:</p> <ul style="list-style-type: none"> • The Shire provides 13 low-cost rental accommodation at the Denham Pensioner Units and continues to source was to increase and upgrade the current units. • The Shire is a Department of Transport agent • The Shire supports the Local Health Services via the provision of Car Hire for visiting doctors and medical professionals • The Shire provides Western Australian Library Services to the local community and visitors • The Shire provides and maintains Street Lighting • The Shire provides Bin Pickup services twice weekly • The Shire keeps the community informed through the use of mobile phone SMS and posting regular updates to Facebook. • The Shark Bay Recreation Centre is fully funded by the Shire and hosts many community group functions and sporting activities.
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SHIRE OF SHARK BAY
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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COMMUNITY VISION

Shark Bay is a proud unified community, respecting and sharing our pristine environment and great lifestyle.

Principal place of business:
65 Knight Terrace
Denham WA 6537



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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 18th day of February 2021



Chief Executive Officer

Paul Anderson

Name of Chief Executive Officer



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	21(a)	1,446,352	1,446,133	1,315,134
Operating grants, subsidies and contributions	2(a)	2,544,097	1,511,795	2,430,128
Fees and charges	2(a)	1,663,496	1,691,156	1,587,992
Interest earnings	2(a)	25,944	26,405	64,894
Other revenue	2(a)	180,747	138,264	295,193
		5,860,636	4,813,753	5,693,341
Expenses				
Employee costs		(2,101,211)	(2,277,223)	(2,133,740)
Materials and contracts		(1,698,481)	(2,096,582)	(1,787,850)
Utility charges		(170,879)	(187,510)	(158,128)
Depreciation on non-current assets	11(b)	(1,882,880)	(2,015,110)	(2,201,594)
Interest expenses	2(b)	(12,040)	(7,210)	(10,331)
Insurance expenses		(153,625)	(156,295)	(147,871)
Other expenditure		(186,369)	(197,565)	(187,818)
		(6,205,485)	(6,937,495)	(6,627,332)
		(344,849)	(2,123,742)	(933,991)
Non-operating grants, subsidies and contributions	2(a)	539,520	527,462	519,673
Profit on asset disposals	11(a)	2,909	12,302	21,608
(Loss) on asset disposals	11(a)	(866,916)	(79,180)	(73,403)
Fair value adjustments to financial assets at fair value through profit or loss		4,678	0	30,933
		(319,809)	460,584	498,811
Net result for the period		(664,658)	(1,663,158)	(435,180)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	3,034,388	0	0
Total other comprehensive income for the period		3,034,388	0	0
Total comprehensive income for the period		2,369,730	(1,663,158)	(435,180)

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



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
	2(a)			
Governance		7,939	7,502	63,712
General purpose funding		3,452,045	2,430,304	3,337,405
Law, order, public safety		119,048	109,773	55,792
Health		1,657	2,250	2,039
Housing		133,534	129,105	107,917
Community amenities		343,861	341,446	326,586
Recreation and culture		256,520	317,273	322,088
Transport		520,525	518,318	556,245
Economic services		937,303	919,782	880,949
Other property and services		88,204	38,000	40,608
		5,860,636	4,813,753	5,693,341
Expenses				
	2(b)			
Governance		(286,160)	(277,704)	(237,720)
General purpose funding		(97,135)	(115,631)	(101,229)
Law, order, public safety		(258,446)	(319,668)	(323,167)
Health		(62,601)	(80,865)	(62,082)
Housing		(198,269)	(231,263)	(222,560)
Community amenities		(544,950)	(738,587)	(695,784)
Recreation and culture		(2,010,313)	(2,234,519)	(2,069,487)
Transport		(1,718,919)	(1,782,980)	(1,757,313)
Economic services		(968,217)	(1,111,568)	(1,109,589)
Other property and services		(48,435)	(37,500)	(38,070)
		(6,193,445)	(6,930,285)	(6,617,001)
Finance Costs				
	2(b)			
Governance		(1,552)	(1,556)	(3,203)
Recreation and culture		(4,823)	0	0
Economic services		(5,665)	(5,654)	(7,128)
		(12,040)	(7,210)	(10,331)
		(344,849)	(2,123,742)	(933,991)
Non-operating grants, subsidies and contributions	2(a)	539,520	527,462	519,673
Profit on disposal of assets	11(a)	2,909	12,302	21,608
(Loss) on disposal of assets	11(a)	(866,916)	(79,180)	(73,403)
Fair value adjustments to financial assets at fair value through profit or loss		4,678	0	30,933
		(319,809)	460,584	498,811
Net result for the period		(664,658)	(1,663,158)	(435,180)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	3,034,388	0	0
Total other comprehensive income for the period		3,034,388	0	0
Total comprehensive income for the period		2,369,730	(1,663,158)	(435,180)

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



SHIRE OF SHARK BAY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	NOTE	2020	2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	4,912,395	3,907,969
Trade and other receivables	6	101,121	87,194
Inventories	7	129,990	129,611
Other assets	8	1,554	48,482
TOTAL CURRENT ASSETS		5,145,060	4,173,256
NON-CURRENT ASSETS			
Trade and other receivables	6	7,688	5,597
Other financial assets	5(a)	35,611	30,933
Property, plant and equipment	9	25,534,693	24,169,921
Infrastructure	10	66,576,124	65,726,267
TOTAL NON-CURRENT ASSETS		92,154,116	89,932,718
TOTAL ASSETS		97,299,176	94,105,974
CURRENT LIABILITIES			
Trade and other payables	13	324,150	289,012
Contract liabilities	14	33,488	0
Borrowings	15(a)	74,958	50,599
Employee related provisions	16	263,385	209,632
TOTAL CURRENT LIABILITIES		695,981	549,243
NON-CURRENT LIABILITIES			
Borrowings	15(a)	837,907	112,864
Employee related provisions	16	70,359	91,902
TOTAL NON-CURRENT LIABILITIES		908,266	204,766
TOTAL LIABILITIES		1,604,247	754,009
NET ASSETS		95,694,929	93,351,965
EQUITY			
Retained surplus		38,548,516	40,247,898
Reserves - cash backed	4	2,922,352	1,904,394
Revaluation surplus	12	54,224,061	51,199,673
TOTAL EQUITY		95,694,929	93,351,965

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



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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2018		40,886,937	1,700,535	51,199,673	93,787,145
Comprehensive income					
Net result for the period		(435,180)	0	0	(435,180)
Total comprehensive income		(435,180)	0	0	(435,180)
Transfers from reserves	4	711,503	(711,503)	0	0
Transfers to reserves	4	(915,362)	915,362	0	0
Balance as at 30 June 2019		40,247,898	1,904,394	51,199,673	93,351,965
Change in accounting policy	25	(16,766)	0	0	(16,766)
Restated total equity at 1 July 2019		40,231,132	1,904,394	51,199,673	93,335,199
Comprehensive income					
Net result for the period		(664,658)	0	0	(664,658)
Other comprehensive income	12	0	0	3,034,388	3,034,388
Total comprehensive income		(664,658)	0	3,034,388	2,369,730
Transfers from reserves	4	543,930	(543,930)	0	0
Transfers to reserves	4	(1,561,888)	1,561,888	0	0
Balance as at 30 June 2020		38,548,516	2,922,352	54,224,061	95,704,929

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



**SHIRE OF SHARK BAY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,443,034	1,401,961	1,328,733
Operating grants, subsidies and contributions		2,548,397	1,466,772	2,436,537
Fees and charges		1,663,496	1,656,006	1,587,992
Interest received		25,944	57,730	64,894
Other revenue		180,746	130,562	295,193
		5,861,617	4,713,031	5,713,349
Payments				
Employee costs		(2,008,044)	(2,245,623)	(2,187,443)
Materials and contracts		(1,677,141)	(1,982,380)	(1,888,835)
Utility charges		(170,879)	(187,510)	(158,128)
Interest expenses		(12,040)	(9,370)	13,028
Goods and services tax received		(888)	(500)	(471)
Insurance paid		(153,625)	(156,295)	(147,871)
Other expenditure		(186,369)	(196,065)	(187,818)
		(4,208,986)	(4,777,743)	(4,557,538)
Net cash provided by (used in) operating activities	17	1,652,631	(64,712)	1,155,811
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	9(a)	(396,591)	(885,000)	(905,292)
Payments for construction of infrastructure	10(a)	(1,703,264)	(1,647,070)	(610,274)
Non-operating grants, subsidies and contributions	2(a)	539,520	527,462	519,673
Proceeds from sale of property, plant & equipment	11(a)	162,727	232,636	260,910
Net cash provided by (used in) investment activities		(1,397,608)	(1,771,972)	(734,983)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	15(b)	(50,598)	(50,599)	(70,599)
Proceeds from new borrowings	15(b)	800,000	800,000	0
Net cash provided by (used in) financing activities		749,402	749,401	(70,599)
Net increase (decrease) in cash held		1,004,425	(1,087,283)	350,229
Cash at beginning of year		3,907,970	3,897,058	3,557,741
Cash and cash equivalents at the end of the year	17	4,912,395	2,809,775	3,907,970

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	22 (b)	1,753,452	1,770,218	1,493,090
		1,753,452	1,770,218	1,493,090
Revenue from operating activities (excluding rates)				
Governance		12,617	10,502	96,918
General purpose funding		1,905,216	883,694	1,937,078
Law, order, public safety		119,048	109,773	55,792
Health		1,657	2,250	2,039
Housing		133,534	129,105	107,917
Community amenities		343,861	341,446	326,586
Recreation and culture		256,520	317,273	322,088
Transport		520,525	527,620	575,580
Economic services		937,303	919,782	880,949
Other property and services		91,113	38,000	40,607
		4,321,394	3,279,445	4,345,554
Expenditure from operating activities				
Governance		(293,621)	(288,326)	(253,001)
General purpose funding		(97,135)	(115,631)	(101,229)
Law, order, public safety		(258,446)	(319,668)	(330,427)
Health		(62,601)	(80,865)	(62,082)
Housing		(198,269)	(231,263)	(222,560)
Community amenities		(544,950)	(738,587)	(695,784)
Recreation and culture		(2,838,870)	(2,234,519)	(2,073,504)
Transport		(1,718,919)	(1,853,094)	(1,796,648)
Economic services		(973,882)	(1,117,222)	(1,116,717)
Other property and services		(85,708)	(37,500)	(48,783)
		(7,072,401)	(7,016,675)	(6,700,735)
Non-cash amounts excluded from operating activities	22(a)	2,718,575	2,081,988	2,241,423
Amount attributable to operating activities		1,721,020	114,976	1,379,332
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	539,520	527,462	519,673
Proceeds from disposal of assets	11(a)	162,727	232,636	260,910
Purchase of property, plant and equipment	9(a)	(396,591)	(870,513)	(905,292)
Purchase and construction of infrastructure	10(a)	(1,703,264)	(1,779,825)	(610,274)
Amount attributable to investing activities		(1,397,608)	(1,890,240)	(734,983)
FINANCING ACTIVITIES				
Repayment of borrowings	15(b)	(50,598)	(50,599)	(70,599)
Proceeds from borrowings	15(c)	800,000	800,000	0
Transfers to reserves (restricted assets)	4	(1,561,888)	(1,617,002)	(915,362)
Transfers from reserves (restricted assets)	4	543,930	1,096,255	711,503
Amount attributable to financing activities		(268,556)	228,654	(274,458)
Surplus/(deficit) before imposition of general rates		54,856	(1,546,610)	369,891
Total amount raised from general rates	21(a)	1,546,829	1,546,610	1,400,327
Surplus/(deficit) after imposition of general rates	22(b)	1,601,685	0	1,770,218

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

SHIRE OF SHARK BAY
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FOR THE YEAR ENDED 30 JUNE 2020

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1. BASIS OF PREPARATION

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

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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

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

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

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

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. However the Shire does not have any trust funds.

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

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

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
General purpose funding	1,963,276	935,654	1,931,395
Law, order, public safety	100,877	98,223	45,210
Recreation and culture	3,299	5,200	335
Transport	455,823	452,018	444,956
Economic services	20,822	20,700	8,232
	2,544,097	1,511,795	2,430,128
Non-operating grants, subsidies and contributions			
Recreation and culture	16,766	0	75,480
Transport	522,754	527,462	438,068
Economic services	0	0	6,125
	539,520	527,462	519,673
Total grants, subsidies and contributions	3,083,617	2,039,257	2,949,801
Fees and charges			
Governance	0	300	0
General purpose funding	5,164	4,825	4,813
Law, order, public safety	9,319	5,500	4,091
Health	1,657	2,250	2,039
Housing	121,863	123,280	106,172
Community amenities	343,861	341,446	326,586
Recreation and culture	203,746	249,673	226,803
Transport	64,703	66,300	47,047
Economic services	913,183	897,582	870,441
	1,663,496	1,691,156	1,587,992

Grants, subsidies and contributions

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

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

Fees and Charges

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and transfers for recognisable non-financial assets

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions	1,031,466	1,031,466	927,541
Fees and charges	1,663,496	1,691,156	1,587,992
Other revenue	1,855	1,000	1,477
Non-operating grants, subsidies and contributions	539,520	527,462	519,673
	3,236,337	3,251,084	3,036,683

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

Contracts with customers included as a contract liability at the start of the period	16,766	0	0
Other revenue from contracts with customers recognised during the year	2,696,817	2,723,622	2,517,010
Other revenue from performance obligations satisfied during the year	522,754	527,462	519,673
	3,236,337	3,251,084	3,036,683

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

Trade and other receivables from contracts with customers	60,262		47,840
Contract liabilities from contracts with customers	(33,488)		0

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

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

Consideration from contracts with customers is included in the transaction price.

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

General rates	1,546,829	1,546,610	1,400,327
Specified area rates	38,917	38,917	35,924
Statutory permits and licences	50,853	29,080	25,844
Fines	4,512	1,750	1,890
	1,641,111	1,616,357	1,463,985

Other revenue

Reimbursements and recoveries	87,098	41,977	194,027
Other	93,649	96,287	101,166
	180,747	138,264	295,193

Interest earnings

Interest on reserve funds	7,576	11,055	27,275
Rates instalment and penalty interest (refer Note 21(d))	8,793	5,350	6,084
Other interest earnings	9,575	10,000	31,535
	25,944	26,405	64,894

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report	42,020	35,000	24,799
- Other services	0	30,000	26,436
	42,020	65,000	51,235

Interest expenses (finance costs)

Borrowings	12,040	7,210	10,331
	12,040	7,210	10,331

Other expenditure

Sundry expenses	186,369	197,565	187,818
	186,369	197,565	187,818

Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
	42,020	35,000	24,799
	0	30,000	26,436
	42,020	65,000	51,235
15(b)	12,040	7,210	10,331
	12,040	7,210	10,331
	186,369	197,565	187,818
	186,369	197,565	187,818

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

3. CASH AND CASH EQUIVALENTS

NOTE	2020	2019
	\$	\$
Cash at bank and on hand	4,912,395	2,328,969
Term deposits	0	1,579,000
Total cash and cash equivalents	4,912,395	3,907,969
Restrictions		
- Cash and cash equivalents	2,955,840	1,904,394
	2,955,840	1,904,394

Restrictions

The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents

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

Reserves - cash backed	4	2,922,352	1,904,394
Contract liabilities from contracts with customers	14	33,488	0
Total restricted assets		2,955,840	1,904,394

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

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

4. RESERVES - CASH BACKED

	2020 Actual		2020 Actual		2020 Budget		2020 Budget		2020 Budget		2020 Budget		2019 Actual		2019 Actual		2019 Actual			
	Opening Balance	Transfer to	Actual Transfer (from)	Closing Balance	Opening Balance	Transfer to	Actual Transfer (from)	Closing Balance	Opening Balance	Transfer to	Actual Transfer (from)	Closing Balance	Opening Balance	Transfer to	Actual Transfer (from)	Closing Balance	Opening Balance	Transfer to	Actual Transfer (from)	Closing Balance
(a) Reserve cash backed - Leave Reserve	\$ 170,156	\$ 850	\$ 0	\$ 171,006	\$ 170,156	\$ 1,000	\$ 0	\$ 171,156	\$ 133,402	\$ 36,754	\$ 0	\$ 170,156	\$ 133,402	\$ 36,754	\$ 0	\$ 170,156	\$ 133,402	\$ 36,754	\$ 0	\$ 170,156
(b) Reserve cash backed - Plant Replacement Reserve	70,302	505,351	(173,802)	401,851	70,302	569,136	(336,000)	303,438	205,609	405,831	(541,138)	70,302	205,609	405,831	(541,138)	70,302	205,609	405,831	(541,138)	70,302
(c) Reserve cash backed - Infrastructure Reserve	1,332,164	885,887	(370,128)	1,847,923	1,332,164	876,968	(625,255)	1,583,877	1,035,754	466,775	(170,365)	1,332,164	1,035,754	466,775	(170,365)	1,332,164	1,035,754	466,775	(170,365)	1,332,164
(d) Reserve cash backed - Pensioner Unit Maintenance Reserve	10,916	116,198	0	127,114	10,916	116,208	(85,000)	42,124	10,748	168	0	10,916	10,748	168	0	10,916	10,748	168	0	10,916
(e) Reserve cash backed - Recreation Facilities Upgrade Reserve	269,466	53,345	0	322,811	269,466	53,400	(50,000)	272,866	264,546	4,920	0	269,466	264,546	4,920	0	269,466	264,546	4,920	0	269,466
(f) Reserve cash backed - Monkey Mia Jetty Reserve	21,977	110	0	22,087	21,977	120	0	22,097	21,586	391	0	21,977	21,586	391	0	21,977	21,586	391	0	21,977
(g) Reserve cash backed - Shared Fire System Reserve	29,413	147	0	29,560	29,413	170	0	29,583	28,890	523	0	29,413	28,890	523	0	29,413	28,890	523	0	29,413
	1,904,394	1,561,888	(543,930)	2,922,352	1,904,394	1,617,002	(1,096,255)	2,425,141	1,700,535	915,362	(711,503)	1,904,394	1,700,535	915,362	(711,503)	1,904,394	1,700,535	915,362	(711,503)	1,904,394

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Reserve cash backed - Leave Reserve	Ongoing	To be used for the provision of employees' long service leave.
(b) Reserve cash backed - Plant Replacement Reserve	2020/21	To be used for the purchase of major plant and equipment.
(c) Reserve cash backed - Infrastructure Reserve	2020/21	To be used to fund the future replacement and construction of infrastructure in the Shire.
(d) Reserve cash backed - Pensioner Unit Maintenance Reserve	2020/21	To be used to fund the replacement and major maintenance of the pensioner units.
(e) Reserve cash backed - Recreation Facilities Upgrade Reserve	Ongoing	To be used to fund the upgrade/maintenance of the Shire recreation facilities.
(f) Reserve cash backed - Monkey Mia Jetty Reserve	Ongoing	To be used for the upgrade and major maintenance of the Monkey Mia Jetty.
(g) Reserve cash backed - Shared Fire System Reserve	Ongoing	Shared with the Department of Biodiversity, Conservation and Attractions and to be used to fund the future system replacement.

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

5. OTHER FINANCIAL ASSETS

(a) Non-current assets

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

Units in Local Government House Trust

	2020	2019
	\$	\$
	35,611	30,933
	35,611	30,933
	35,611	30,933
	35,611	30,933

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 23.

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Trade and other receivables	
GST and FBT receivables	

Non-current

Pensioner's rates and ESL deferred	
------------------------------------	--

	2020	2019
	\$	\$
	32,544	31,927
	60,262	47,840
	8,315	7,427
	<u>101,121</u>	<u>87,194</u>
	7,688	5,597
	<u>7,688</u>	<u>5,597</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 23.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

7. INVENTORIES

Current

Fuel and materials
 Merchandise

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year
 Additions to inventory

Carrying amount at end of period

	2020	2019
	\$	\$
	17,973	31,092
	112,017	98,519
	129,990	129,611
	129,611	125,216
	(93,504)	(278,782)
	93,883	283,177
	129,990	129,611

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.

8. OTHER ASSETS

Other assets - current

Prepayments
Accrued income

	2020	2019
	\$	\$
Prepayments	365	4,876
Accrued income	1,189	43,606
	<u>1,554</u>	<u>48,482</u>

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

**SHIRE OF SHARK BAY
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FOR THE YEAR ENDED 30 JUNE 2020**

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - specialised	Buildings - non-specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Heritage Assets	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	1,947,848	10,000	1,957,848	2,981,773	15,142,436	18,124,209	20,082,057	946,831	2,559,744	1,144,186	24,732,818	
Additions	0	0	0	3,856	194,817	198,673	198,673	20,655	685,964	0	905,292	
(Disposals)	0	0	0	0	(5,461)	(5,461)	(5,461)	(5,451)	(301,793)	0	(312,705)	
Depreciation (expense)	0	0	0	(143,476)	(497,704)	(641,180)	(641,180)	(115,748)	(351,092)	(47,464)	(1,155,484)	
Carrying amount at 30 June 2019	1,947,848	10,000	1,957,848	2,842,153	14,834,088	17,676,241	19,634,089	846,287	2,592,823	1,096,722	24,169,921	
Comprises:												
Gross carrying amount at 30 June 2019	1,947,848	10,000	1,957,848	3,127,633	16,250,892	19,378,525	21,336,373	1,183,042	3,392,514	1,259,033	27,170,962	
Accumulated depreciation at 30 June 2019	0	0	0	(285,480)	(1,416,804)	(1,702,284)	(1,702,284)	(336,755)	(799,691)	(162,311)	(3,001,041)	
Carrying amount at 30 June 2019	1,947,848	10,000	1,957,848	2,842,153	14,834,088	17,676,241	19,634,089	846,287	2,592,823	1,096,722	24,169,921	
Change in accounting policy	0	(10,000)	(10,000)	0	0	0	(10,000)	0	0	0	(10,000)	
Carrying amount at 1 July 2019	1,947,848	0	1,947,848	2,842,153	14,834,088	17,676,241	19,624,089	846,287	2,592,823	1,096,722	24,159,921	
Comprises:												
Additions	0	0	0	0	39,278	39,278	39,278	20,784	336,529	0	396,591	
(Disposals)	0	0	0	0	0	0	0	0	(203,000)	(819,091)	(1,022,091)	
Transfer	0	0	0	0	(66,579)	(66,579)	(66,579)	66,579	0	0	0	
Revaluation increments / (decrements) transferred to revaluation surplus	(137,848)	0	(137,848)	292,158	2,298,092	2,590,250	2,452,402	128,334	427,216	26,436	3,034,388	
Depreciation (expense)	0	0	0	(143,611)	(500,279)	(643,890)	(643,890)	(130,651)	(212,111)	(47,464)	(1,034,116)	
Carrying amount at 30 June 2020	1,810,000	0	1,810,000	2,990,700	16,604,600	19,595,300	21,405,300	931,333	2,941,457	256,603	25,534,693	
Comprises:												
Gross carrying amount at 30 June 2020	1,810,000	0	1,810,000	2,990,700	16,604,600	19,595,300	21,405,300	1,060,884	3,175,825	290,015	25,932,024	
Accumulated depreciation at 30 June 2020	0	0	0	0	0	0	0	(129,551)	(234,368)	(33,412)	(397,331)	
Carrying amount at 30 June 2020	1,810,000	0	1,810,000	2,990,700	16,604,600	19,595,300	21,405,300	931,333	2,941,457	256,603	25,534,693	

SHIRE OF SHARK BAY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties.	Independent Registered Valuers	June 2020	Price Per Hectare.
Buildings - non-specialised	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2020	Construction costs, current condition, residual values and remaining useful life assessments.
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2020	Construction costs, current condition, residual values and remaining useful life assessments.
Furniture and equipment					
Furniture and equipment	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	July 2019	Replacement costs, current condition, residual values and remaining useful life assessments.
Plant and equipment					
Plant and Equipment	2	Market approach using recent observable market data for similar assets.	Independent Registered Valuers	July 2019	Market Price per Item, current condition, residual values and remaining useful life assessments.
Plant and Equipment	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	July 2019	Replacement costs, current condition, residual values and remaining useful life assessments.
Heritage Assets					
Heritage Assets	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2020	Replacement costs, current condition, residual values and remaining useful life assessments.

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

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

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

**SHIRE OF SHARK BAY
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FOR THE YEAR ENDED 30 JUNE 2020**

10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - Roads Other	Infrastructure - Roads Town	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Streetscapes	Infrastructure - Public Facilities	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	47,111,790	6,538,680	1,761,230	4,624,090	237,940	5,888,373	66,162,103
Additions	358,524	201,048	46,980	0	0	3,722	610,274
(Disposals)	0	0	0	0	0	0	0
Depreciation (expense)	(549,552)	(64,564)	(21,120)	(44,698)	(11,524)	(354,652)	(1,046,110)
Carrying amount at 30 June 2019	46,920,762	6,675,164	1,787,090	4,579,392	226,416	5,537,443	65,726,267
Comprises:							
Gross carrying amount at 30 June 2019	47,470,315	6,739,728	1,808,210	4,624,090	237,940	5,893,225	66,773,508
Accumulated depreciation at 30 June 2019	(549,553)	(64,564)	(21,120)	(44,698)	(11,524)	(355,782)	(1,047,241)
Carrying amount at 30 June 2019	46,920,762	6,675,164	1,787,090	4,579,392	226,416	5,537,443	65,726,267
Additions	338,176	189,544	206,118	104,337	0	865,089	1,703,264
(Disposals)	0	0	0	0	0	(4,643)	(4,643)
Depreciation (expense)	(387,006)	(71,181)	(20,432)	(36,779)	(11,525)	(321,841)	(848,764)
Carrying amount at 30 June 2020	46,871,932	6,793,527	1,972,776	4,646,950	214,891	6,076,048	66,576,124
Comprises:							
Gross carrying amount at 30 June 2020	47,808,491	6,929,272	2,014,329	4,728,427	237,940	6,721,450	68,439,909
Accumulated depreciation at 30 June 2020	(936,559)	(135,745)	(41,553)	(81,477)	(23,049)	(645,402)	(1,863,785)
Carrying amount at 30 June 2020	46,871,932	6,793,527	1,972,776	4,646,950	214,891	6,076,048	66,576,124

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

10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads Other	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2018	Construction cost (Level 2), current condition, residual values and remaining useful life assessment (Level 3) inputs.
Infrastructure - Roads Town	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2018	Construction cost (Level 2), current condition, residual values and remaining useful life assessment (Level 3) inputs.
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2018	Construction cost (Level 2), current condition, residual values and remaining useful life assessment (Level 3) inputs.
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2018	Construction cost (Level 2), current condition, residual values and remaining useful life assessment (Level 3) inputs.
Infrastructure - Streetscapes	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2018	Construction cost (Level 2), current condition, residual values and remaining useful life assessment (Level 3) inputs.
Infrastructure - Public Facilities	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2018	Construction cost (Level 2), current condition, residual values and remaining useful life assessment (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.

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Individual assets that are land, buildings and infrastructure 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 as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

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

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

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

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

Land under roads prior to 1 July 2019

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

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

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

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

Land under roads from 1 July 2019

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

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

Vested improvements from 1 July 2019

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

SHIRE OF SHARK BAY
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FOR THE YEAR ENDED 30 JUNE 2020

11. FIXED ASSETS

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings - specialised									5,461	0	0	(5,461)
Furniture and equipment	0	0	0	0					5,451	0	0	(5,451)
Plant and equipment	203,000	162,727	2,909	(43,182)	299,514	232,636	12,302	(79,180)	301,793	260,910	21,608	(62,491)
Heritage Assets	819,091	0	0	(819,091)	0	0	0	0	0	0	0	0
Infrastructure - Public Facilities	4,643	0	0	(4,643)	0	0	0	0	0	0	0	0
	<u>1,026,734</u>	<u>162,727</u>	<u>2,909</u>	<u>(866,916)</u>	<u>299,514</u>	<u>232,636</u>	<u>12,302</u>	<u>(79,180)</u>	<u>312,705</u>	<u>260,910</u>	<u>21,608</u>	<u>(73,403)</u>

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Governance				
MV170 Toyota Camry Atara SL	24,000	21,364	0	(2,636)
PC216 Acer F1 Server	0	0	0	0
Recreation and culture				
PE240 Town Oval Bore Decommissioned	4,643	0	0	(4,643)
PE230 Oval Bore	0	0	0	0
ME010A Light House Quarters taken over by DBCA	781,818	0	0	(781,818)
ME010B Light House Quarters Toilet taken over by DBCA	11,818	0	0	(11,818)
ME010C Light House Quarters Toilet & Laundry taken over by DBCA	25,455	0	0	(25,455)
ME010 Cape Inscription Lighthouse Roof Restoration taken over by DBCA	0	0	0	0
Transport				
MV146 Powerstar Iveco Prime Mover	110,000	72,727	0	(37,273)
MV177 Isuzu Ttop 2017 Diesel Ute	24,000	25,909	1,909	0
MV179 Isuzu Ttop 2017 Diesel Ute	24,000	25,000	1,000	0
BU009 Camp Accommodation Upgrade	0	0	0	0
Economic services				
MV186 Toyota Corolla Hatch Hybrid	21,000	17,727	0	(3,273)
	<u>1,026,734</u>	<u>162,727</u>	<u>2,909</u>	<u>(866,916)</u>
	<u>1,026,734</u>	<u>162,727</u>	<u>2,909</u>	<u>(866,916)</u>

Note: Class A Reserve 45948 which comprises The Cape Inscription Light House Quarters and associated buildings was handed back to the State and resulted in a loss on disposal of assets of \$819,091 with the benefit of removing future expenditure liability.

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

11. FIXED ASSETS

(b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	143,611	139,950	143,476
Buildings - specialised	500,279	474,960	497,704
Furniture and equipment	130,651	112,330	115,748
Plant and equipment	212,111	350,095	351,092
Heritage Assets	47,464	48,717	47,464
Infrastructure - Roads Other	387,006	356,218	549,552
Infrastructure - Roads Town	71,181	62,445	64,564
Infrastructure - Footpaths	20,432	20,080	21,120
Infrastructure - Drainage	36,779	90,970	44,698
Infrastructure - Streetscapes	11,525	11,105	11,524
Infrastructure - Public Facilities	321,841	348,240	354,652
	<u>1,882,880</u>	<u>2,015,110</u>	<u>2,201,594</u>

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	10 - 50 Years
Furniture and equipment	5 to 10 Years
Plant and equipment	5 to 25 Years
Sealed Roads and streets	
subgrade	Not Depreciated
pavement	80 to 100 Years
seal	
- bituminous seals	15 to 22 Years
- asphalt surfaces	25 Years
Formed Roads (unsealed)	
subgrade	Not Depreciated
pavement	12 Years
Footpaths	40 to 80 Years
Drainage systems	
drains and kerbs	40 to 60 Years
culverts	60 Years
pipes	80 Years
pits	60 Years

Depreciation on revaluation

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

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

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12. REVALUATION SURPLUS

	Restated	2020			2020			2020			2019			Restated
	2020	Change in	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	Revaluation	2019	
	Opening	Accounting	Increment	(Decrement)	(Decrement)	Increment	Increment	(Decrement)	(Decrement)	Increment	Increment	(Decrement)	Closing	
	Balance	Policy											Balance	
	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Revaluation surplus - Land and Buildings	6,793,682	(10,000)	2,452,402	0	0	2,452,402	9,236,084	0	0	0	0	0	6,793,682	
Revaluation surplus - Furniture and equipment	531,237	0	128,334	0	0	128,334	659,571	0	0	0	0	0	531,237	
Revaluation surplus - Plant and equipment	740,231	0	427,216	0	0	427,216	1,167,447	0	0	0	0	0	740,231	
Revaluation surplus - Heritage Assets	603,108	0	26,436	0	0	26,436	629,544	0	0	0	0	0	603,108	
Revaluation surplus - Infrastructure - Roads Other	34,832,544	0	0	0	0	0	34,832,544	0	0	0	0	0	34,832,544	
Revaluation surplus - Infrastructure - Roads Town	3,392,502	0	0	0	0	0	3,392,502	0	0	0	0	0	3,392,502	
Revaluation surplus - Infrastructure - Footpaths	72,273	0	0	0	0	0	72,273	0	0	0	0	0	72,273	
Revaluation surplus - Infrastructure - Drainage	4,161,867	0	0	0	0	0	4,161,867	0	0	0	0	0	4,161,867	
Revaluation surplus - Infrastructure - Streetscapes	1,447	0	0	0	0	0	1,447	0	0	0	0	0	1,447	
Revaluation surplus - Infrastructure - Public Facilities	70,782	0	0	0	0	0	70,782	0	0	0	0	0	70,782	
	51,199,673	(10,000)	3,034,388	0	0	3,034,388	54,224,061	0	0	0	0	0	51,199,673	

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.

The 2019 Opening Balances in the Asset Revaluation Reserve have been restated due to an error made during the revaluation process of infrastructure in 2018. Please refer to Note 28.

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Prepaid rates
Accrued Expenditure
Bonds and deposits held
Prepaid Income

2020	2019
\$	\$
156,983	174,608
22,749	23,359
116,494	55,537
17,607	10,974
10,317	24,534
324,150	289,012

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Prepaid rates

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

14. CONTRACT LIABILITIES

	2020	2019
	\$	\$
Contract liabilities from contracts with customers	33,488	0
	<u>33,488</u>	<u>0</u>

Current

Contract liabilities from contracts with customers

Performance obligations from contracts with customers are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

33,488
<u>33,488</u>

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

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

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

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

SHIRE OF SHARK BAY
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15. INFORMATION ON BORROWINGS

	2020	2019
	\$	\$
Current	74,956	50,599
Non-current	837,907	112,864
	<u>912,865</u>	<u>163,463</u>

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2020			30 June 2020			30 June 2020			30 June 2020			30 June 2020			30 June 2020				
				Actual Principal	New Loans	Actual Interest	Budget Principal	Budget Interest	Budget Principal	Budget Interest	Budget Principal	Budget Interest	Budget Principal	Budget Interest	Budget Principal	Budget Interest	Actual Principal	New Loans	Actual Interest	Actual Principal	Actual Interest	Actual Principal	Actual Interest
Housing																							
Staff Housing Loan 56	56	WATC*	5.99%	28,846	0	1,552	18,946	0	1,556	9,901	0	9,901	0	46,707	0	17,861	0	17,861	0	28,846	0	2,763	
Staff Housing Loan 53	53	WATC*	6.38%	(1)	0	0	0	0	0	0	0	0	22,332	0	22,332	0	22,332	0	0	0	440	(1)	
Recreation and culture																							
Town Oval Bore Loan 58	58	WATC*	2.24%	0	800,000	4,823	0	0	0	800,000	0	800,000	0	0	0	0	0	0	0	0	0	0	0
Economic services																							
Monkey Mia Bore Loan 57	57	WATC*	4.06%	134,618	0	5,665	31,653	0	5,654	102,964	0	102,964	0	165,024	0	30,406	0	30,406	0	134,618	0	7,128	
				<u>163,463</u>	<u>800,000</u>	<u>12,040</u>	<u>50,599</u>	<u>50,599</u>	<u>7,210</u>	<u>912,865</u>	<u>912,865</u>	<u>912,865</u>	<u>912,865</u>	<u>234,063</u>	<u>0</u>	<u>70,599</u>	<u>10,331</u>	<u>163,463</u>	<u>163,463</u>	<u>163,463</u>	<u>163,463</u>	<u>163,463</u>	<u>163,463</u>

* WA Treasury Corporation

All other loan repayments were financed by general purpose revenue.

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

15. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2019/20

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2020 Actual	2020 Budget	2020 Actual	2020 Budget		
Town Oval Bore	WATC*	Fixed Rate	20	2.24%	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 196,934	\$ 0
* WA Treasury Corporation					800,000	800,000	800,000	800,000	196,934	0

(d) Undrawn Borrowing Facilities

	2020	2019
Credit Standby Arrangements	\$	\$
Bank overdraft limit	50,000	50,000
Credit card limit	15,000	10,000
Credit card balance at balance date	(434)	(3,734)
Total amount of credit unused	64,566	56,266
Loan facilities		
Loan facilities - current	74,958	50,599
Loan facilities - non-current	837,907	112,864
Total facilities in use at balance date	912,865	163,463
Unused loan facilities at balance date	0	0

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.

Risk

Information regarding exposure to risk can be found at Note 23.

16. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2019

Current provisions

Non-current provisions

Balance at 30 June 2020

Comprises

Current

Non-current

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2019			
Current provisions	137,511	72,121	209,632
Non-current provisions	0	91,902	91,902
	137,511	164,023	301,534
Balance at 30 June 2020	138,427	195,317	333,744
Comprises			
Current	138,427	124,958	263,385
Non-current	0	70,359	70,359
	138,427	195,317	333,744

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

More than 12 months from reporting date

Expected reimbursements from other WA local governments

	2020 \$	2019 \$
Less than 12 months after the reporting date	248,694	62,164
More than 12 months from reporting date	77,405	237,807
Expected reimbursements from other WA local governments	7,645	1,563
	333,744	301,534

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

17. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	4,912,395	2,809,775	3,907,969
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(664,658)	(1,663,158)	(435,180)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(4,678)	0	(30,933)
Depreciation on non-current assets	1,882,880	2,015,110	2,201,594
(Profit)/loss on sale of asset	864,007	66,878	51,795
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(16,018)	3,188	19,537
(Increase)/decrease in other assets	46,927	0	(1,356)
(Increase)/decrease in inventories	(379)	(1,258)	(4,395)
Increase/(decrease) in payables	35,138	28,446	(95,690)
Increase/(decrease) in provisions	32,210	5,755	(29,888)
Increase/(decrease) in contract liabilities	16,722	0	0
Non-operating grants, subsidies and contributions	(539,520)	(519,673)	(519,673)
Net cash from operating activities	1,652,631	(64,712)	1,155,811

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	2,071,237	2,096,425
General purpose funding	2,092,090	2,137,420
Law, order, public safety	1,249,900	1,145,638
Housing	2,817,814	2,520,458
Community amenities	1,075,109	1,106,143
Recreation and culture	18,010,514	16,531,667
Transport	68,569,505	67,188,684
Economic services	1,395,033	1,348,447
Other property and services	17,974	31,092
	97,299,176	94,105,974

19. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

	2020	2019
	\$	\$
- capital expenditure projects	0	690,152
- plant & equipment purchases	0	17,642
	0	707,794

Payable:

- not later than one year	0	707,794
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The New Town Oval Bore was the major commitment for 2019 along with a new vehicle, which was replacing a current vehicle being traded in, and upgrades to the Excavator. There were no commitments in 2020.

SHIRE OF SHARK BAY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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20. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	43,148	45,701	45,701
President's allowance	11,620	11,978	11,978
Deputy President's allowance	2,905	2,995	2,995
Telecommunications allowance	14,104	15,001	15,001
	71,777	75,675	90,676

Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	454,940	498,514
Post-employment benefits	49,747	52,677
Other long-term benefits	66,047	56,057
	570,734	607,248

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.

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:

	2020 Actual	2019 Actual
	\$	\$
Sale of goods and services	39,919	52,838
Purchase of goods and services	59,447	100,788
Short term employee benefits -other related parties	128,977	196,756
Amounts outstanding from related parties:		
Trade and other receivables	1,357	896
Amounts payable to related parties:		
Trade and other payables	7,529	4,729

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.

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

21. RATING INFORMATION

(a) Rates

RATE TYPE	Differential general rate / general rate	2019/20		2019/20		2019/20		2019/20		2019/20		2018/19	
		Number of Properties	Actual Rateable Value	Actual Rate	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Rate	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Total Revenue	Actual Total Revenue
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Gross rental valuations													
GRV Residential	0.102840	316	3,761,841	386,872	2,241	1,047	390,160						
GRV Commercial	0.105690	42	2,114,558	223,477	0	0	223,477						
GRV Vacant	0.102840	18	360,100	37,033	0	0	37,033						
GRV Rural Commercial	0.106880	5	306,280	32,736	973	0	33,709						
GRV Industrial/Residential	0.113800	46	629,944	71,689	0	0	71,689						
GRV Industrial/Residential Vacant	0.102840	2	10,400	1,070	(10)	0	1,060						
GRV Rural Resort	0.112820	3	1,132,800	127,805	24,144	19,265	171,214						
Unimproved valuations													
UV General	0.207090	7	827,678	171,402	0	0	171,402						
UV Pastoral	0.141820	11	617,360	87,556	0	0	87,556						
UV Mining	0.282450	1	7,947	2,245	0	0	2,245						
UV Exploration	0.271580	2	764,435	207,605	(1,098)	8,025	214,532						
Sub-Total		453	10,533,343	1,349,490	26,250	28,337	1,404,077						
	Minimum \$												
Unimproved payment													
Gross rental valuations													
GRV Residential	876	52	384,173	45,552	0	0	45,552						
GRV Commercial	876	17	93,832	14,892	(198)	0	14,694						
GRV Vacant	876	83	271,090	72,708	0	0	72,708						
GRV Rural Commercial	876	0	0	0	0	0	0						
GRV Industrial/Residential	876	3	19,440	2,628	0	0	2,628						
GRV Industrial/Residential Vacant	546	0	0	0	0	0	0						
GRV Rural Resort	876	0	0	0	0	0	0						
Unimproved valuations													
UV General	735	6	9,262	4,410	0	0	4,410						
UV Pastoral	920	0	0	0	0	0	0						
UV Mining	920	1	654	920	0	0	920						
UV Exploration	920	2	4,080	1,840	0	0	1,840						
Sub-Total		164	782,531	142,950	(198)	0	142,752						
		617	11,315,874	1,492,440	26,052	28,337	1,546,829						
Total amount raised from general rate													
Concessions (Note 21(c))													
Specified Area Rate (Note 21(b))													
Totals													

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period. Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer.

Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

SHIRE OF SHARK BAY
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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21. RATING INFORMATION (Continued)

Specified Area Rate	Basis of Valuation	Rate in \$	2019/20 Rateable Value	2019/20 Rate	2019/20 Interim Rate	2019/20 Back Rate	2019/20 Total Specified Area Rate	2019/20	2019/20	2019/20	2018/19	
								Budget Revenue	Budget Revenue	Total Budget Revenue	Total Actual Revenue	
Monkey Mia Bore Replacement	GRV	0.0365	1,066,000	38,917	0	0	38,917	38,917	0	0	38,917	35,924
			1,066,000	38,917	0	0	38,917	38,917	0	0	38,917	35,924
								2019/20 Budget Rate Applied to Costs	2019/20 Budget Rate Set Aside to Reserve	2019/20 Budget Reserve Applied to Costs		
								\$	\$	\$		
								38,917	0	0		
								38,917	0	0		
								38,917	0	0		

**SHIRE OF SHARK BAY
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21. RATING INFORMATION (Continued)

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

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$
General Rate	Concession		57,226	57,226	57,226	43,708
General Rate	Concession		77,628	77,628	77,628	60,543
General Rate	Waiver	100.00%		3,417	3,417	3,301
General Rate	Waiver	0.00%		0	0	1,861
General Rate	Concession	0.00%		0	0	10,624
General Rate	Waiver	25.00%		1,123	1,123	1,080
				139,394	139,394	121,117
Total discounts/concessions (Note 21(a))						
				139,394	139,394	121,117

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
General Rate	UV Pastoral	To address the disparity between UV Rates	To provide equitable rates for properties in this category
General Rate	UV Exploration	To address the inequalities of the valuation system.	To recognise that these properties are not in the production phase
General Rate	Australian Wildlife Conservancy Faure Island - Landing Only	To address the anomalies in the valuation system.	To recognise the use of the land as a landing point
General Rate	Murchinson Regional Aboriginal Corporation	To address anomalies in the valuation system	To recognise that the use of the land is for charitable purposes
General Rate	RAC Parks and Resorts	To address anomalies in the valuation system	To provide equitable rates for property which should be valued as GRV due to its predominant use as a tourist resort
General Rate	Yadgalah Aboriginal Corporation	To address anomalies in the valuation system	To recognise that the use of the land is partly used for charitable purposes.

21. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	4/10/2019			11%
Option Two				
First instalment	4/10/2019	10.00	5.5%	11%
Second instalment	6/12/2019	10.00	5.5%	11%
Option Three				
First instalment	4/10/2019	10.00	5.5%	11%
Second instalment	6/12/2019	10.00	5.5%	11%
Third instalment	7/02/2020	10.00	5.5%	11%
Fourth instalment	10/04/2020	10.00	5.5%	11%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	8,793	5,350	6,084
Charges on instalment plan	3,880	3,800	3,700
	12,673	9,150	9,784

SHIRE OF SHARK BAY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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22. RATE SETTING STATEMENT INFORMATION

		2019/20 Budget	2019/20	2018/19		
	2019/20 (30 June 2020 Carried Forward)	(30 June 2020 Carried Forward)	(1 July 2019 Brought Forward)	(30 June 2019 Carried 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	11(a)	(2,909)	(12,302)	(21,608)	(21,608)
	Less: Fair value adjustments to financial assets at fair value through profit and loss		(4,678)	0	(30,933)	(30,933)
	Movement in pensioner deferred rates (non-current)		(2,091)	0	8,948	8,948
	Movement in employee benefit provisions (non-current)		(21,543)	0	10,019	10,019
	Add: Loss on disposal of assets	11(a)	866,916	79,180	73,403	73,403
	Add: Depreciation on non-current assets	11(b)	1,882,880	2,015,110	2,201,594	2,201,594
	Non cash amounts excluded from operating activities		2,718,575	2,081,988	2,241,423	2,241,423
(b) Surplus/(deficit) after imposition of general rates						
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.						
Adjustments to net current assets						
	Less: Reserves - cash backed	4	(2,922,352)	(2,425,141)	(1,904,394)	(1,904,394)
	Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings	15(a)	74,958	74,958	50,599	50,599
	Total adjustments to net current assets		(2,847,394)	(2,350,183)	(1,853,795)	(1,853,795)
Net current assets used in the Rate Setting Statement						
	Total current assets		5,145,060	2,916,192	4,173,256	4,173,256
	Less: Total current liabilities		(695,981)	(566,009)	(566,009)	(549,243)
	Less: Total adjustments to net current assets		(2,847,394)	(2,350,183)	(1,853,795)	(1,853,795)
	Net current assets used in the Rate Setting Statement		1,601,685	0	1,753,452	1,770,218
(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards						
	Total current liabilities at 30 June 2019					(549,243)
	- Contract liabilities from contracts with customers	24(a)				(16,766)
	Total current liabilities at 1 July 2019					(566,009)

23. 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
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

(a) Interest rate risk

Cash and cash equivalents

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2020					
Cash and cash equivalents	0.4916%	4,912,395	0	4,911,316	1,079
2019					
Cash and cash equivalents	1.6605%	3,907,969	1,579,000	2,002,674	326,295

Sensitivity

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

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	49,124	20,027

* 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 15(b).

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk

Payables and borrowings

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<u>2020</u>					
Payables	324,150	0	0	324,150	324,150
Borrowings	96,844	272,987	747,700	1,117,531	912,865
	<u>420,994</u>	<u>272,987</u>	<u>747,700</u>	<u>1,441,681</u>	<u>1,237,015</u>
<u>2019</u>					
Payables	289,012	0	0	289,012	289,012
Borrowings	57,195	120,598	0	177,793	163,463
	<u>346,207</u>	<u>120,598</u>	<u>0</u>	<u>466,805</u>	<u>452,475</u>

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

24. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

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

	Note	AASB 118 carrying amount 30 June 2019 \$	Reclassification \$	AASB 15 carrying amount 01 July 2019 \$
Contract liabilities - current				
Contract liabilities from contracts with customers	14	0	(16,766)	(16,766)
Adjustment to retained surplus from adoption of AASB 15	24(c)	0	(16,766)	(16,766)

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

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

There was no impact from the application of AASB 1058 as at 1 July 2019.

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

	Note	2020 \$ As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	2020 \$ Compared to AASB 118 and AASB 1004
Statement of Comprehensive Income				
Revenue				
Rates	21(a)	1,446,352	22,749	1,469,101
Operating grants, subsidies and contributions	2(a)	2,544,097	33,488	2,577,585
Fees and charges	2(a)	1,663,496	0	1,663,496
Non-operating grants, subsidies and contributions	2(a)	539,520	0	539,520
Net result		(664,658)	56,237	(608,421)
Statement of Financial Position				
Trade and other payables	13	324,150	(22,749)	301,401
Contract liabilities	14	33,488	(33,488)	0
Net assets		95,694,929	56,237	95,751,166
Statement of Changes in Equity				
Net result		(664,658)	56,237	(608,421)
Retained surplus		38,548,516	56,237	38,604,753

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

(c) AASB 16: Leases

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

There was no impact from the application of AASB 16 as at 1 July 2019 as the Shire did not have any Operating leases as at 30 June 2019.

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

25. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

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

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

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

	Note	Carrying amount 30 June 2019 \$	Reclassification \$	Carrying amount 01 July 2019 \$
Property, plant and equipment	9	24,169,921	(10,000)	24,159,921
Revaluation surplus	12	51,199,673	(10,000)	51,189,673

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

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

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

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			40,247,898
Adjustment to retained surplus from adoption of AASB 15	12(a)	(16,766)	
Adjustment to retained surplus from adoption of AASB 1058	12(b)	0	(16,766)
Retained surplus - 1 July 2019			40,231,132

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

	Note	2019 \$
Revaluation surplus - 30 June 2019		51,199,673
Adjustment to revaluation surplus from amendment of FM Reg 17A	25(a)	(10,000)
Revaluation surplus - 1 July 2019		51,189,673

SHIRE OF SHARK BAY

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

26. 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 regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

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

27. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.</p>	Expenses associated with the provision of services to members of council and elections.
<p>GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.</p>	Rates and associated revenues, general purpose government grants, interest revenue and other miscellaneous revenues such as commission on Police Licensing. This also includes the costs associated with raising these revenues e.g. valuation expenses, debt collection and overheads.
<p>LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.</p>	Enforcement of Local Laws, fire prevention, animal control and the provision of ranger services.
<p>HEALTH To provide an operational framework for environmental and community health.</p>	Health inspection services, food quality control and mosquito control.
<p>HOUSING To provide and maintain housing for the elderly and staff.</p>	Provision and maintenance of rented housing accommodation for pensioners and employees.
<p>COMMUNITY AMENITIES To provide services required by the community.</p>	Sanitation, stormwater drainage, protection of the environment, public conveniences, cemeteries and town planning.
<p>RECREATION AND CULTURE To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.</p>	Parks, gardens and recreation reserves, library services, television and radio re-broadcasting, swimming facilities, walk trails, youth recreation, Shark Bay World Heritage Discovery and Visitor Centre, foreshore, public halls and the Shark Bay Recreation Centre.
<p>TRANSPORT To provide safe, effective and efficient transport services to the community.</p>	Construction and maintenance of roads, footpaths, drainage, parking facilities, traffic control, depot operations, marine facilities and street cleaning.
<p>ECONOMIC SERVICES To help promote the Shire and its economic wellbeing</p>	Tourism, community development, building services and private works.
<p>OTHER PROPERTY AND SERVICES To monitor and control council's overhead operating accounts.</p>	Plant maintenance, administration, labour overheads and stock.

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

28. PRIOR YEAR ADJUSTMENTS

The 2019 Opening Balances in the Asset Revaluation Reserve have been restated due to an error made during the revaluation process of infrastructure in 2018. This resulted in reclassifications from Public Facilities to Land and Buildings, Heritage Assets, Footpaths and Drainage.

In summary the following adjustments were made to the amounts In Note 12 Revaluation Surplus:

	<u>Carrying amount</u> <u>30 June 2018</u>	<u>Reclassification</u>	<u>Carrying amount</u> <u>01 July 2019</u>
	\$	\$	\$
Land and Buildings	8,079,563	(1,285,881)	6,793,682
Footpaths	466,153	(393,880)	72,273
Heritage Assets	646,906	(43,798)	603,108
Drainage	4,183,752	(21,885)	4,161,867
Public Facilities	<u>(1,674,662)</u>	<u>1,745,444</u>	<u>70,782</u>
	11,701,712	0	11,701,712

There is no change in the amounts reported in the statement of financial position and statement of comprehensive income for the financial year 2019 and 2020.

29. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire of Shark Bay did not have any events occurring after the reporting date that have a significant effect on the financial statements.

30. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	4.69	5.94	3.67
Asset consumption ratio	0.98	0.96	0.84
Asset renewal funding ratio	1.13	1.00	1.10
Asset sustainability ratio	0.99	0.57	0.95
Debt service cover ratio	11.03	15.53	9.50
Operating surplus ratio	*	(0.30)	(0.43)
Own source revenue coverage ratio	0.46	0.47	0.43

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

Operating Surplus Ratio Note *

Class A Reserve 45948 which comprises The Cape Inscription Light House Quarters and associated buildings was handed back to the State and resulted in a loss of disposal of assets to the Shire of Shark Bay of \$819,091 with the benefit of removing future expenditure liability. Unfortunately this has increased Operating Expenditure and detrimentally affected the Shires Operating Surplus Ratio (0.37) negating the strategies implemented by the Shire to improve this ongoing significant issue. Discounting this valuation the Operating Surplus ratio calculates as (0.11) showing an improvement of 0.19.



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Shark Bay

Report on the Audit of the Financial Report

Opinion

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

In my opinion the annual financial report of the Shire of Shark Bay:

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

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

Report on Other Legal and Regulatory Requirements

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

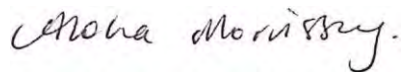
- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
 - a. The Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries' standard for the past 3 years. The financial ratios are reported at Note 30 to the financial report.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The annual financial report of the Shire for the year ended 30 June 2019 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2018 and 2019 in Note 30 of the audited annual financial report were included in the audited annual financial report for those years.

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



ALOHA MORRISSEY
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
19 February 2021