



Annual Report 2021-2022

SHIRE OF NARROGIN

A leading regional
economic driver and a
socially interactive and
inclusive community.



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Acknowledgement of Noongar People

The Shire of Narrogin acknowledges the Noongar people as traditional custodians of this land and their continuing connection to land and community. We pay our respect to them, to their culture and to their Elders past and present.

Electronic copies of documents are available
for download from the Shire of Narrogin website www.narrogin.wa.gov.au.

Alternative formats are also available upon request, including large print,
electronic format (disk or emailed), audio or Braille.

Cover Photo Shire of Narrogin’s recently renovated Railway Station which is now the home of the Dryandra Country Visitor Centre.



Stargazing Information at Yilliminning Rock

About the Shire of Narrogin

The progressive and thriving rural community of Narrogin is located in the Wheatbelt South region of Western Australia, 192 km (2 hours) south east of Perth. The greater township of Narrogin is set in the Narrogin Valley on the traditional land of the Noongar people of the Gnaala Karla Booja region. Sixteen kilometres to Narrogin's south is the historical township of Highbury providing a community hub to the local residents.

Narrogin is very accessible through its high standard of transport infrastructure including rail, sealed highway access and a two-strip airport with the main strip sealed. Residents are serviced with excellent public utilities access; an abundant quality water supply; reliable power; a telecommunications connection to the optical cable network and connected to the NBN.

Narrogin offers extensive community services provided through the highly regarded Narrogin Regional Hospital and pro-active aged care services. The sporting fraternity is well catered for by the Shire's fully equipped recreation complex, the Narrogin Regional Leisure Centre (NRLC), with heated indoor pool, well maintained sports grounds, numerous sports clubs, an active Library and Heritage Museum. The Narrogin arts community is strongly represented through ARtS Narrogin and the NEXIS Committee's facilitation of events, classes and community interaction.

Education is well provided for through the three Independent primary schools, a senior high school and agricultural college, a residential college and TAFE college.

In addition to all the facilities and services that are provided by the Shire of Narrogin there is also child care, kindergartens, various professional and medical services, all major banks, farm advisors, accountancy and legal firms, bakeries, butchers, fast food outlets, venues for hire, supermarkets, many specialty shops, cafes, hotels and restaurants and many service organisations, sporting groups, and personal interest and hobby groups.

Commerce & Industry

Local industry is based on agricultural services, education, health and aged care services, building and brickmaking, concrete, light engineering, car and machinery dealerships, cabinet-making and a host of professional services including all the major banks, financial and legal services and many more commercial entities.

Narrogin boasts an active Chamber of Commerce membership that assist local businesses.

Local Attractions (and events)

The Shire of Narrogin welcomes all tourists and visitors and new residents to the region. The Shire has many interesting attractions and offers a wide variety of activities and scenic destinations.

The Dryandra Country Visitor Centre is a regional hub, partly staffed by volunteers. The Centre offers information and advice on places to visit or stay in the region. Such places include the Highbury Townsite, Gnarojin Park, Railway Dam, Dryandra Woodlands National Park, Barna Mia, Foxes Lair, Lions Lookout, Yilliminning Rock, Nomans Lake, Heritage Walk, Old Courthouse Museum, and the Skate Park. The Centre has only recently (November 2022) transitioned to being under the direct management of the Shire.

ARtS Narrogin is a volunteer, not for profit organisation which supports and facilitates innovative artistic and creative endeavours and promotes various art forms and culture in the Region.

The NRLC is a successful recreational and sports facility offering a 25 metre indoor heated swimming pool for all year round enjoyment. Managed on behalf of the Shire by the YMCA WA, the facility offers, fitness & swimming classes, a fully equipped gym and squash centre with adjoining basketball and netball courts. The facility also boasts a wet synthetic Olympic-grade hockey turf which, has, in the past, hosted international hockey matches. Two other significant annual events important to the region include the Narrogin Agricultural Show, and the Revheads Weekends.

Message

From the Shire President



The 2021/2022 financial year saw COVID-19 make an all too familiar appearance within our community. Thankfully it also saw the border closures relax and interstate and overseas travel recommence. Unfortunately, though the skills shortage has not eased.

February 2022 also saw the devastating event that is now known as the Narrogin East Fires in which over 18,500 hectares were burnt and substantial stock were destroyed. This was a time when the local community rallied around those who needed it. The Shire of Narrogin was lucky enough to obtain the resources and skills of BlazeAid, a volunteer group who assist farmers in times of need with the replacement of much needed fences. Our sincerest thanks go out to those volunteers and local businesses who volunteered and offered assistance in any shape during this time.

I would like to thank all the Elected Members for their passion and service to the community and for all their hard work in working towards our outcomes in the Community Strategic Plan.

I would also like to thank the Chief Executive Officer, his Executive Team and all employees for the hard work and dedication. This was another successful year in the completion of the majority of capital works both on time and on budget.

Sincerest thanks must be extended to all the hardworking volunteers and in particular those that were involved in the Narrogin East Fires in February this year. Without you, our community would not be as protected as it is.

To the ratepayers and residents of the Shire, on behalf of the Elected Members, we look forward to continuing to work with you and for you to achieve the best outcomes for the community. Remember Narrogin is a great place to live because of its locals and those that continue to serve the community.

Narrogin, Love the Life!

A handwritten signature in black ink, appearing to read 'Leigh Ballard'. The signature is stylized and cursive.

Leigh Ballard
Shire President

Report

From the Chief Executive Officer

Once again, I have the pleasure of saying that it is not hard to see why I am one of the proudest Chief Executive Officers in local government in WA.

Post the hectic year that was Covid-19, which dominated the preceding year, we stuck to the task of implementing the Council's projects and services and achieved almost all of them on time and on budget.

The Council entrusted to us another huge capital year. As employees in a complex business, providing over 220 separate services and across dozens of facilities, we continue to have to be more resilient, more adaptable, more flexible, more innovative, and sometimes, to become more patient. Our Parks & Gardens employees and Works Crews continued to maintain parks, reserves, footpaths and road infrastructure at a high standard and additional bitumen seal was put down on a number of town and rural roads including the important regional Wagin Wickepin Road.

We assisted with the naturalisation of 24 new citizens of the Shire during the year and again facilitated a number of community events including NAIDOC Week and sponsoring the Narrogin Agricultural Show and RevHeads Weekends.

We have continued with an Aboriginal Youth Traineeship Program in the Shire's



Administration and continued expanding our professional and works services to other nearby and adjoining local governments.

We together achieved some great projects for your community last year. The more high profile ones to mention being:

- Completion of the May Street stormwater harvesting dam;
- The magnificent redevelopment of the Caravan Park;
- The Cemetery expansion project and creating the inaugural lawn cemetery section;
- Egerton Street Footpath continuation;
- Sealing 5 km of the Wagin Wickepin Road;
- Sealing another 1km of Narrogin Valley Road;
- Restoration of the Historic War Memorial;
- Redevelopment of the Smith Street Ablutions;

- Naming (and signing) of various Parks & Reserves; and
- Commissioning of several well received murals around the Narrogin Townsite.

Special thanks must go to John Warburton, our Manager Operations, who admirably led the Railway Station Restoration Project and saved the Shire and Council tens of thousands of dollars in project managing this extremely well received community asset refurbishment.

Last year we had COVID, this year we had some of that but also a certain Bush fire that stretched and challenged us as a community, as volunteers, as individuals and as an organisation.

Thanks to the tireless efforts of our Chief Bush Fire Control Officer and his deputies, and our Bush Fire Volunteers but also the outside crew and also to Azhar, Sharon and Wendy in the recovery process. Thanks also to the Shire President and Deputy Shire President for tireless efforts, around the clock at times, during the Narrogin East Bushfire and afterwards during recovery.

Many 100s of hours were put in collectively above and beyond normal workloads. Indeed, one of our team lost her house, and yes, we lost a grader and some road infrastructure- but thankfully no one was severely hurt or injured and what we saw was the homecare crew and community pull together and support Melissa and the 30 or so farmers impacted.

All our employees should all be extremely proud, as I am of what we do for our community, for our Council, and stand proud when you tell people what you do...you are a Shire Worker!

Thanks to the partners, families and children of Elected Members and employees for supporting the long hours they do - this is your acknowledgement too.

So, once again I thank and applaud the employees of the Shire for a truly momentous effort with their existing program of activities, projects, and services, as well as delivering on all that was asked (of you) in managing through the continuing changing nature of the pandemic.

Finally, I would like to thank the Elected Members, both former and newly elected, and the Shire President and Deputy Shire President, for their support during the year for funding the resources through setting the challenging budget and showing trust in your employees to get on with the job and support us when things occasionally don't to plan.



Dale Stewart
Chief Executive Officer

Elected Members

The Shire of Narrogin is a corporate body consisting of nine elected members including a publicly elected Shire President. The Elected Members shown below, reflects service from July 2021 to 30 June 2022 for all Elected Members bar Councillors McNab, Pomykala and Alexander who were all elected in October 2021.



*President
Leigh Ballard
2025*



*Deputy President
Cr Graham Broad
2023*



*Cr Roxanne McNab
2025*



*Cr Murray Fisher
2023*



*Cr Brian Seale
2025*



*Cr Josh Pomykala
2025*



*Cr Tim Wiese
2025*



*Cr Tamara Alexander
2023*



*Cr Jacqui Early
2023*



Mural at Memorial Park

Community Strategic Plan / Corporate Business Plan Overview

This report is based on the Community Strategic Plan that was adopted in 2017 and reviewed in 2019 and the accompanying Corporate Business Plan that was updated in 2022.

Section 5.53 (e) of the Local Government Act (1995) states that in relation to the Annual Report “an overview of the Plan for the Future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or continue in the next financial year.”

1. ECONOMIC OBJECTIVE

Support growth and progress, locally and regionally.

Key Performance Measures:

- Population statistics
- No. of development approvals
- Assessed vacancy rates (business and residential)
- No. of building approvals

Outcome 1.1 Growth in revenue opportunities

Whilst seeking grants and advocacy from government and non-government, grants continue to be a key focus of the Administration, this has been challenging at times as the opportunities for funding have been sparse in an environment that sees significant fiscal pressures during 2021/22 in both the National and State economies.

To balance this, the Shire continues to work with adjoining local governments to provide regional support and technical services on an as required or contracted basis. The Shire now works regularly

with seven different local governments providing contracted services and /or resource sharing from time to time in the following areas: Town Planning, Building, Ranger, and Environmental Health Services.

In 2022 there has been a continued focus on new start-up businesses in the Shire and these have been appropriately recognised by the Shire President and Chamber of Commerce by acknowledging their commencement within the townsite and CBD; this is a positive and supportive measure that fosters and promotes business confidence.

1.1.1 Attract new industry, business, investment and encourage diversity whilst encouraging growth of local business

Buy Local

The Shire of Narrogin and Council encourages and supports purchasing and procurement from local businesses, where possible. Council's "Buy Local" policy has regard for the creation of local employment opportunities, economic growth within the local area, and the positive impacts of the procurement on local business.

Buy Local Purchasing Policy

The Shire of Narrogin is committed to buying local wherever practical and has adopted a Buy Local policy, entitled, '3.2 Purchasing – Regional Price Preference'. The Council Policy Manual is available in our Document Centre <https://www.narrogin.wa.gov.au/documents/532/council-policy-manual>.

The policy is applied pursuant to State Laws (the Local Government (Functions and General) Regulations 1996) that allows the Shire of Narrogin to positively discriminate (give preference) to local suppliers, subject to certain constraints.

The price preference will apply to suppliers who are based in and operate from the preference region i.e. Shires of Narrogin, Cuballing, Wickiepin, Williams and Wagin in relation to all purchasing by the Shire of Narrogin for the supply of goods and services and construction (building) services, unless specifically stated otherwise, providing they are competitive in regard to specification, service, delivery and price.

The following levels of preference are applied to the whole of the contract for all purchasing under this provision –

10% for Goods or services (maximum reduction of \$30,000); and

5% for Construction Services (including building and roadworks etc) - (maximum reduction of \$50,000).

Narrogin & Districts Business Directory

Businesses are encouraged to provide their details on the Narrogin Chamber of Commerce business directory so that employees of the Shire, as well as other business and residents, are aware of their products and services when opportunities arise.

Local Purchasing

The following summarises the Shire's local purchasing undertaken during the financial year. Unfortunately, much of our annual purchases, including specialised contractors such as hot bitumen works, electricity and gas, cannot be sourced locally.

| 2021-2022 PAYMENTS | |
|---------------------------|---------------------|
| Total Payments \$ | 12 MTH TOTAL |
| Local Suppliers \$ | 3,458,488 |
| Payroll \$ | 4,047,786 |
| Total Local \$ | 7,506,274 |
| | |
| | AVERAGE |
| Local Suppliers % | 27.66 |
| Payroll % | 35.51 |
| Total Local % | 63.17 |

1.1.2 Promote Narrogin and the Region

In 2021/22, the Council continued to support the Dryandra Country Visitor Centre (DCVC) with a significant annual operating grant, and the provision a rent free of the Visitor Centre premises as well as auspicings of their Manager's salary, through the Shire's Accounting System.

The Shire also nominates an elected member to sit on the Executive of the Committee.

The DCVC recently (November 2022) transitioned to being under direct management of the Shire with it relocating to the refurbished Narrogin Railway Station.

Outcome 1.2 Increased Tourism

The Shire in this financial year has boosted Narrogin's appeal to visitors and tourists alike with two key capital projects.

In 2020, the Shire contracted a heritage consultant to prepare an Adaptive Reuse Strategy and Conservation Management Plan for the State registered Narrogin Railway Station and Goods Shed. Community consultations identified the community's strong support for the restoration and reactivation of both buildings.

The Shire engaged a consultant to develop a Railway Heritage Precinct Plan to guide the development of wayfinding and interpretative signage projects to celebrate the cultural heritage significance of this Registered Heritage site.

The Dryandra Woodlands, some 25 kilometres north of the town, was officially recognised as a Western Australia's National Park and the Shire continues to work with government to increase and promote services to the Park.

The Shire has a Tourism Strategy that is adopted by Council. It is a comprehensive strategic framework based on extensive tourism industry research and analysis and is a key document to support and direct the Shire's future tourism related initiatives and associated budgetary considerations.

1.2.1 Promote, develop tourism and maintain local attractions

By June 2022, the Shire was nearing completion of the restoration of the railway station and made a strategic decision to relocate the Dryandra Country Visitors Centre to this location to reactivate the space.

The Shire implemented its 2019 Narrogin Walk Trails Master Plan with the assistance of Lotterywest funding of just under \$100,000. It commissioned the research, design, writing and manufacture of 36

interpretative signs for its recreational reserves including Gnarojin Park located on the east side of the railway line the home of a number of important dreaming site for local Noongar people. This project builds on the Shire's vision to target experience seeking tourists and the segment of the market interested in Indigenous cultural experiences.

The Shire collaborated with Astro tourism WA to install planetarium signage at Yilliminning Rock, the main stargazing site for the Shire.

Outcome 1.3 An effective well maintained transport network

The Technical and Rural Services team, who are responsible for operational service delivery for the Shire, had a successful year again, completing 100% of their allocated capital works for road construction.

The Shire's road asset network is one of the largest assets for the Shire to maintain, preserve and manage. For the financial year in review, there were many programmed road reseals, reconstruction to repair road defects, plant purchases and other road-related asset maintenance requirements, all completed with excellent results. The total road construction and maintenance expenditure was \$5,702,907, which included Regional Road Group (State Government) and Roads to Recovery (Federal Government) grant funding and the Shire's own contribution of funds.

1.3.1 Maintain and improve road network in line with resource capacity

The 2021/22 financial year again provided significant funding for improvements to the Shire's road network asset including gravel roads as identified in the Shire's 10 Year Road Program.

A section of 4km of gravel on the Wagin Wickepin Road was constructed and sealed and 1.5km of existing pavement was rehabilitated and sealed on the Narrogin Harrismith Road as well as 500m on the Narrogin Wandering Road.

Many town streets received preservation bitumen reseals as identified and the Shires rural gravel road network received 18 kms of gravel re-sheeting.

1.3.2 Review and implement the Airport Master Plan

The review of the Airport Master Plan has been earmarked for completion in the Corporate Business Plan in the financial year 2023/24.

Outcome 1.4 Agriculture opportunities maintained and developed

The objective outlined in the Shire of Narrogin Local Planning Scheme is:

To protect and achieve ecologically sustainable use of all productive agricultural land in the Shire whilst providing diverse and compatible development opportunities in agricultural areas which promote the local economy.

After an extensive advertising period in the fourth quarter of 2021, Council reviewed submissions and endorsed the Shire of Narrogin's Draft Local Planning Scheme No. 3 (LPS3) at the Ordinary Council Meeting in February 2022. The Draft Scheme was subsequently submitted to the Western Australian Planning Commission for review and final determination and has spent much of 2022 in that process. LPS3 is expected to be finalised and gazetted in the coming months.

LPS3 will replace the former Shire of Narrogin – Local Planning Scheme No. 2 and former Town of Narrogin – Town Planning Scheme No. 2 when it is gazetted. LPS3 increases opportunity on "Rural" zoned land with a wider variety of allowable land uses listed. Some of the new uses include

“Telecommunications Infrastructure”, “Tourist Development”, “Workforce Accommodation” and “Renewable Energy Facility”.

1.4.1 Support development of agricultural services

The Adopted Local Planning Strategy (LPS) is a key informing strategy of the Shire to advocate for and work with potential businesses and investors who are actively exploring agricultural opportunities within the Shire.

Some of the strategies outlined in the LPS are:

- Protect rural assets due to the importance of their economic, natural resource, food production, environmental and landscape values, ensuring broad compatibility between land uses.
- Support existing, expanded and future primary production through the protection of rural land, particularly priority agricultural land and land required for animal premises and/or the production of food.
- Encourage the continued use of the Shire’s agricultural areas for predominantly grazing and cropping.
- Promote the diversification of the Shire’s economy by encouraging the development of intensive agriculture, downstream processing of primary produce, diversified industries and further tourism opportunities including farm stay accommodation and ecotourism subject to an adequate buffer being maintained between such uses and surrounding broadacre agricultural activities in order to minimise potential land use conflicts.

In the 2021/22 financial year, the Shire of Narrogin supported the development of agricultural businesses across the Shire. The Shire granted approval for a value adding Barley Malting Plant in Nomans Lake, creating a valuable export product. Also, in Nomans Lake, the Shire supported rural tourism through the approval of five short stay Tiny Homes on a picturesque farm.

The Shire supported an application for telecommunications infrastructure in Narrogin Valley too, strengthening high-speed internet for farmers to conduct business.

Over the course of 2022, the Shire has also worked closely with Future Energy Australia who are progressing plans for Australia’s first Renewable Diesel Plant to be built south of the Narrogin townsite. The Shire also worked closely with other businesses interested in making the most of Narrogin’s rural services, natural resources and opportunities fostered by LPS3.



Narrogin Caravan Park

2. SOCIAL OBJECTIVE

To provide community facilities and promote social interaction.

Key Performance Measures

- Social media activity
- Community participation levels in recreation activities and events
- Recreation Centre usage rates
- Reduction in anti-social behaviour

Outcome 2.1 Provision of youth services

The Shire, in conjunction with the YMCA has formed a Youth Advisory Group, with regular meetings taking place. It is planned by the YMCA Management that the Group assist in the development and running of youth events.

2.1.1 Develop and implement a youth strategy

The Shire has continued partner with the YMCA WA regarding Youth Engagement and the endorsed Strategy and Development Plan.

Since the development of the Youth Strategy, the Shire's Narrogin Regional Leisure Centre has delivered a range of successful events and programs for youth such as movies, fun days and sports carnivals; in partnership with the YMCA..

Outcome 2.2 Build a healthier and safer community

2.2.1 Support the provision of community security services and facilities

There is an extensive network of public CCTV in Narrogin linked into the local Police station. This enables the Police to monitor and follow in on appropriate activities. The Shire has also upgraded CCTV on its buildings in order to improve security.

2.2.2 Advocate for mental health and social support services

The Shire maintained representation on the Regional Interagency Human Services Agency Group.

The Shire promotes the annual 'RU OK' day and provides the staff opportunities and avenues to have a conversation and to direct them to the Counselling Services.

The Shire has recently adopted the Public Health Plan, which is to protect, improve and promote public health and wellbeing for all residents and ratepayers in the Shire of Narrogin. The Plan's intent is to support all members of the community, through various life stages to enable good health and wellbeing to be enjoyed across a range of identified health issues.

Through this process a list of five priority health issues were identified and include:

- Environmental health protection;
- Alcohol and Drugs;
- Access to fresh food and nutrition;
- Mental health; and
- A more active lifestyle.

2.2.3 Continue and improve provision of in-home care services

During the COVID-19 Pandemic, Homecare staff continued to provide much needed support to clients in the midst of lockdowns. Additional funding was provided by the Commonwealth to assist meeting the needs of the clients during this period.

More than 19,000 hours of Homecare services and support was provided to clients in 2021/22 which is testament to the resilience and dedication of the Homecare service staff that endured many challenges during unprecedented times for the region.

Outcome 2.3 Existing strong community spirit and pride is fostered, promoted and encouraged

2.3.1 Develop and activate Sport and Recreation Master Plan

The Sport and Recreation Infrastructure Plan Feasibility Study Report was received by Council at the August 2020 Council Meeting, with Council incorporating a task to undertake a comprehensive business case in the next review of the Corporate Business Plan in year 4. This will include a Needs Analysis to assess the social, demographic and economic factors, as well as club membership numbers.

2.3.2 Engage and support community groups and volunteers

The Shire supports a wide range of community groups through the Community Chest Fund. The maximum grant was returned to pre-COVID-19 levels. Shire also provide support for the volunteers of the Narrogin Art Group, who run the Old Courthouse Museum and the Dryandra Country Visitors Centre, which has now come under Shire management.

The R.W. (Bob) Farr Memorial Library supports the community by providing online facilities that enables engagement with online service providers e.g. Commonwealth and State Government agencies.

The Local History collection is maintained by the Library enabling access to the district's history, from time to time volunteers participate in this area.

The library also provides a "Housebound delivery service" by bringing library books and other media to members of our community that physically can't come into the Library.

Other activities include Online Storytime on the Shire YouTube Channel https://www.youtube.com/channel/UCEhC_u6vHkFoAkONcAvbggw, Storytime and Rhyme Time for preschool children, Studiosity online academic assistance for students between Year 3 and 12. Also university tutors and supporting writing and music groups at the library.

The Library also participates in the Better Beginnings program by providing a library bag for each newborn baby, 2 year old and pre-primary school student. The Program works with the State Library, the health nurses and the schools.

The Shire ran a "Volunteer Thank You" specifically for the East Narrogin Fire volunteers, and liaised with BlazeAid volunteers to support the fire recovery process

2.3.3 Facilitate and support community events

The Shire continues to support community events through provision of free or subsidised venue hire, along with promotion via the website and social media. Major events sponsored or facilitated by the Shire included Australia Day, Anzac Remembrance Day, RevHeads, along with the Narrogin Agricultural Show and an Astrotourism stargazing event

2.3.4. Provide improved community facilities

During the year a number of improvements were made to various facilities throughout the Shire, which included the Memorial Park, Old Courthouse Museum, Smith Street toilets, Narrogin Regional Leisure Centre, Narrogin Heritage Railway Station, as well as a naming project for parks and subsequent installation of park signs.

2.3.5 Encourage and support continued development of arts and culture

The region is privileged to have ARtS Narrogin providing energetic and skilful input to support and build the district's economic, cultural and social capital through innovative and creative approaches to art and culture which celebrate our community's unique identity. In the 2021/22 financial year, the Shire continued its arrangement with ARtS Narrogin as a regional and peak arts organisation to offer a subsidised lease of commercial premises within Narrogin's Town Hall complex for administrative, workshop, gallery and arts related activities. Along with its decision to relocate the Dryandra Country Visitor Centre to the newly refurbished Narrogin Railway Station, the Shire offered a lease of the vacated premises (the Narrogin Railway Institute Hall) to Arts Narrogin. This will allow the organisation much great flexibility to deliver its programs in a larger and more functional space. In addition, the Shire met the costs of replacing aged and outdated track lighting in the Narrogin Exhibition Space (NEXIS).

The 2021/22 budget allocated to ARtS Narrogin \$58,000 in cash for administration and gallery support and to attract a range of exhibitions and performing shows. The Shire also provided subsidies on outgoing (rates, water and power). The Shire works closely with ARtS Narrogin offering in-kind support in the way of assisting with administrative enquiries and general liaison work.

Outcome 2.4 Cultural and heritage diversity is recognised

A walking trail was developed for Gnarojin Park, which highlights five significant Willman Noongar sites. Artwork for these panels was commissioned from a local Willman Noongar artist. Two indigenous sites on the Foxes Lair walk trails have also been identified through panels.

Work commenced on the development of a historical railway display for the Narrogin Heritage Railway Station, with past and present residents donating a range of railway memorabilia. Creative Spaces have been contracted to develop a display. An N scale model train display, showcasing Narrogin in the 1960s has been constructed by a local model train enthusiast.

Three items from the Old Courthouse Museum were loaned to the Midland Junction Arts Centre for their exhibition Toy Stories.

The Shire of Narrogin sought to recognise the Noongar people with a greeting and acknowledgement of country that could be used across the organisation's various media platforms. The Shire already used an Acknowledgement of Country in some of its publications, but having that message translated into Noongar was at the very heart of this project. The Shire sought the advice and guidance of Local Noongar Elder Basil Kickett, who is affectionately known as Pop Basil by many in the community and appointed him to translate the English words into Noongar.

Ngulla Wiilmen moort Noongars

(We are the Wiilmen Noongar people)

Wanjoo nidja

(Welcome to Gnarojin, place of water)

***nguny unna moort nidja koora moort nidja boordja
nidja borong kabarli moort.***

(and pay respect to the Elders of this land, past and present.)

Since 2016 the Shire of Narrogin has conferred 151 Australian Citizenships.

| Year | Number of Citizenships |
|------|------------------------|
| 2016 | 18 |
| 2017 | 15 |
| 2018 | 8 |
| 2019 | 14 |
| 2020 | 33 |
| 2021 | 39 |
| 2022 | 24 |

2.4.1 Maintain and enhance heritage assets

The Shire's Local Heritage Survey continues to guide planning applications and is maintained annually.

Works commenced on the significant cultural asset of the historic Narrogin Railway Station Refurbishment Project in keeping with the adopted Conservation Plan and Adaptive Reuse Study.

2.4.2 Support our Narrogin cultural and indigenous community

The Council and the Shire recognise the importance of Noongar culture to the community, and works with the local indigenous community, to promote it whenever possible. A formal Welcome to Country has been being introduced to Shire events. Shire facilitated events for Reconciliation Week, as well as during NAIDOC Week occurred.

Local elders are consulted during the development of relevant projects, including the proposed trail upgrades.

Outcome 2.5 A broad range of quality education services and facilities servicing the region

2.5.1 Advocate for increased education facilities for the region

The Shire continues to work with key education providers, including each of the five schools and regional educators to understand their needs and also to understand and assist with advocacy in addressing any gaps.

2.5.2 Advocate for and support increased education services

During the year, the Shire and its staff have interacted with each of the Schools and continues to work with the Great Southern TAFE (Campus) and the Human Service's Interagency Group. In advocating for increased services the Shire has continued to support work placements and traineeships in the past year, with a trainee completing her certified qualification and subsequently being offered full time employment with the Shire.

Yakan – the turtle that uses its snorkel as a lever

For decades Narrogin's Railway Dam has been home to a population of oblong turtles (*Chelodina oblonga*), though it is unknown how or exactly when they first came to live here. The "oblong" name comes from the shape of the carapace (upper shell), which is oval shaped rather than round like most turtles. This species is also known as the western long-necked turtle or snake-necked turtle as the neck is generally as long or longer than the carapace.

In the Noongar language the turtle is known as *yakan*, and it is an important totem/dreaming animal in parts of the south-west of Western Australia. Traditionally, Noongar women hunted turtles by walking slowly through dried up swamps, pools and other waterways using their toes to feel for breathing holes where *yakan*, *kooya* (frogs), and *gilgies* (small freshwater crayfish) were found. Sometimes reeds were woven into nets to catch *djildjit* (fish) and *yakan*.



Oblong turtles in Railway Dam. Courtesy Rick Pleyte Photography

Turtle trivia:

- Females are larger than males and can grow to 400 mm shell length, but males have longer tails;
- They're carnivorous, and in a habitat such as this are likely the top predator;
- In poor visibility water they locate prey by echolocation, emitting a series of high frequency clicks;
- Big females will attack some waterbirds, striking with the speed of a crocodile;
- Hatchlings only weigh about as much as a 10 cent coin, and perhaps only one or two may survive from a clutch of 15-25 eggs;
- They sleep under water, using their long necks as snorkels, and
- They use their long neck as a lever to turn themselves over if stranded on their backs.

Signage at Railway Dam

3. ENVIRONMENT OBJECTIVE

Conserve, protect and enhance our natural and built environment.

Key Performance Measures

- Statutory asset management ratios
- Compliance with statutory reviews required by the Local Planning Framework
- Compliance with statutory requirements for the review of the Municipal Heritage Inventory

Outcome 3.1 A preserved natural environment

3.1.1 Conserve, enhance, promote and rehabilitate the natural environment

Council adopted a Shire of Narrogin Walk Trails Master Plan in April 2019. This key document presents a range of long and short-term strategies to ensure walk trails in Foxes Lair, Railway Dam and Gnarojin Park can be an enjoyable experience for the user and easy to find, navigate and explore.

The Master Plan will guide the Shire in showcasing its natural assets into the future. Trail development will inform and educate tourists, visitors and locals alike about the history and value of the Shire's reserves, promote interest in the area and encourage tourists to 'stay longer'. It will assist in controlling the impact of users in sensitive, or fragile environments. The trails include five in Foxes Lair, two at Railway Dam and a possible circuit trail at Gnarojin Park. All proposed trails are based on existing trails. Funding applications for upgrades to these trails were submitted in April 2021.

Outcome 3.2 Effective waste services

3.2.1 Support the provision of waste services

The Shire operates a weekly domestic putrescible and a fortnightly recyclable waste kerbside collection service to the town of Narrogin and the closer settled areas of the Shire. The kerbside collection services the residential, rural residential areas on the periphery of the town as well as designated rural areas, on request and as agreed by the contractor.

In addition, the Shire operates a Transfer Station at the Narrogin Waste Management Facility, on White Road, Narrogin. The Transfer Station enables more efficient management of waste materials received and restricts public access to the tip face. This has the effect of improving safety at the tip face by restricting or limiting unsupervised people and preventing scavenging. Limiting public access has also had the benefit of reducing hoarding in residential and other areas of the town. The Transfer Station has also made the management of the landfill more effective.

Currently the landfill is licenced to accept 7,500 tonnes of waste annually. The facility is staffed at all times while open for waste acceptance and is fenced and locked after hours to prevent unauthorised access.

The Shire of Narrogin continues to have an agreement with the Shire of Cuballing to accept their household and skip bin waste at the Narrogin Waste Management Facility, at an agreed price.

Great Southern Waste Disposal (GSWD) is currently contracted with the Shire of Narrogin to collect the weekly domestic putrescible and the fortnightly recyclable waste kerbside collections. GSWD is also contracted to maintain and bury waste at the landfill.

Great Southern Waste Disposal operates a Material Recycling Facility (MRF), one of only fifteen (15) in Western Australia, at their property on Graham Road in the Narrogin Industrial Estate. This facility processes recycled waste generated within this Shire, as well as from surrounding shires, that have kerbside recycling waste collection services.

Outcome 3.3 Efficient use of resources

3.3.1 Increase resource usage efficiency

Internally, the Administration produced and promoted the Reuse, Reduce and Recycle program by developing a document to assist staff become aware of the importance of such actions and its impact on the environment and climate change.

Externally, the Shire continued with the promotion, through Facebook and the website, highlighting the need to Reuse, Reduce and Recycle. The Containers for Change program commenced in October 2020 and after a slow start the number of containers being exchanged for cash has grown from about 20,000 a week to over 100,000 a week (December 2021). The Shire has continued to work actively with the Containers for Change and local contractor to promote this program as every container exchanged for cash is one less container landfilled.

Outcome 3.4 A well maintained built environment

3.4.1 Improve and maintain built environment

The Shire maintains a Building Asset Management Plan (BAMP), which identifies all the building assets owned by the Shire. The BAMP is a ten year program for all Council's building assets to ensure these assets are maintained and kept to an appropriate standard. Furthermore, the Shire has adopted the Local Heritage Survey which takes into consideration buildings of heritage significance that need to be preserved and maintained.

Asset Management Plans for Council assets are frequently reviewed are essential in informing the Shire's Long Term Financial Plan. This provided Council with a strategic view for managing an organisation's infrastructure and other assets to deliver an agreed standard of service. This is an area of continuing development.

The Shire's adopted road and footpath programs were implemented as specified for the year in review. Sections of new concrete footpaths were installed at Ensign Street and Wilbur Park to the value of \$58,750.

Road construction repairs, bitumen resealing works, gravel re-sheeting again featured heavily in this year's budget with a \$1.589M capital commitment from Council.

Maintenance to road related assets such as drainage, rural vegetation management, footpaths, bridges, street sweeping, street trees, signage, kerbing and verges were allocated funding to the value \$2.996M to maintain these valuable assets for the benefit of the local and regional community along with the many visitors who choose to visit our Shire.

Parks, ovals and streetscape assets are widely used by the community for sporting and recreational activities. Such assets include - irrigated turf, playground equipment, tree maintenance, park and street furniture, barbeques, picnic shelters, seats, irrigation infrastructure which are all maintained by Shire staff for the benefit of the community and region and are funded annually by Council.

It is essential to allocate sufficient funding for the preservation of all the Shire's assets, so they are kept in optimum condition considering the purpose of the asset's intended use.



Participants at the Australia Day Citizenship Ceremony

4. CIVIC LEADERSHIP OBJECTIVE

Continually enhance the Shire's organisational capacity to service the needs of a growing community.

Key Performance Measures

- Statutory financial ratios
- Employee retention rates
- Volunteer levels

Outcome 4.1 An efficient and effective organisation

During the year under review, the Shire continued to develop strong foundations since the merger of the former entities, with all but a few of the desired asset management plans and long term financial plans in place. The merger continues to enable economies of scale not seen before with systems and processes and the ability to choose the best system from the previous entity.

A prospective elected members session was held in 2021 for prospective Councillors, conducted by the Shire President, Chief Executive Officer and WA Electoral Commission.

Further expansion occurred with regional service delivery (shared services), with adjoining and nearby local governments, as far away as Lake Grace, with the introduction and marketing of the LG2LG suite of services, ranging from Homecare, environmental health, building surveying, ranger and road services.

Communication channels heavily used included regular media releases, updates and posts through Facebook, the Shire's website, the Shire's official notice boards, televisions in prominent Shire foyers

at the Library, Office, and Homecare and through publication and advertisements in the Narrogin Observer.

4.1.1 Continually improve operational efficiencies and provide effective services

The completion of the Compliance Calendar, Lease and Agreement Registers and the continuous review of processes and procedures ensures that the right allocation of resource are made at the right time.

Monthly tracking of projects and financial statements highlights issues and enables corrective action.

4.1.2 Continue to enhance communication and transparency

The Council, continues to provide for the monthly publication in the Narrogin Observer, entitled the Narrogin Narrative. This is replicated on the Shire's website and Facebook page.

During the year under review, over 300 Facebook, website advertisements, invitations to comment and Media Releases were issued.

Outcome 4.2 An employer of choice

The Shire of Narrogin provides a competitive benefits package to all its employees, all listed on the Shires web page <https://www.narrogin.wa.gov.au/benefits-of-working-for-the-shire.aspx>. This maximises the opportunity for a broader range and quality of suitable applications to be attracted to our advertised positions.

4.2.1 Provide a positive, desirable workplace

The Shire continues to develop a strong safety culture and is working towards achieving a silver recognition with our Insurance Broker, Local Government Insurance Services. All staff meetings continue to have a permanent agenda item for WHS matters.

We have also developed a strong culture of acknowledging employee efforts by incorporating this as a permanent agenda item for all staff meetings and on our Intranet, we call SoNIC (the Shire of Narrogin Information Centre).

As a result of COVID post Council meeting debriefs are conducted via video conferencing, which enables officers from different sites, to participate in these sessions, increasing team building and the sense of inclusion.

Statutory Statements

Legislative Review

During the 2021/22 financial year a review of all local laws was undertaken, and the Shire of Narrogin Public Health Plan was adopted in 2022.

The purpose of the Shire of Narrogin Public Health Plan (the Plan) is to protect, improve and promote public health and wellbeing for all residents and ratepayers in the Shire of Narrogin. The Plan's intent is to support all members of the community, through various life stages to enable good health and wellbeing to be enjoyed across a range of identified health issues.

For a list of the new Local Laws please refer to the Shire of Narrogin [website](#) or the Department of Local Government website.

Responsible Officer: Executive Manager Corporate and Community Services.

Structural Reform

The new merged entity officially commenced on 1 July 2016 under the direction of three Commissioners. They ceased their tenure when the new Council was elected on 15 October 2016. Coinciding with that election, a referendum supported the direct election of the Shire President by electors.

To align with the normal election cycle, the term of the President and two Rural and two Urban Ward Councillors concluded in October 2017. The terms of the other elected members concluded in October 2019. From the 2019 Ordinary Local Government elections, the current two Wards (Rural and Urban) were abolished.

Public Interest Disclosure Act 2003

In accordance with this legislation, procedures have been implemented to facilitate reporting and action on public interest disclosures. During the 2021/22 reporting period, no public interest disclosures were lodged.

Responsible Officer: Executive Manager Corporate and Community Services.

Disability Access and Inclusion Plan (DAIP) Report

The Shire of Narrogin is committed to an accessible, inclusive Shire that values all people including those with disability. The Shire, through its Disability Access and Inclusion Plan 2018-2023 (DAIP), plans to ensure that people with a disability have equal opportunities of access and community including to Council services, products, facilities and information and are consulted in a meaningful and appropriate way to facilitate participation with the Shire and the Narrogin and Districts community. The DAIP is a requirement under the Disability Services Act 1993 and each year the Shire is required to report on the achievements and outcomes arising from the Disability Access & Inclusion Plan (DAIP).

The achievements for the year ended 30 June 2022 are listed below and grouped into the outcome areas addressed in the Shire of Narrogin's DAIP.

DAIP Outcome 1: People with disability have the same opportunities as other people to access the services of, and any events organised by, a public authority.

In the 2021/22 year, the Shire worked with Amity Health to facilitate and host an event for International Day of People with Disability showcasing a range of sports and activities that people young and old, could participate in, including a silent disco for those with sensory issues, aquafit, indoor hockey and basketball, as well as craft activities.

When Shire events include catering, the caterers are requested to offer a menu accommodating special dietary requirements.

The Shire identified online inclusion training modules to be included in all staff training in 2021/2022 financial year.

DAIP Outcome 2: People with disability have the same opportunities as other people to access the buildings and other facilities of a public authority.

The Shire of Narrogin replaced an outdated public toilet block near the main shopping precinct. The new block includes two ambulant WCs and one unisex Accessible WC. A guard rail was installed to improve access on the path leading to the WCs.

The Narrogin Railway Station conservation and recreation project saw the inclusion of an accessible ramp from the main carpark to the station's platform. The restored building is fully accessible. ACROD parking is available in the public car park. The restoration included two unisex Accessible WCs. Approximately 400m of concrete footpath has been installed on Ensign St, inclusive of two kerb ramps with two handrails. This allows pedestrians to connect with the hospital, medical facilities, schools and the CBD.

Additional seating was placed around town, with eight public seats and one accessible picnic table.

DAIP Outcome 3: People with disability receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it.

The Shire of Narrogin do not currently offer the public high quality audio recordings of the outcomes from Council Meetings, enabling people with vision and neurodiversity impairments to access Council information, however this will be reviewed in the 2023 Calendar year. Council meetings are open to members of the public, and the building is fully accessible.

DAIP Outcome 4: People with disability receive the same level and quality of service from the staff of a public authority as other people receive from the staff of that public authority.

This outcome area is about enhancing and ensuring that the quality and range of your services and processes are consistent, inclusive, or readily adjust to people's needs.

All Customer Service Officers at the Shire receive regular in-house training to ensure a high level of customer service across a wide range of services.

All Homecare staff receive regular appropriate training to assist them to deliver services to clients, who are frail, elderly and disabled. These residents are enabled to stay within their homes and community comfortably and longer.

DAIP Outcome 5: People with disability have the same opportunities as other people to make complaints to a public authority. This outcome area is about enhancing and ensuring that complaints mechanisms effectively receive and address complaints from any members of the community, staff or customers.

All customer service staff receive regular training in customer service, including responding to complaints by people with disability.

DAIP Outcome 6: People with disability have the same opportunities as other people to participate in any public consultation by a public authority.

All Shire public consultation complies with the Shire's Community Engagement Policy. Public consultation conducted by the Shire at any time considers methods and ways to enable community members with disability, to have their say regarding a range of Shire matters.

DAIP Outcome 7: People with disability have the same opportunities as other people to obtain and maintain employment with a public authority. The Shire of Narrogin is an equal opportunity employer. The Shire has a Memorandum of Understanding with Forrest Personnel to identify opportunities for employment with the Shire for people with disabilities.

Freedom of Information Act 1992

In complying with the Freedom of Information Act 1992, the Shire of Narrogin is required to prepare and publish an Information Statement. The Shire of Narrogin's Information Statement is reviewed annually and is available to download from the Shire of Narrogin website:

www.narrogin.wa.gov.au/documents/500/freedom-of-information-information-statement

A printed copy can be viewed at the Shire Administration Office. The information statement contains information on the type of documents available to the public and how to access those documents. During the 2021/22 year, Council received no requests for information under the Freedom of Information Act.

Responsible Officer: Executive Manager Corporate and Community Services.

State Records Act 2000

The State Records Act 2000 requires that the Shire maintains and disposes of all records in the prescribed manner. The State Records Act 2000 also requires all local authorities to produce a Record Keeping Plan to be endorsed by the State Records Commission. This Plan was reviewed in 2017/18 and was adopted by State Records Commission in March 2018 and approved by Council in April 2018.

Principle 6 – Compliance with the State Records Commission Standard 2. requires that government organisations ensure their employees comply with the Record Keeping Plan and include within its Annual Report a section that addresses points 1-4 of the Principle.

Specifically, the Record Keeping Plan is to provide evidence to cite that:

1. The efficiency and effectiveness of the organisation's record keeping systems is evaluated not less than once in every 5 years.
 - The Shire is reviewing its records keeping methods on a continual basis after implementing new procedures.
2. The organisation conducts a record keeping training program.
 - The Shire has performed this on several occasions for management and staff who deal with records.

3. The efficiency and effectiveness of the record keeping training program is reviewed from time to time.
 - The record keeping procedures are under constant review after new procedures have been implemented.
4. The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's record keeping plan.
 - The induction program for new elected members and employees includes an overview of the responsibilities regarding records management.

Responsible Officer: Executive Manager Corporate and Community Services.

National Strategic Plan (NSP) for Asbestos Awareness and Management 2019-2023

The NSP 2019-2023 is consistent with the Western Australian Government policy on Workplace Health and Safety.

On 9 November 2020, the Western Australian Government endorsed targets one to seven (targets eight and nine are Federal targets) of the NSP 2019-2023 which aims to eliminate asbestos-related diseases in Australia by preventing exposure to asbestos fibres.

Each State and Western Australian local government department, agency, authority and government enterprise, is required to report on its progress in achieving the relevant targets of the NSP 2019-2023.

As an overview of activities during the year the Shire:

- Reviewed its Register of Asbestos identifying and assessing the risks associated with asbestos containing material within local government owned and controlled buildings, land and infrastructure;
- Assisted the Gnarojin Community Gardens develop plans for the risk-based management of asbestos containing materials, which includes removal where required;
- Provided guidance to residents and local businesses with respect to asbestos compliance and enforcement (such as improvement notice, prohibition notice, prosecution action etc.); and
- Did not, during the year under review undertake any broad community or staff asbestos awareness, including training, publications and guidance materials.
- The Shire have commenced a further upgrade of the Asbestos register with new photographs and location plans. The information will be recorded in the main register and a QR code placed in the meter box of all properties on the Shire's Register that contain asbestos product. The QR code will supply information, photographs, and location plans.
- Conditional notes are placed on all Demolition Permits that contains the Legislative requirements.

For further information on the National Strategic Plan for Asbestos Awareness and Management 2019-2023 targets, visit the Asbestos Safety and Eradication Agency [website](https://www.asbestossafety.gov.au/) at <https://www.asbestossafety.gov.au/> .

Register of Complaints - Conduct of Council Members

There were no complaints that resulted in action against Elected Members under section 5.121 of the *Local Government Act 1995* for the 2021/22 financial year.

Responsible Officer: Executive Manager Corporate and Community Services.

Employees Remuneration

Set out below, in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$130,000 or more (regulation 19B(2)(a) &(b) Local Government (Administration) Regulations 1996).

| Salary Range | 2020/21 | 2021/22 |
|-----------------------|---------|---------|
| \$130,001 - \$140,000 | | |
| \$150,001 - \$160,000 | | |
| \$160,001 - \$170,000 | | |
| \$170,001 - \$180,000 | | |
| \$180,001 - \$190,000 | 1 | 1 |

Responsible Officer: Executive Manager Corporate and Community Services.

Elected Member Demographics

Elected member demographics of those elected in 2021 is detailed below (regulation 19B(2)(h) Local Government (Administration) Regulations 1996).

| | |
|---|--------------------|
| Gender | 6 Male 3 Female |
| Linguistic background | 9 English |
| Country of Birth | 9 Australia |
| Identifying as Aboriginal or Torres Strait Islander | Nil |
| Ages | |
| between 18 years and 24 years: and | |
| between 25 years and 34 years: and | 1 |
| between 35 years and 44 years; and | 1 |
| between 45 years and 54 years; and | 3 |
| between 55 years and 64 years; and | 3 |
| over the age of 64 years | 1 |

Remuneration provided to the CEO

The total remuneration provided to the CEO during financial year 2021/22 pursuant to (regulation 19B(2)(e) Local Government (Administration) Regulations 1996 including all benefits such housing, vehicle provision and superannuation was \$250,731.

Attendance at Council and Committee meetings

The Council of the Shire of Narrogin meets monthly for information sessions and workshops on a variety of topics. In the fourth week of the month, Council convenes an Ordinary Council Meeting, where decisions are made on all report items in the best interest of the community (Regulation 19B(2)(f) Local Government (Administration) Regulations 1996).

Below is a table outlining individual Elected Members' attendance, for the financial year, on various Council Committees as a member in their capacity as an Elected Member.

| | Council | Audit Advisory Committee | Airport Advisory Committee | Local Emergency Management Committee | Australia Day and Honours Advisory Committee | Bush Fire Advisory Committee | Townscape Advisory Committee |
|--------------------------------------|---------|--------------------------|----------------------------|--------------------------------------|--|------------------------------|------------------------------|
| No of meetings held | 11 | 1 | 0 | 3 | 2 | 2 | 6 |
| Elected Member | | | | | | | |
| Shire President Mr L Ballard | 11 | 1 | | | 2 | 2 | |
| Deputy Shire President Cr G Broad | 11 | 1 | | | | | |
| Cr T Wiese | 11 | 1 | | | | | |
| Cr J Early | 11 | 1 | | | 2 | | 5 |
| Cr M Fisher | 10 | 1 | | | | | |
| Cr B Seale | 11 | 1 | | 3 | | | 1 |
| Cr R McNab* | 8 | | | | 1 | | |
| Cr J Pomykala* | 8 | | | | | | 3 |
| Cr T Alexander* | 7 | | | | | | |

* Denotes Elected Members whose terms commenced in October 2021.

Acronyms Used Within This Document

| | |
|--------|---|
| ACROD | Australian Council for Rehabilitation of Disabled |
| AGRN | Australian Government Registration Number |
| CBD | Central Business District |
| CBP | Corporate Business Plan |
| CEO | Chief Executive Officer |
| CHSP | Commonwealth Home Support Programme |
| CHCP | Community Home Care Packages |
| CSRFF | Community Sporting and Recreation Facilities Fund |
| DAIP | Disability Access and Inclusion Plan |
| DSR | Department of Sport and Recreation |
| EMCCS | Executive Manager Corporate and Community Services |
| EMDRS | Executive Manager Development and Regulatory Services |
| EMTRS | Executive Manager Technical and Environmental Services |
| FAG | Financial Assistance Grants |
| HACC | Home And Community Care |
| KEEDAC | Kaata-Koorliny Employment and Enterprise Development Aboriginal Network |
| KM | Kilometre |
| MLC | Manager Leisure and Culture |
| MLS | Manager Library Services |
| MOU | Memorandum of Understanding |
| MO | Manager Operations |
| NAIDOC | National Aborigines and Islanders Day Observance Committee |
| NBN | National Broadband Network |
| NRLC | Narrogin Regional Leisure Centre |
| OEM | Office of Emergency Management |
| OSH | Occupational Safety and Health |
| RAP | Reconciliation Action Plan |
| RFQ | Request for Quote |
| TAFE | Tertiary and Further Education |
| WDC | Wheatbelt Development Commission |
| YMCA | Young Men's Christian Association |

SHIRE OF NARROGIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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COMMUNITY VISION

"A leading regional economic driver and a socially interactive and inclusive community"

Principal place of business:
89 Earl Street
Narrogin
WA 6390

**SHIRE OF NARROGIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Narrogin for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the Shire of Narrogin at 30 June 2022 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 **Nineteenth** day of **December** 2022



Chief Executive Officer

Dale Stewart

Name of Chief Executive Officer



SHIRE OF NARROGIN
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

| | NOTE | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| Rates | 23(a) | 5,126,013 | 5,117,093 | 4,929,046 |
| Operating grants, subsidies and contributions | 2(a) | 4,900,695 | 3,501,549 | 4,897,144 |
| Fees and charges | 2(a) | 2,110,252 | 1,881,186 | 1,841,274 |
| Interest earnings | 2(a) | 70,183 | 69,553 | 88,337 |
| Other revenue | 2(a) | 450,451 | 349,170 | 463,587 |
| | | 12,657,594 | 10,918,551 | 12,219,388 |
| Expenses | | | | |
| Employee costs | | (5,526,672) | (5,584,188) | (5,489,706) |
| Materials and contracts | | (2,570,323) | (3,153,456) | (2,558,708) |
| Utility charges | | (748,824) | (658,717) | (632,111) |
| Depreciation on non-current assets | 11(b) | (2,991,674) | (3,274,599) | (2,876,118) |
| Interest expenses | 2(b) | (33,314) | (33,125) | (31,424) |
| Insurance expenses | | (311,490) | (279,657) | (265,960) |
| Other expenditure | 2(b) | (368,263) | (371,482) | (582,623) |
| | | (12,550,560) | (13,355,224) | (12,436,650) |
| | | 107,034 | (2,436,673) | (217,262) |
| Non-operating grants, subsidies and contributions | 2(a) | 1,833,692 | 1,731,740 | 1,354,152 |
| Profit on asset disposals | 11(a) | 65,948 | 38,800 | 9,161 |
| (Loss) on asset disposals | 11(a) | (19,407) | (147,622) | (24,654) |
| Fair value adjustments to financial assets at fair value through profit or loss | | 5,996 | 0 | 3,878 |
| | | 1,886,229 | 1,622,918 | 1,342,537 |
| Net result for the period | | 1,993,263 | (813,755) | 1,125,275 |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes in asset revaluation surplus | 13 | 19,257,263 | 0 | 934,451 |
| Total other comprehensive income for the period | | 19,257,263 | 0 | 934,451 |
| Total comprehensive income for the period | | 21,250,526 | (813,755) | 2,059,726 |

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

SHIRE OF NARROGIN
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

| | NOTE | 2022 | 2021 |
|--|-------|--------------------|--------------------|
| | | \$ | \$ |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 6,038,926 | 7,648,153 |
| Trade and other receivables | 6 | 703,300 | 648,937 |
| Other financial assets | 5(a) | 2,000,000 | 0 |
| Inventories | 7 | 26,579 | 9,960 |
| Other assets | 8 | 226,179 | 53,625 |
| TOTAL CURRENT ASSETS | | 8,994,984 | 8,360,675 |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables | 6 | 263,913 | 213,914 |
| Other financial assets | 5(b) | 116,706 | 110,710 |
| Property, plant and equipment | 9 | 70,293,164 | 59,289,126 |
| Infrastructure | 10 | 125,131,602 | 115,449,487 |
| Right of use assets | 12(a) | 75,015 | 13,385 |
| TOTAL NON-CURRENT ASSETS | | 195,880,399 | 175,076,622 |
| TOTAL ASSETS | | 204,875,384 | 183,437,297 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 14 | 857,237 | 1,014,808 |
| Other liabilities | 15 | 392,000 | 283,935 |
| Lease liabilities | 16(a) | 36,042 | 11,769 |
| Borrowings | 17(a) | 214,581 | 197,212 |
| Employee related provisions | 18 | 695,827 | 764,009 |
| TOTAL CURRENT LIABILITIES | | 2,195,687 | 2,271,733 |
| NON-CURRENT LIABILITIES | | | |
| Trade and other payables | 14 | 21,654 | 31,453 |
| Lease liabilities | 16(a) | 39,442 | 3,099 |
| Borrowings | 17(a) | 1,069,442 | 784,147 |
| Employee related provisions | 18 | 118,838 | 167,068 |
| TOTAL NON-CURRENT LIABILITIES | | 1,249,376 | 985,767 |
| TOTAL LIABILITIES | | 3,445,063 | 3,257,500 |
| NET ASSETS | | 201,430,321 | 180,179,796 |
| EQUITY | | | |
| Retained surplus | | 52,773,068 | 50,974,225 |
| Reserves - cash/financial asset backed | 4 | 4,871,462 | 4,677,042 |
| Revaluation surplus | 13 | 143,785,791 | 124,528,529 |
| TOTAL EQUITY | | 201,430,321 | 180,179,796 |

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



SHIRE OF NARROGIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

| | | RESERVES CASH/FINANCIAL | | | |
|-----------------------------------|------|----------------------------|------------------|------------------------|--------------------|
| | NOTE | RETAINED SURPLUS | ASSET BACKED | REVALUATION SURPLUS | |
| | | \$ | \$ | \$ | |
| | | | | TOTAL EQUITY | |
| | | | | \$ | |
| Balance as at 1 July 2020 | | 50,442,171 | 4,083,821 | 123,594,078 | 178,120,070 |
| Comprehensive income | | | | | |
| Net result for the period | | 1,125,275 | 0 | 0 | 1,125,275 |
| Other Comprehensive Income | 13 | 0 | 0 | 934,451 | 934,451 |
| Total comprehensive income | | 1,125,275 | 0 | 934,451 | 2,059,726 |
| Transfers from reserves | 4 | 2,363,406 | (2,363,406) | 0 | 0 |
| Transfers to reserves | 4 | (2,956,627) | 2,956,627 | 0 | 0 |
| Balance as at 30 June 2021 | | 50,974,225 | 4,677,042 | 124,528,529 | 180,179,796 |
| Comprehensive income | | | | | |
| Net result for the period | | 1,993,263 | 0 | 0 | 1,993,263 |
| Other comprehensive income | 13 | 0 | 0 | 19,257,263 | 19,257,263 |
| Total comprehensive income | | 1,993,263 | 0 | 19,257,263 | 21,250,526 |
| Transfers from reserves | 4 | 2,586,939 | (2,586,939) | 0 | 0 |
| Transfers to reserves | 4 | (2,781,360) | 2,781,360 | 0 | 0 |
| Balance as at 30 June 2022 | | 52,773,068 | 4,871,462 | 143,785,791 | 201,430,321 |

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



SHIRE OF NARROGIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

| | NOTE | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|--|-------|----------------------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Rates | | 5,227,455 | 5,004,637 | 4,944,647 |
| Operating grants, subsidies and contributions | | 4,900,695 | 3,589,005 | 4,855,199 |
| Fees and charges | | 1,866,508 | 1,881,186 | 1,841,274 |
| Interest received | | 70,183 | 69,553 | 88,337 |
| Goods and services tax received | | 746,140 | 434,284 | 720,201 |
| Other revenue | | 450,451 | 349,170 | 463,587 |
| | | 13,261,432 | 11,327,835 | 12,913,245 |
| Payments | | | | |
| Employee costs | | (5,633,653) | (5,571,649) | (5,545,140) |
| Materials and contracts | | (2,799,412) | (3,013,996) | (2,410,547) |
| Utility charges | | (748,824) | (658,717) | (632,111) |
| Interest expenses | | (33,314) | (33,125) | (31,424) |
| Insurance paid | | (311,490) | (279,657) | (265,960) |
| Goods and services tax paid | | (737,023) | (434,284) | (649,643) |
| Other expenditure | | (368,263) | (371,482) | (582,623) |
| | | (10,631,979) | (10,362,910) | (10,117,448) |
| Net cash provided by (used in) operating activities | 19 | 2,629,453 | 964,925 | 2,795,797 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for financial assets at amortised cost | 5 | (2,000,000) | 0 | 0 |
| Payments for purchase of property, plant & equipment | 9 | (2,356,954) | (3,996,000) | (1,410,391) |
| Payments for construction of infrastructure | 10 | (2,409,705) | (3,201,744) | (2,819,579) |
| Non-operating grants, subsidies and contributions | | 1,833,692 | 1,731,740 | 1,638,087 |
| Proceeds from sale of property, plant & equipment | 11(a) | 435,489 | 407,000 | 244,519 |
| Net cash provided by (used in) investing activities | | (4,497,478) | (5,059,004) | (2,347,364) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 17(b) | (197,336) | (206,412) | (173,653) |
| Payments for principal portion of lease liabilities | 16(b) | (43,865) | (7,568) | (9,338) |
| Proceeds from new borrowings | 17(b) | 500,000 | 500,000 | 180,000 |
| Net cash provided by (used in) financing activities | | 258,799 | 286,020 | (2,991) |
| Net increase (decrease) in cash held | | (1,609,226) | (3,808,059) | 445,442 |
| Cash at beginning of year | | 7,648,153 | 7,234,602 | 7,202,711 |
| Cash and cash equivalents at the end of the year | 19 | 6,038,926 | 3,426,543 | 7,648,153 |

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

**SHIRE OF NARROGIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022**

| | NOTE | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| NET CURRENT ASSETS - At start of financial year - surplus/(deficit) | 24(b) | 1,981,851 | 2,394,166 | 2,557,686 |
| OPERATING ACTIVITIES | | | | |
| Revenue from operating activities (excluding general rate) | | | | |
| Rates (excluding general rate) | 23(a) | 10,626 | 9,254 | 9,117 |
| Operating grants, subsidies and contributions | | 4,900,695 | 3,501,549 | 4,897,144 |
| Fees and charges | | 2,110,252 | 1,881,186 | 1,841,274 |
| Interest earnings | | 70,183 | 69,553 | 88,337 |
| Other revenue | | 450,451 | 349,170 | 463,587 |
| Profit on asset disposals | 11(a) | 65,948 | 38,800 | 9,161 |
| Fair value adjustments to financial assets at fair value through profit or loss | | 5,996 | 0 | 3,878 |
| | | 7,614,151 | 5,849,512 | 7,312,498 |
| Expenditure from operating activities | | | | |
| Employee costs | | (5,526,672) | (5,584,188) | (5,489,706) |
| Materials and contracts | | (2,570,323) | (3,153,456) | (2,558,708) |
| Utility charges | | (748,824) | (658,717) | (632,111) |
| Depreciation | | (2,991,674) | (3,274,599) | (2,876,118) |
| Finance costs | | (33,314) | (33,125) | (31,424) |
| Insurance | | (311,490) | (279,657) | (265,960) |
| Other expenditure | | (368,263) | (371,482) | (582,623) |
| Loss on asset disposals | 11(a) | (19,407) | (147,622) | (24,654) |
| | | (12,569,967) | (13,502,846) | (12,461,304) |
| Non-cash amounts excluded from operating activities | 24(a) | 2,831,341 | 3,383,601 | 2,880,555 |
| Amount attributable to operating activities | | (142,624) | (1,875,567) | 289,433 |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | | 1,833,692 | 1,731,740 | 1,354,152 |
| Proceeds from disposal of assets | 11(a) | 435,489 | 407,000 | 244,519 |
| Purchase of property, plant and equipment | 9(a) | (2,356,954) | (3,996,000) | (1,410,391) |
| Purchase and construction of infrastructure | 10(a) | (2,409,705) | (3,201,744) | (2,819,579) |
| Amount attributable to investing activities | | (2,497,478) | (5,059,004) | (2,631,299) |
| FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 17(b) | (197,336) | (206,412) | (173,653) |
| Proceeds from borrowings | 17(b) | 500,000 | 500,000 | 180,000 |
| Payments for principal portion of lease liabilities | 16(b) | (43,865) | 0 | (9,338) |
| Transfers to reserves (restricted assets) | 4 | (2,781,360) | (2,637,245) | (2,956,627) |
| Transfers from reserves (restricted assets) | 4 | 2,586,939 | 4,170,391 | 2,363,406 |
| Amount attributable to financing activities | | 64,378 | 1,826,734 | (596,212) |
| Surplus/(deficit) before imposition of general rates | | (2,575,724) | (5,107,837) | (2,938,078) |
| Total amount raised from general rates | 23(a) | 5,115,387 | 5,107,837 | 4,919,929 |
| Surplus/(deficit) after imposition of general rates | 24(b) | 2,539,663 | 0 | 1,981,851 |

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

SHIRE OF NARROGIN
INDEX OF NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the Local Government Government Act 1995 and accompanying regulations.

Local Government Act 1995 Requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the Local Government Act 1995 and, to the extent they are not inconsistent with the act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not - for - profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The Local Government (Financial Management) Regulations 1996 specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for 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.

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 financial 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.

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.

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

Judgements and 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 balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.

2. REVENUE AND EXPENSES

Contracts with customers

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 | Timing of revenue recognition |
|---|--|--------------------------------------|--|---|--|
| Operating Grants, subsidies or contributions with customers | 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 | Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared |
| Fees and Charges 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 | On payment and issue of the licence, registration or approval |
| Fees and Charges- 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 | On entry to facility |
| Fees and Charges- Airport landing charges | Permission to use facilities and runway | Single point in time | Monthly in arrears | None | On landing/departure event |
| Other revenue- Private Works | Cemetery services, library fees, reinstatements and private works | Single point in time | Payment in full in advance | None | Output method based on provision of service or completion of works |
| Fees and Charges- Sale of stock | Kiosk and visitor centre stock | Single point in time | In full in advance, on 15 day credit | Refund for faulty goods | Output method based on goods |

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

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES (Continued)

| (a) Revenue (Continued) | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|--|----------------------|----------------------|----------------------|
| Contracts with customers and transfers for recognisable non-financial assets | | | |
| Revenue from contracts with customers was recognised during the year for the following nature or types of goods or services: | | | |
| Operating grants, subsidies and contributions | 142,483 | 73,315 | 164,924 |
| Fees and charges | 894,214 | 750,026 | 758,709 |
| Other revenue | 172,602 | 109,234 | 195,714 |
| | <u>1,209,299</u> | <u>932,575</u> | <u>1,119,347</u> |
| Capital Grants/ Contributions | | | |
| Revenue from capital grant/contributions recognised as non operating grants contributions and reimbursements | | | |
| | 1,833,692 | 1,731,740 | 1,354,152 |
| Revenue from statutory requirements | | | |
| Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services: | | | |
| Sanitation charges | 1,129,188 | 1,054,998 | 1,018,992 |
| General rates | 5,115,387 | 5,117,093 | 4,919,929 |
| Ex gratia rates | 10,626 | 9,254 | 9,117 |
| Statutory permits and licences | 79,121 | 68,560 | 55,986 |
| Fines | 7,729 | 7,602 | 7,588 |
| | <u>6,342,051</u> | <u>6,257,507</u> | <u>6,011,611</u> |
| Other revenue | | | |
| Reimbursements and recoveries | 277,849 | 239,936 | 267,873 |
| Other | 172,602 | 109,234 | 195,714 |
| | <u>450,451</u> | <u>349,170</u> | <u>463,587</u> |
| Interest earnings | | | |
| Interest on reserve funds | 8,869 | 10,000 | 18,414 |
| Rates instalment and penalty interest (refer Note 23(b)) | 45,388 | 57,000 | 57,223 |
| Other interest earnings | 15,926 | 2,553 | 12,700 |
| | <u>70,183</u> | <u>69,553</u> | <u>88,337</u> |

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES (Continued)

| (b) Expenses | Note | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|--|-------|----------------------|----------------------|----------------------|
| Auditors remuneration | | | | |
| - Audit of the Annual Financial Report | | 65,400 | 55,000 | 45,000 |
| - Other services | | 4,206 | 0 | 2,300 |
| | | 69,606 | 55,000 | 47,300 |
| Interest expenses | | | | |
| Borrowings | 17(b) | 31,911 | 33,125 | 31,083 |
| Lease liabilities | 16(b) | 1,403 | 0 | 341 |
| | | 33,314 | 33,125 | 31,424 |
| Other expenditure | | | | |
| Impairment loss on trade and other receivables from contracts with customers | | 61,413 | 1,000 | 74,487 |
| Members fees | | 126,973 | 129,100 | 122,975 |
| Donations, Subsidies & Assistance to Community Groups | | 46,370 | 118,950 | 91,203 |
| Statutory Fees and Taxes | | 15,076 | 11,030 | 16,181 |
| Sundry expenses | | 118,431 | 111,402 | 277,777 |
| | | 368,263 | 371,482 | 582,623 |

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

3. CASH AND CASH EQUIVALENTS

| NOTE | 2022 \$ | 2021 \$ |
|--|------------------|------------------|
| Cash at bank and on hand | 6,025,147 | 7,648,153 |
| Bonds and deposits held | 13,779 | 0 |
| Total cash and cash equivalents | 6,038,926 | 7,648,153 |
| Held as | | |
| - Unrestricted cash and cash equivalents | 3,152,220 | 2,941,108 |
| - Restricted cash and cash equivalents | 2,886,706 | 4,707,045 |
| | 6,038,926 | 7,648,153 |

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

| | | | |
|--|---|------------------|------------------|
| Reserves - cash/financial asset backed | 4 | 4,871,461 | 4,677,042 |
| Bonds and deposits held | | 13,779 | 30,003 |
| Total restricted assets | | 4,885,240 | 4,707,045 |

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 and which are subject to an insignificant risk of changes in value.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. 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 and for which no liability has been recognised.

Details of restrictions on financial assets can be found at Note 4.

**SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

4. RESERVES - CASH/FINANCIAL ASSET

| | 2022 Opening Balance | 2022 Actual Transfer to | 2022 Actual Transfer (from) | 2022 Actual Closing Balance | 2022 Budget Opening Balance | 2022 Budget Transfer to | 2022 Budget Transfer (from) | 2022 Budget Closing Balance | 2021 Actual Opening Balance | 2021 Actual Transfer to | 2021 Actual Transfer (from) | 2021 Actual Closing Balance |
|---|----------------------------|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|
| (a) Employee Entitlement Reserve | \$ 360,972 | \$ 232 | \$ 0 | \$ 361,204 | \$ 360,583 | \$ 180 | \$ 0 | \$ 360,583 | \$ 389 | \$ 0 | \$ 0 | \$ 360,972 |
| (b) Building Reserve | 371,259 | 310 | (190,451) | 181,118 | 370,750 | 180 | (196,000) | 470,148 | 509 | (99,398) | 0 | 371,259 |
| (c) Refuse Site Reserve | 575,868 | 181,852 | 0 | 757,720 | 575,351 | 390,17 | (23,848) | 478,789 | 97,079 | 0 | 0 | 575,868 |
| (d) Community Assisted Transport (CAT) Reserve | 8,492 | 8,003 | (10,626) | 5,869 | 8,491 | 8,000 | (10,000) | 794 | 7,698 | 0 | 0 | 8,492 |
| (e) Narragin Regional Recreation Centre Reserve | 242,044 | 100,170 | (39,500) | 302,714 | 241,742 | 100,120 | (251,000) | 90,862 | 279,436 | 201,302 | (238,694) | 242,044 |
| (f) Plant, Vehicle & Equipment Reserve | 472,848 | 425,236 | (278,592) | 619,492 | 472,420 | 425,230 | (677,000) | 220,650 | 395,307 | 425,428 | (347,887) | 472,848 |
| (g) Economic Development Reserve | 227,267 | 136 | (150,000) | 77,403 | 227,022 | 110 | (200,000) | 27,132 | 227,022 | 245 | 0 | 227,267 |
| (h) IT & Office Equipment Reserve | 26,396 | 53 | 0 | 26,449 | 26,311 | 10 | (20,000) | 6,321 | 78,802 | 85 | (52,491) | 26,396 |
| (i) Tourism & Area Promotion Reserve | 78,606 | 48 | 0 | 78,654 | 78,521 | 30 | 0 | 78,551 | 85 | 0 | 0 | 78,606 |
| (j) Unspent Grants & Contribution Reserve | 279,296 | 132 | (279,296) | 132 | 563,029 | 280 | (376,435) | 186,874 | 92,702 | 0 | 0 | 279,296 |
| (k) HACC Reserve | 452,086 | 314 | (5,159) | 447,241 | 448,109 | 134 | (448,243) | 0 | 523,586 | 58,796 | (130,296) | 452,086 |
| (l) CHCP Reserve | 581,385 | 762,781 | (672,596) | 671,570 | 566,113 | 759,914 | (994,907) | 331,120 | 222,234 | 823,130 | (463,979) | 581,385 |
| (m) CHSP Reserve | 460,966 | 1,221,291 | (947,695) | 734,562 | 464,195 | 1,223,300 | (873,384) | 814,111 | 291,306 | 1,168,149 | (998,489) | 460,966 |
| (n) Road Construction Reserve | 335,365 | 222 | 0 | 335,587 | 335,003 | 160 | 0 | 335,163 | 335,003 | 362 | 0 | 335,365 |
| (o) Asset Valuation Reserve | 31,879 | 19 | 0 | 31,898 | 31,844 | 10 | 0 | 31,854 | 35 | 0 | 0 | 31,879 |
| (p) Landcare Reserve | 92,469 | 58 | (3,309) | 89,218 | 92,363 | 40 | (25,000) | 67,403 | 98,681 | 106 | (6,318) | 92,469 |
| (q) Narragin Airport Reserve | 40,198 | 15,000 | 0 | 55,198 | 40,171 | 15,020 | 0 | 55,191 | 25,171 | 15,027 | 0 | 40,198 |
| (r) Bridges Reserve | 22,145 | 48,002 | (9,715) | 60,432 | 22,145 | 48,010 | (39,574) | 30,581 | 0 | 48,000 | (25,855) | 22,145 |
| (s) Water Reuse Scheme Reserve | 17,500 | 17,500 | 0 | 35,000 | 17,500 | 17,500 | (35,000) | 0 | 0 | 17,500 | 0 | 17,500 |
| | 4,677,042 | 2,781,360 | (2,586,939) | 4,871,461 | 4,941,663 | 2,637,245 | (4,170,391) | 3,408,517 | 4,083,821 | 2,956,627 | (2,363,406) | 4,677,042 |

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

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) Employee Entitlement Reserve | Ongoing | To fund current and past employee's leave entitlements and redundancy payouts. |
| (b) Building Reserve | Ongoing | To support the acquisition, upgrade or enhancements of buildings within the district. |
| (c) Refuse Site Reserve | Ongoing | To fund infrastructure development and rehabilitation costs associates with the Shire's tip site as well the purchase and development a regional waste facility. |
| (d) Community Assisted Transport (CAT) Reserve | Ongoing | To fund the replacement/change over of the CATS vehicle. |
| (e) Narragin Regional Recreation Centre Reserve | Ongoing | To fund YMCA additional maintenance works as well as acquisitions, upgrades and enhancement of the building, major plant & equipment items. |
| (f) Plant, Vehicle & Equipment Reserve | Ongoing | To support the purchase/replacement of motor vehicles, and heavy plant and equipment. |
| (g) Economic Development Reserve | Ongoing | To fund economic development projects that will benefit the district. |
| (h) IT & Office Equipment Reserve | Ongoing | To fund the purchase and upgrade of computer equipment, software and office equipment. |
| (i) Tourism & Area Promotion Reserve | Ongoing | For the purpose of tourism & district promotion activities, significant events and festivals which includes banner poles, entry statements and outdoor digital screens. |
| (j) Unspent Grants & Contribution Reserve | Ongoing | To store unspent grants and contributions. Funds can only be expended on items that have been approved by the relevant grant agreement/funding body. |
| (k) HACC Reserve | Ongoing | To store unspent H.A.C.C grant funds that can fund the purchase of assets, payout of Homecare employee entitlements and other projects that have been approved by the Funding Body. |
| (l) CHCP Reserve | Ongoing | To store unspent C.H.C.P grant funds that can fund the purchase of assets, payout of Homecare employee entitlements and other projects that have been approved by the Funding Body. |
| (m) CHSP Reserve | Ongoing | To store unspent C.H.S.P grant funds that can fund the purchase of assets, payout of Homecare employee entitlements and other projects that have been approved by the Funding Body. |
| (n) Road Construction Reserve | Ongoing | To be used on road construction projects. |
| (o) Asset Valuation Reserve | Ongoing | To fund asset valuations. |
| (p) Landcare Reserve | Ongoing | To fund future natural resource management activities aligned with the principles established in the former NLCD letter dated 6/6/17 (ICR1712270). |
| (q) Narragin Airport Reserve | Ongoing | For the purpose of supporting and funding infrastructure development, maintenance, acquisition, upgrade or enhancements and grant funding to the Narragin Airport. |
| (r) Bridges Reserve | Ongoing | For the purpose of supporting and funding infrastructure development, maintenance, acquisition, upgrade or enhancements and grant funding for bridges within the Shire. |
| (s) Water Reuse Scheme Reserve | Ongoing | For the purpose of supporting and funding infrastructure development, maintenance, acquisition, upgrade or enhancements and grant funding for infrastructure enabling the re-use of water resources. |

SHIRE OF NARROGIN
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5. OTHER FINANCIAL ASSETS

(a) Current assets

Other financial assets at amortised cost

Term deposits

| 2022 | 2021 |
|-----------|------|
| \$ | \$ |
| 2,000,000 | 0 |
| 2,000,000 | 0 |

(b) Non-current assets

Financial assets at fair value through profit and loss

Units in Local Government House Trust

| | |
|---------|---------|
| 116,706 | 110,710 |
| 116,706 | 110,710 |

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

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

6. TRADE AND OTHER RECEIVABLES

Current

| | |
|---|--|
| Rates receivable | |
| Allowance for impairment of Rates receivables | |
| Sundry receivables | |
| ATO Receivables | |
| Long service leave due from other LGs | |

Non-current

| | |
|---------------------------------------|--|
| Pensioner's rates and ESL deferred | |
| Contributions receivable | |
| Long service leave due from other LGS | |

| | 2022 | 2021 |
|--|----------------|----------------|
| | \$ | \$ |
| | 389,393 | 454,337 |
| | (136,225) | (75,000) |
| | 346,519 | 102,775 |
| | 103,614 | 152,803 |
| | 0 | 14,022 |
| | 703,300 | 648,937 |
| | 204,096 | 188,960 |
| | 44,000 | 0 |
| | 15,817 | 24,954 |
| | 263,913 | 213,914 |

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.

Long Service Leave due from other LGs

Long service leave accrued whilst staff worked for other LGs is collected by the Shire from the other LGs when it falls due. The portion expected to fall due within twelve months is shown as current asset whilst the portion expected to fall due after twelve months is shown as non-current asset.

Impairment and risk exposure

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

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 the Shire 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

| | 2022 | 2021 |
|--|---------------|--------------|
| | \$ | \$ |
| | 26,579 | 9,960 |
| | <u>26,579</u> | <u>9,960</u> |
| | 9,960 | 19,735 |
| | (228,556) | (174,655) |
| | 245,175 | 164,880 |
| | <u>26,579</u> | <u>9,960</u> |

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

Additions to inventory

Carrying amount at end of period

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

8. OTHER ASSETS

Other assets - current

Accrued income

| | 2022 | 2021 |
|--|---------|--------|
| | \$ | \$ |
| | 226,179 | 53,625 |
| | 226,179 | 53,625 |

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other current assets include income received subsequent to the year, but accrued back to the year 2021/22 where it was earned.

**SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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9 PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

| | Land - freehold land | Land - vested in and under the control of Council | Total land | Buildings - non- specialised | Buildings - specialised | Total buildings | Total land and buildings | Furniture and equipment | Plant and equipment | Artwork | Library Stock Transferred From State Govt. | Capital Work in Progress | Total property, plant and equipment |
|---|----------------------------|---|------------------|------------------------------------|----------------------------|--------------------|--------------------------------|-------------------------------|------------------------|----------------|--|--------------------------------|--|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2020 | 10,472,998 | 0 | 10,472,998 | 2,751,648 | 40,035,790 | 42,787,438 | 53,260,436 | 367,131 | 4,232,007 | 350,315 | 177,695 | 0 | 58,387,584 |
| Additions | 0 | 0 | 0 | 127,917 | 267,515 | 395,432 | 395,432 | 62,328 | 634,052 | 0 | 0 | 318,579 | 1,410,391 |
| (Disposals) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (260,012) | 0 | 0 | 0 | (260,012) |
| Revaluation increments / (decrements) transferred to revaluation surplus | (990,472) | 0 | (990,472) | 194,362 | 1,730,561 | 1,924,923 | 934,451 | 0 | 0 | 0 | 0 | 0 | 934,451 |
| Depreciation (expense) | 0 | 0 | 0 | (157,943) | (627,353) | (785,296) | (785,296) | (39,981) | (322,472) | 0 | (35,539) | 0 | (1,183,288) |
| Carrying amount at 30 June 2021 | 9,482,526 | 0 | 9,482,526 | 2,915,984 | 41,406,513 | 44,322,497 | 53,805,023 | 389,478 | 4,283,575 | 350,315 | 142,156 | 318,579 | 59,289,126 |
| Comprises: | | | | | | | | | | | | | |
| Gross carrying amount at 30 June 2021 | 9,482,526 | 0 | 9,482,526 | 3,436,398 | 44,493,430 | 47,929,828 | 57,412,354 | 458,278 | 4,895,892 | 350,315 | 177,695 | 318,579 | 63,613,113 |
| Accumulated depreciation at 30 June 2021 | 0 | 0 | 0 | (520,414) | (3,086,917) | (3,607,331) | (3,607,331) | (68,800) | (612,317) | 0 | (35,539) | 0 | (4,323,987) |
| Carrying amount at 30 June 2021 | 9,482,526 | 0 | 9,482,526 | 2,915,984 | 41,406,513 | 44,322,497 | 53,805,023 | 389,478 | 4,283,575 | 350,315 | 142,156 | 318,579 | 59,289,126 |
| Comprises: | | | | | | | | | | | | | |
| Additions | 0 | 0 | 0 | 933,323 | 177,843 | 1,111,166 | 1,111,166 | 11,359 | 804,798 | 0 | 0 | 429,631 | 2,356,954 |
| (Disposals) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (505,161) | 0 | 0 | 0 | (505,161) |
| Revaluation increments / (decrements) transferred to revaluation surplus | (186,526) | 0 | (186,526) | 125,683 | 10,396,912 | 10,522,595 | 10,336,069 | 0 | 0 | 0 | 0 | 0 | 10,336,069 |
| Depreciation eliminated on disposal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 116,214 | 0 | 0 | 0 | 116,214 |
| Depreciation (expense) | 0 | 0 | 0 | (200,362) | (672,184) | (872,546) | (872,546) | (39,592) | (352,360) | 0 | (35,539) | 0 | (1,300,037) |
| Carrying amount at 30 June 2022 | 9,296,000 | 0 | 9,296,000 | 3,774,628 | 51,309,084 | 55,083,712 | 64,379,713 | 361,245 | 4,347,066 | 350,315 | 106,617 | 748,210 | 70,293,164 |
| Comprises: | | | | | | | | | | | | | |
| Gross carrying amount at 30 June 2022 | 9,296,000 | 0 | 9,296,000 | 4,495,404 | 55,068,185 | 59,563,589 | 68,859,590 | 469,637 | 5,195,529 | 350,315 | 177,695 | 748,210 | 75,800,975 |
| Accumulated depreciation at 30 June 2022 | 0 | 0 | 0 | (720,776) | (3,759,101) | (4,479,877) | (4,479,877) | (108,392) | (848,463) | 0 | (71,078) | 0 | (5,507,810) |
| Carrying amount at 30 June 2022 | 9,296,000 | 0 | 9,296,000 | 3,774,628 | 51,309,084 | 55,083,712 | 64,379,713 | 361,245 | 4,347,066 | 350,315 | 106,617 | 748,210 | 70,293,164 |

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 |
|-----------------------------|----------------------|---|--------------------|------------------------|---|
| (i) Fair Value | | | | | |
| Land and buildings | | | | | |
| Land - freehold land | 2 | Market approach using recent observable market data for similar assets. | Independent Valuer | June 2022 | Price per hectare. |
| Buildings - non-specialised | 2 | Market approach using recent observable market data for similar properties. | Independent Valuer | June 2022 | Price per square metre / market borrowing rate, adjusted for restrictions in use. |
| Buildings - specialised | 3 | Cost approach and depreciated replacement cost. | Independent Valuer | June 2022 | Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs. |

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

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

(ii) Cost

| | | | | |
|---|------|------|-----|------|
| Furniture and equipment | Cost | Cost | N/A | Cost |
| Plant and Equipment | Cost | Cost | N/A | Cost |
| Artwork | Cost | Cost | N/A | Cost |
| Library Stock Transferred From State Govt. | Cost | Cost | N/A | Cost |

**SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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10 INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

| | Infrastructure - roads | Infrastructure - footpaths | Infrastructure - drainage | Infrastructure - parks and ovals | Infrastructure - bridges | Infrastructure - other | Capital Work in Progress | Total Infrastructure |
|--|---------------------------|-------------------------------|------------------------------|-------------------------------------|-----------------------------|---------------------------|-----------------------------|-------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2020 | 98,071,689 | 2,834,831 | 6,714,874 | 3,897,915 | 1,889,578 | 903,160 | 0 | 114,312,047 |
| Additions | 1,825,457 | 58,247 | 0 | 39,424 | 0 | 751,863 | 144,588 | 2,819,579 |
| Depreciation (expense) | (1,033,607) | (73,144) | (139,878) | (291,959) | (100,780) | (42,771) | 0 | (1,682,139) |
| Carrying amount at 30 June 2021 | 98,863,539 | 2,819,934 | 6,574,996 | 3,645,380 | 1,788,798 | 1,612,252 | 144,588 | 115,449,487 |
| Comprises: | | | | | | | | |
| Gross carrying amount at 30 June 2021 | 102,571,785 | 3,036,322 | 6,993,921 | 4,826,335 | 2,089,420 | 1,704,756 | 144,588 | 121,367,127 |
| Accumulated depreciation at 30 June 2021 | (3,708,246) | (216,388) | (418,925) | (1,180,955) | (300,622) | (92,504) | 0 | (5,917,640) |
| Carrying amount at 30 June 2021 | 98,863,539 | 2,819,934 | 6,574,996 | 3,645,380 | 1,788,798 | 1,612,252 | 144,588 | 115,449,487 |
| Additions | 1,534,806 | 54,350 | 0 | 61,128 | 0 | 439,116 | 320,305 | 2,409,705 |
| Revaluation increments / (decrements) transferred to revaluation surplus | 3,469,199 | 5,859 | 4,544,146 | (349,600) | 487,182 | 764,410 | 0 | 8,921,196 |
| Depreciation (expense) | (986,291) | (73,144) | (139,878) | (293,408) | (100,780) | (55,285) | 0 | (1,648,786) |
| Carrying amount at 30 June 2022 | 102,881,253 | 2,806,999 | 10,979,264 | 3,063,500 | 2,175,200 | 2,760,493 | 464,893 | 125,131,602 |
| Comprises: | | | | | | | | |
| Gross carrying amount at 30 June 2022 | 107,575,790 | 3,096,531 | 11,538,067 | 4,537,863 | 2,576,602 | 2,908,282 | 464,893 | 132,698,028 |
| Accumulated depreciation at 30 June 2022 | (4,694,537) | (289,532) | (558,803) | (1,474,363) | (401,402) | (147,789) | 0 | (7,566,426) |
| Carrying amount at 30 June 2022 | 102,881,253 | 2,806,999 | 10,979,264 | 3,063,500 | 2,175,200 | 2,760,493 | 464,893 | 125,131,602 |

**SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

10 INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|---|----------------------|---|--------------------|------------------------|--|
| (i) Fair value | | | | | |
| Infrastructure - roads | 3 | Cost approach using depreciated replacement cost. | Independent Valuer | June 2022 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - footpaths | 3 | Cost approach using depreciated replacement cost. | Independent Valuer | June 2022 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - drainage | 3 | Cost approach using depreciated replacement cost. | Independent Valuer | June 2022 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - parks and ovals | 3 | Cost approach using depreciated replacement cost. | Independent Valuer | June 2022 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - bridges | 3 | Cost approach using depreciated replacement cost. | Independent Valuer | June 2022 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| Infrastructure - other | 3 | Cost approach using depreciated replacement cost. | Independent Valuer | June 2022 | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |

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

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

11 FIXED ASSETS SIGNIFICANT ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

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

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

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

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

Revaluation

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

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

Revaluation (continued)

For property, plant and equipment and infrastructure, 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. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, 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 on revaluation

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

- (i) 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
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

**SHIRE OF NARROGIN
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11. FIXED ASSETS

(a) Disposals of Assets

| | 2022 | | 2022 | | 2022 | | 2022 | | 2021 | | 2021 | |
|---------------------|-----------------------------|----------------------------|--------------------------|------------------------|-----------------------------|----------------------------|------------------|----------------|-----------------------------|----------------------------|------------------|----------------|
| | Actual Net Book Value | Actual Sale Proceeds | 2022 Actual Profit | 2022 Actual Loss | Budget Net Book Value | Budget Sale Proceeds | Budget Profit | Budget Loss | Actual Net Book Value | Actual Sale Proceeds | Actual Profit | Actual Loss |
| Plant and equipment | \$ 388,948 | \$ 435,489 | \$ 65,948 | \$ (19,407) | \$ 515,822 | \$ 407,000 | \$ 38,800 | \$ (147,622) | \$ 260,012 | \$ 244,519 | \$ 9,161 | \$ (24,654) |
| | 388,948 | 435,489 | 65,948 | (19,407) | 515,822 | 407,000 | 38,800 | (147,622) | 260,012 | 244,519 | 9,161 | (24,654) |

The following assets were disposed of during the year.

| | 2022 Actual Net Book Value | 2022 Actual Sale Proceeds | 2022 Actual Profit | 2022 Actual Loss |
|------------------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| Plant and Equipment | | | | |
| Education and welfare | | | | |
| NGN11555 2016 Voltswagon Caddy | 21,247 | 18,409 | 0 | (2,838) |
| NGN219 2019 NISSAN X-TRAIL | 28,277 | 15,455 | 0 | (12,822) |
| NGN847 Mitsubishi Outlander 2019 | 8,339 | 18,409 | 10,070 | 0 |
| Community amenities | | | | |
| NGN00 HOLDEN MY19 ACADIA | 27,893 | 33,000 | 5,107 | 0 |
| Transport | | | | |
| 0NO 2020 LTZ Holden Trailblazer | 28,279 | 35,725 | 7,446 | 0 |
| 00NGN Nissan Navara 2018 | 19,122 | 31,818 | 12,696 | 0 |
| 1NO Nissan Navara Dual Cab | 24,788 | 30,000 | 5,212 | 0 |
| NO4516 2013 Caterpillar | 74,312 | 70,565 | 0 | (3,747) |
| NGN802 2018 Mitsubishi Triton Ute | 12,748 | 15,454 | 2,706 | 0 |
| 1NGN 2019 TOYOTA PRADO | 43,303 | 53,699 | 10,396 | 0 |
| NGN15581 MAZDA BT50 UTE | 19,122 | 21,182 | 2,060 | 0 |
| NO592 Mitsubishi Triton 2018 | 18,414 | 19,773 | 1,359 | 0 |
| NO01 2019 Holden Colorado | 28,755 | 36,000 | 7,245 | 0 |
| Economic services | | | | |
| NGN2 MY20 HOLDEN TRAX LS | 14,519 | 15,000 | 481 | 0 |
| Other property and services | | | | |
| 00NGN Ford Escape 2018 | 19,830 | 21,000 | 1,170 | 0 |
| | 388,948 | 435,489 | 65,948 | (19,407) |

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

(b) Depreciation

| | 2022 Actual | 2022 Budget | 2021 Actual |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Buildings - non-specialised | 200,362 | 138,920 | 157,943 |
| Buildings - specialised | 672,184 | 585,200 | 627,353 |
| Furniture and equipment | 39,592 | 54,200 | 39,981 |
| Plant and equipment | 352,360 | 421,230 | 322,472 |
| Library Stock Transferred From State Govt. | 35,539 | 0 | 35,539 |
| Infrastructure - roads | 986,291 | 1,358,189 | 1,033,607 |
| Infrastructure - footpaths | 73,144 | 72,600 | 73,144 |
| Infrastructure - drainage | 139,878 | 0 | 139,878 |
| Infrastructure - parks and ovals | 293,408 | 521,200 | 291,959 |
| Infrastructure - bridges | 100,780 | 99,560 | 100,780 |
| Infrastructure - other | 55,285 | 23,500 | 42,771 |
| Right of use assets - buildings | 32,161 | 0 | 0 |
| Right of use assets - plant and equipment | 10,690 | 0 | 10,691 |
| | 2,991,675 | 3,274,599 | 2,876,118 |

Revision of useful lives of assets

Useful lives of fixed assets were reviewed during the year. There was nothing to warrant changes to useful lives currently associated with fixed assets.

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

| Asset Class | Useful life |
|--|------------------------------|
| Buildings | 5 to 100 years |
| Furniture and equipment | 5 to 10 years |
| Plant and equipment | 5 to 20 years |
| Sealed roads and streets formation | not depreciated |
| pavement | 50 years |
| seal | |
| - bituminous seals | 20 years |
| - asphalt surfaces | 25 years |
| Gravel roads formation | not depreciated |
| pavement | 50 years |
| Formed roads (unsealed) formation | not depreciated |
| pavement | 50 years |
| Footpaths - slab | 50 years |
| Sewerage piping | 40 years |
| Water supply piping and drainage systems | 50 to 75 years |
| Bridges | 12 to 22 years |
| Other Infrastructure | 8 to 20 years |
| Right of use | Based on the remaining lease |
| Library books | 5 years |
| Parks and ovals | 10 to 25 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.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

12. LEASES

(a) Right of Use Assets

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

| | Right of use assets - buildings | Right of use assets - plant and equipment | Right of use assets Total |
|--|------------------------------------|---|---------------------------------|
| | \$ | \$ | \$ |
| Carrying amount at 30 June 2021 | 0 | 13,385 | 13,385 |
| Additions | 104,481 | 0 | 104,481 |
| Depreciation (expense) | (32,161) | (10,690) | (42,851) |
| Carrying amount at 30 June 2022 | <u>72,320</u> | <u>2,695</u> | <u>75,015</u> |
| (b) Cash outflow from leases | | | |
| Interest expense on lease liabilities | 1,231 | 172 | 1,403 |
| Lease principal expense | 33,277 | 10,588 | 43,865 |
| Total cash outflow from leases | <u>34,508</u> | <u>10,760</u> | <u>45,268</u> |

The measurement of lease liabilities does not include any future cash outflows associated with leases not yet commenced to which the Shire is committed. The Shire has one lease relating to plant and equipment with a term of 3 years. It also has two leases relating to residential properties with lease terms of 2 years and five years.

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - valuation

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

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

Right-of-use assets - depreciation

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

(c) Operating leases

Operating Lease receivable details

| | |
|---|--|
| Less than 1 year | |
| Longer than 1 year and not longer than 2 years | |
| Longer than 2 years and not longer than 5 years | |
| Longer than 5 years | |
| Total | |

| | 2022 | 2021 |
|---|----------------|----------------|
| | \$ | \$ |
| Less than 1 year | 82,732 | 69,617 |
| Longer than 1 year and not longer than 2 years | 71,385 | 26,170 |
| Longer than 2 years and not longer than 5 years | 99,160 | 13,661 |
| Longer than 5 years | 19,183 | 27,096 |
| Total | <u>272,459</u> | <u>136,544</u> |

The Shire also has peppercorn leases with 25 various not-for-profit entities.

Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease

Rental Income

| | |
|---------------|---------------|
| 82,857 | 76,848 |
|---------------|---------------|

The Shire as Lessor

Upon entering into each contract as lessor, the Shire assesses if the lease is a finance or operating lease. The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within the definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (e.g. legal cost, cost to set up) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term. When a contract is determined to include lease and non lease components, the Entity applies AASB15 to allocate the consideration under the contract to each component.

**SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

13. REVALUATION SURPLUS

| | 2022 | | 2022 | | 2022 | | 2021 | | 2021 | | 2021 | |
|--|-----------------|-----------------------|-------------------------|-------------------------|-----------------|-----------------|-----------------------|-------------------------|-------------------------|-----------------|-----------------|-----------------------|
| | Opening Balance | Revaluation Increment | Revaluation (Decrement) | Movement on Revaluation | Closing Balance | Opening Balance | Revaluation Increment | Revaluation (Decrement) | Movement on Revaluation | Closing Balance | Opening Balance | Revaluation Increment |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revaluation surplus - Land and buildings | 42,796,751 | 0 | (186,526) | (186,526) | 42,610,225 | 43,787,223 | 0 | (990,472) | (990,472) | 42,796,751 | 43,787,223 | 0 |
| Revaluation surplus - Buildings - non-specialised | 194,362 | 125,683 | 0 | 125,683 | 320,045 | 0 | 194,362 | 0 | 194,362 | 194,362 | 0 | 194,362 |
| Revaluation surplus - Buildings - specialised | 1,730,561 | 10,396,912 | 0 | 10,396,912 | 12,127,473 | 0 | 1,730,561 | 0 | 1,730,561 | 1,730,561 | 0 | 1,730,561 |
| Revaluation surplus - Furniture and equipment | 24,329 | 0 | 0 | 0 | 24,329 | 24,329 | 0 | 0 | 0 | 24,329 | 24,329 | 0 |
| Revaluation surplus - Plant and equipment | 762,474 | 0 | 0 | 0 | 762,474 | 762,474 | 0 | 0 | 0 | 762,474 | 762,474 | 0 |
| Revaluation surplus - Artwork | 350,315 | 0 | 0 | 0 | 350,315 | 350,315 | 0 | 0 | 0 | 350,315 | 350,315 | 0 |
| Revaluation surplus - Infrastructure - roads | 66,216,935 | 3,469,199 | 0 | 3,469,199 | 69,686,134 | 66,216,935 | 0 | 0 | 0 | 66,216,935 | 66,216,935 | 0 |
| Revaluation surplus - Infrastructure - footpaths | 1,825,795 | 5,859 | 0 | 5,859 | 1,831,654 | 1,825,795 | 0 | 0 | 0 | 1,825,795 | 1,825,795 | 0 |
| Revaluation surplus - Infrastructure - drainage | 6,380,837 | 4,544,146 | 0 | 4,544,146 | 10,924,983 | 6,380,837 | 0 | 0 | 0 | 6,380,837 | 6,380,837 | 0 |
| Revaluation surplus - Infrastructure - parks and ovals | 2,108,515 | 0 | (349,600) | (349,600) | 1,758,915 | 2,108,515 | 0 | 0 | 0 | 2,108,515 | 2,108,515 | 0 |
| Revaluation surplus - Infrastructure - bridges | 67,155 | 487,181 | 0 | 487,181 | 554,336 | 67,155 | 0 | 0 | 0 | 67,155 | 67,155 | 0 |
| Revaluation surplus - Infrastructure - other | 2,070,500 | 764,409 | 0 | 764,409 | 2,834,909 | 2,070,500 | 0 | 0 | 0 | 2,070,500 | 2,070,500 | 0 |
| | 124,528,529 | 19,793,389 | (536,126) | 19,257,263 | 143,785,792 | 123,594,078 | 1,924,923 | (990,472) | 934,451 | 124,528,529 | 123,594,078 | 934,451 |

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

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

14 TRADE AND OTHER PAYABLES

Current

| | |
|-------------------------------------|--|
| Sundry creditors | |
| Prepaid rates | |
| Accrued payroll liabilities | |
| Long service leave due to Other LGs | |
| Bonds and deposits held | |
| Other creditors | |
| Accrued expenses | |

Non-current

| | |
|-------------------------------------|--|
| Long service leave due to other LGS | |
|-------------------------------------|--|

| 2022 | 2021 |
|----------------|------------------|
| \$ | \$ |
| 305,791 | 556,784 |
| 153,408 | 162,999 |
| 164,729 | 140,620 |
| 0 | 33,475 |
| 15,501 | 30,003 |
| (7,787) | 31,734 |
| 225,595 | 59,193 |
| 857,237 | 1,014,808 |
| 21,654 | 31,453 |
| 21,654 | 31,453 |

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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.

Long service leave due to other LGs

Long service leave accrued for staff who no longer work for this Shire but remain employed in Local government, is payable by this Shire when it falls due. The portion expected to fall due within twelve months is shown as current liability whilst the portion expected to fall due after twelve months is shown as non-current liability.

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 usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates

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

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

15 OTHER LIABILITIES

Current

Capital grant/contributions liabilities

Reconciliation of changes in contract liabilities

The Shire expects to satisfy the performance obligations from contracts with customers unsatisfied at the end of the reporting period to be satisfied within the next 12 months.

Reconciliation of changes in capital grant/contribution liabilities

Opening balance
 Additions
 Revenue from capital grant/contributions held as a liability at the start of the period

| | 2022 | 2021 |
|--|------------------|----------------|
| | \$ | \$ |
| | 392,000 | 283,935 |
| | <u>392,000</u> | <u>283,935</u> |
| | | |
| | 283,935 | 0 |
| | 392,000 | 283,935 |
| | <u>(283,935)</u> | <u>0</u> |
| | <u>392,000</u> | <u>283,935</u> |

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as revenue when the obligations in the contract are satisfied.

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 29) due to the unobservable inputs, including own credit risk.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

16. LEASE LIABILITIES

| | 2022 | 2021 |
|-----------------------|--------|--------|
| (a) Lease Liabilities | \$ | \$ |
| Current | 36,042 | 11,769 |
| Non-current | 39,442 | 3,099 |
| | 75,484 | 14,868 |

(b) Movements in Carrying Amounts

| Purpose | Lease Number | Institution | Lease Interest Rate | Lease Term | 30 June 2021 | | 30 June 2022 | | 30 June 2022 | | 30 June 2022 | | 30 June 2022 | | 30 June 2021 | | 30 June 2021 | | 30 June 2021 | |
|----------------------------------|--------------|--------------------|---------------------|------------|------------------------------------|-------------------|-------------------------------------|-------------------|------------------------------------|-------------------|-------------------------------------|-------------------|------------------------------------|------------------|-------------------------------------|-------------------|-------------------------------------|-------------------|-------------------------------------|-------------------|
| | | | | | Actual Lease Principal 1 July 2021 | Actual New Leases | Actual Lease Principal 30 June 2022 | Actual Repayments | Budget Lease Principal 1 July 2021 | Budget New Leases | Budget Lease Principal 30 June 2022 | Budget Repayments | Actual Lease Principal 1 July 2021 | Actual New Loans | Actual Lease Principal 30 June 2022 | Actual Repayments | Actual Lease Principal 30 June 2021 | Actual Repayments | Actual Lease Principal 30 June 2021 | Actual Repayments |
| Law, order, public safety | | | | | | | | | | | | | | | | | | | | |
| Hidden Colorado | 1 | Easileet | 1.70% | 36 Months | 14,868 | 0 | 10,588 | 4,280 | 172 | 16,340 | 0 | 7,568 | 8,772 | 0 | 24,206 | 0 | 9,338 | 14,868 | 0 | 341 |
| Housing | | | | | | | | | | | | | | | | | | | | |
| 8 Fairy Court, Narrogin | 1 | Eilers | 1.30% | 24 Months | 0 | 53,149 | 16,467 | 16,682 | 533 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 66 Williams Rd, Narrogin | 1 | Private individual | 1.30% | 60 Months | 0 | 71,332 | 16,810 | 54,522 | 696 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | 14,868 | 104,481 | 43,865 | 75,484 | 1,403 | 16,340 | 0 | 7,568 | 8,772 | 0 | 24,206 | 0 | 9,338 | 14,868 | 0 | 341 |

SHIRE OF NARROGIN NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

17. INFORMATION ON BORROWINGS

| | 2022 | 2021 |
|----------------|-----------|---------|
| (a) Borrowings | \$ | \$ |
| Current | 214,581 | 197,212 |
| Non-current | 1,069,442 | 784,147 |
| | 1,284,023 | 981,359 |

(b) Repayments - Borrowings

| Particulars | Loan Number | Institution | Interest Rate | 30 June 2022 | | | 30 June 2022 | | | 30 June 2022 | | | 30 June 2022 | | | 30 June 2021 | | | 30 June 2021 | | |
|-----------------------------------|-------------|-------------|---------------|------------------------------|------------------|-------------------|------------------------------|------------------|-------------------|------------------------------|------------------|-------------------|------------------------------|------------------|-------------------|------------------------------|------------------|-------------------|------------------------------|------------------|-------------------|
| | | | | Actual Principal 1 July 2021 | Actual New Loans | Actual repayments | Budget Principal 1 July 2021 | Budget New Loans | Budget repayments | Actual Principal 1 July 2021 | Actual New Loans | Actual repayments | Budget Principal 1 July 2021 | Budget New Loans | Budget repayments | Actual Principal 1 July 2020 | Actual New Loans | Actual repayments | Actual Principal 1 July 2020 | Actual New Loans | Actual repayments |
| Governance | | | | | | | | | | | | | | | | | | | | | |
| Administration Building Extension | 128 | WATC * | 2.69% p.a | 240,008 | 0 | 45,471 | 240,008 | 0 | 45,471 | 6,152 | 194,537 | 284,280 | 0 | 44,272 | 7,693 | 240,008 | 0 | 0 | 0 | 0 | |
| Housing | | | | | | | | | | | | | | | | | | | | | |
| Staff Housing | 132 | WATC | 4.83% p.a | 0 | 500,000 | 9,200 | 0 | 500,000 | 9,200 | 7,525 | 490,800 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Community amenities | | | | | | | | | | | | | | | | | | | | | |
| Sewerage | 130 | WATC * | 1.47% p.a | 180,000 | 0 | 16,836 | 180,000 | 0 | 16,836 | 5,368 | 163,164 | 0 | 0 | 0 | 0 | 180,000 | 0 | 0 | 0 | 180,000 | |
| Recreation and culture | | | | | | | | | | | | | | | | | | | | | |
| Narrogin Regional Leisure Centre | 121B | WATC * | 5.51% p.a | 113,272 | 0 | 57,581 | 113,272 | 0 | 57,581 | 4,801 | 55,691 | 167,719 | 0 | 54,447 | 8,092 | 113,272 | 0 | 0 | 0 | 113,272 | |
| Town Hall renovations | 126 | WATC * | 3.86% p.a | 65,195 | 0 | 31,974 | 65,195 | 0 | 31,974 | 2,211 | 33,221 | 95,970 | 0 | 30,775 | 3,457 | 65,195 | 0 | 0 | 0 | 65,195 | |
| Economic services | | | | | | | | | | | | | | | | | | | | | |
| Industrial Land | 127 | WATC * | 4.48% p.a | 97,346 | 0 | 12,128 | 97,346 | 0 | 12,128 | 4,227 | 85,218 | 108,948 | 0 | 11,602 | 5,031 | 97,346 | 0 | 0 | 0 | 97,346 | |
| Accommodation Units | 129 | WATC * | 5.51% p.a | 285,538 | 0 | 33,221 | 285,538 | 0 | 33,221 | 5,629 | 252,318 | 318,095 | 0 | 32,556 | 6,809 | 285,538 | 0 | 0 | 0 | 285,538 | |
| | | | | 981,359 | 500,000 | 197,336 | 981,359 | 0 | 197,336 | 31,911 | 1,284,024 | 975,012 | 180,000 | 173,652 | 31,082 | 981,359 | 180,000 | 0 | 0 | 0 | 981,359 |
| | | | | 981,359 | 500,000 | 197,336 | 981,359 | 500,000 | 206,411 | 35,913 | 1,274,949 | 975,012 | 180,000 | 173,652 | 31,082 | 981,359 | 180,000 | 0 | 0 | 0 | 981,359 |

* WA Treasury Corporation

All loan repayments were financed by general purpose revenue.

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

17. INFORMATION ON BORROWINGS (Continued)

| | 2022 | 2021 |
|--|------------------|----------------|
| | \$ | \$ |
| (c) Undrawn Borrowing Facilities | | |
| Credit Standby Arrangements | | |
| Bank overdraft limit | 400,000 | 400,000 |
| Bank overdraft at balance date | 0 | 0 |
| Credit card limit | 27,500 | 22,500 |
| Credit card balance at balance date | (4,234) | (2,825) |
| Total amount of credit unused | 423,266 | 419,675 |
| Loan facilities | | |
| Loan facilities - current | 214,581 | 197,212 |
| Loan facilities - non-current | 1,069,442 | 784,147 |
| Total facilities in use at balance date | 1,284,023 | 981,359 |
| 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 except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

Risk

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

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. EMPLOYEE PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2021

Current provisions
 Non-current provisions

Additional provision
 Amounts used

Balance at 30 June 2022

Comprises

Current
 Non-current

| | Provision for Annual Leave \$ | Provision for Long Service Leave \$ | Total \$ |
|--------------------------------|--|--|----------------|
| Opening balance at 1 July 2021 | | | |
| Current provisions | 489,354 | 274,655 | 764,009 |
| Non-current provisions | 0 | 167,068 | 167,068 |
| | 489,354 | 441,723 | 931,077 |
| Additional provision | 459,367 | 83,122 | 542,489 |
| Amounts used | (494,553) | (164,348) | (658,901) |
| Balance at 30 June 2022 | 454,168 | 360,497 | 814,665 |
| Comprises | | | |
| Current | 454,168 | 241,659 | 695,827 |
| Non-current | 0 | 118,838 | 118,838 |
| | 454,168 | 360,497 | 814,665 |

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

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

| | 2022 \$ | 2021 \$ |
|---|------------|------------|
| Less than 12 months after the reporting date | 484,164 | 468,208 |
| More than 12 months from reporting date | 330,501 | 462,869 |
| | 814,665 | 931,077 |
| Expected reimbursements from other WA local governments (note 6) | (15,817) | (38,976) |

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.

19. 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:

| | 2022 Actual | 2022 Budget | 2021 Actual |
|---|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Cash and cash equivalents | 6,038,926 | 3,426,543 | 7,648,153 |
| Reconciliation of Net Cash Provided By Operating Activities to Net Result | | | |
| Net result | 1,993,263 | (813,755) | 1,125,275 |
| Non-cash flows in Net result: | | | |
| Adjustments to fair value of financial assets at fair value through profit and loss | (5,996) | 0 | (3,878) |
| Depreciation on non-current assets | 2,991,674 | 3,274,599 | 2,876,118 |
| (Profit)/loss on sale of asset | (46,541) | 108,822 | 15,494 |
| Changes in assets and liabilities: | | | |
| (Increase)/decrease in receivables | (104,363) | (25,000) | (45,025) |
| (Increase)/decrease in other assets | (172,554) | 0 | (22,937) |
| (Increase)/decrease in inventories | (16,619) | (2,540) | 9,775 |
| Increase/(decrease) in payables | (157,571) | 116,838 | (155,132) |
| Increase/(decrease) in provisions | (126,212) | 37,701 | 66,324 |
| Increase/(decrease) in other liabilities | 108,065 | 0 | 283,935 |
| Non-operating grants, subsidies and contributions | (1,833,692) | (1,731,740) | (1,354,152) |
| Net cash from operating activities | 2,629,453 | 964,925 | 2,795,797 |

20. CONTINGENT ASSETS AND LIABILITIES

The Department of Water and Environmental Regulation (DWER) issued Category 61, 62 and 64 licenses for the Shire of Narrogin Waste Management Facility for a term of 20 years from 30 June 2011 to 29 June 2031.

Independent experts, engaged by the Shire, determined on 16 December 2019 that the site is anticipated to have an operating life of at least 68 years and that an active post closure period of approximately 5 years will be sufficient to determine the effectiveness of the post closure measures implemented.

A Landfill Closure Management Plan is required to be prepared as part of the license conditions. This plan will only be prepared closer to landfill closure date as assessed and confirmed by DWER.

The Shire is not aware of any contingent assets as at 30 June 2022.

21. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

2022

2021

\$

\$

701,153

326,360

701,153

326,360

Payable:

- not later than one year

701,153

326,360

The capital expenditure projects outstanding at the end of the current reporting period and previous represent outstanding orders issued for capital projects prior to 30.06.2022 and 30.06.2021, respectively.

22. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

Mr L Ballard – Shire President

| | 2022 Actual | 2022 Budget | 2021 Actual |
|--------------------------------|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Local Govt Allowance | 23,500 | 24,000 | 23,500 |
| Meeting Attendance Fee | 20,000 | 20,000 | 20,000 |
| Annual Allowance for ICT | 1,600 | 1,600 | 1,600 |
| Travel & Accommodation Expense | 0 | 111 | 0 |
| | 45,100 | 45,711 | 45,100 |

Cr G Broad – Deputy Shire President

| | | | |
|--------------------------------|---------------|---------------|--------------|
| Local Govt Allowance | 4,154 | 4,500 | 0 |
| Meeting Attendance Fee | 9,000 | 9,000 | 8,500 |
| Annual Allowance for ICT | 375 | 563 | 500 |
| Travel & Accommodation Expense | 0 | 112 | 0 |
| | 13,529 | 14,175 | 9,000 |

Cr G Ballard

| | | | |
|--------------------------------|--------------|--------------|--------------|
| Meeting Attendance Fee | 2,637 | 9,000 | 8,500 |
| Annual Allowance for ICT | 146 | 563 | 500 |
| Travel & Accommodation Expense | 0 | 111 | 0 |
| | 2,783 | 9,674 | 9,000 |

Cr C Bartron

| | | | |
|--------------------------------|--------------|--------------|--------------|
| Meeting Attendance Fee | 2,637 | 9,000 | 8,500 |
| Annual Allowance for ICT | 146 | 562 | 500 |
| Travel & Accommodation Expense | 0 | 111 | 0 |
| | 2,783 | 9,673 | 9,000 |

Cr T Wiese-Deputy Shire President (Deputy role ceased 26/10/21)

| | | | |
|--------------------------------|---------------|---------------|---------------|
| Local Govt Allowance | 1,721 | 1,500 | 5,875 |
| Meeting Attendance Fee | 9,126 | 9,000 | 8,500 |
| Annual Allowance for ICT | 500 | 563 | 500 |
| Travel & Accommodation Expense | 0 | 111 | 0 |
| | 11,347 | 11,174 | 14,875 |

Cr J Early

| | | | |
|--------------------------------|--------------|--------------|--------------|
| Meeting Attendance Fee | 9,000 | 9,000 | 8,500 |
| Annual Allowance for ICT | 500 | 562 | 500 |
| Travel & Accommodation Expense | 0 | 111 | 0 |
| | 9,500 | 9,673 | 9,000 |

Cr M Fisher

| | | | |
|--------------------------------|--------------|--------------|--------------|
| Meeting Attendance Fee | 9,000 | 9,000 | 8,500 |
| Annual Allowance for ICT | 500 | 562 | 500 |
| Travel & Accommodation Expense | 0 | 111 | 0 |
| | 9,500 | 9,673 | 9,000 |

Cr S Lushey

| | | | |
|--------------------------------|--------------|--------------|--------------|
| Meeting Attendance Fee | 2,637 | 9,000 | 8,500 |
| Annual Allowance for ICT | 146 | 562 | 500 |
| Travel & Accommodation Expense | 0 | 111 | 0 |
| | 2,783 | 9,673 | 9,000 |

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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22. RELATED PARTY TRANSACTIONS (Continued)

Elected Members Remuneration (Continued)

| | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|--------------------------------|----------------------|----------------------|----------------------|
| Cr B Seale | | | |
| Meeting Attendance Fee | 9,000 | 9,000 | 8,500 |
| Annual Allowance for ICT | 500 | 563 | 500 |
| Travel & Accommodation Expense | 0 | 111 | 0 |
| | 9,500 | 9,674 | 9,000 |
| Cr R McNab | | | |
| Meeting Attendance Fee | 6,363 | 0 | 0 |
| Annual Allowance for ICT | 353 | 0 | 0 |
| Travel & Accommodation Expense | 0 | 0 | 0 |
| | 6,716 | 0 | 0 |
| Cr J Pomykala | | | |
| Meeting Attendance Fee | 6,363 | 0 | 0 |
| Annual Allowance for ICT | 353 | 0 | 0 |
| Travel & Accommodation Expense | 0 | 0 | 0 |
| | 6,716 | 0 | 0 |
| Cr T Alexander | | | |
| Meeting Attendance Fee | 6,363 | 0 | 0 |
| Annual Allowance for ICT | 353 | 0 | 0 |
| Travel & Accommodation Expense | 0 | 0 | 0 |
| | 6,716 | 0 | 0 |
| Total | 126,973 | 129,100 | 122,975 |
| Summary | | | |
| Meeting fees | 92,126 | 92,000 | 88,000 |
| President's allowance | 23,500 | 24,000 | 23,500 |
| Deputy President's allowance | 5,875 | 6,000 | 5,875 |
| Travelling expenses | 0 | 1,000 | 0 |
| Telecommunications allowance | 5,472 | 6,100 | 5,600 |
| | 126,973 | 129,100 | 122,975 |

Key Management Personnel (KMP) Compensation Disclosure

| | 2022 Actual \$ | 2021 Actual \$ |
|--|----------------------|----------------------|
| The total of remuneration paid and payable to KMP of the Shire during the year are as follows: | | |
| Short-term employee benefits | 1,027,071 | 979,282 |
| Post-employment benefits | 128,502 | 121,449 |
| Other long-term benefits | 127,579 | 108,560 |
| | 1,283,152 | 1,209,291 |

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 annual leave and long service benefits accruing during the year.

Termination benefits

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

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

22. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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:

| | 2022 Actual \$ | 2021 Actual \$ |
|--------------------------------|----------------------|----------------------|
| Sale of goods and services | 0 | 0 |
| Purchase of goods and services | 142,510 | 5,457 |

* Purchases to the value of \$142,510 were made to the following during the current financial year:

| | |
|--|--|
| Narrogin Earthmoving & Concrete Pty Ltd Atf The McNab Family Trust | With the related party being a member of the Council |
| Tamara Leith Alexander ATFT Marramucking Trust | With the related party being a member of the Council |
| Regional Communication Solutions | With the related party being a member of the Council |

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

iii. Entities subject to significant influence by the Shire

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

23. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

| Instalment Options | Date Due | Instalment Plan Admin Charge \$ | Instalment Plan Interest Rate % | Unpaid Rates Interest Rate % |
|--------------------|------------|------------------------------------|------------------------------------|---------------------------------|
| Option One | | | | |
| One instalment | 13/10/2021 | 0.00% | 0.00% | 7.00% |
| Option Two | | | | |
| 1st instalment | 13/10/2021 | 13.00 | 5.50% | 7.00% |
| 2nd instalment | 14/12/2021 | 13.00 | 5.50% | 7.00% |
| 3rd instalment | 15/02/2022 | 13.25 | 5.50% | 7.00% |
| 4th instalment | 20/04/2022 | 13.25 | 5.50% | 7.00% |

| | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|-----------------------------|-------------------|-------------------|-------------------|
| Interest on unpaid rates | 32,501 | 45,000 | 44,255 |
| Interest on instalment plan | 12,887 | 12,000 | 12,968 |
| Charges on instalment plan | 33,104 | 40,000 | 45,361 |
| | 78,491 | 97,000 | 102,584 |

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

24. RATE SETTING STATEMENT INFORMATION

| Note | 2021/2022 | | | | |
|--|--|---|---|---|--------------------|
| | 2021/2022 (30 June 2022) Carried Forward) | Budget (30 June 2022) Carried Forward) | 2021/2022 (1 July 2021) Brought Forward) | 2020/2021 (30 June 2021) Carried Forward | |
| | \$ | \$ | \$ | \$ | |
| (a) Non-cash amounts excluded from operating activities | | | | | |
| The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> . | | | | | |
| Adjustments to operating activities | | | | | |
| Less: Profit on asset disposals | 11(a) | (65,948) | (38,800) | (9,161) | (9,161) |
| Less: Movement in liabilities associated with restricted cash | | 232 | 180 | 389 | 389 |
| Less: Fair value adjustments to financial assets at fair value through profit and loss | | (5,996) | 0 | (3,878) | (3,878) |
| Movement in pensioner deferred rates (non-current) | | (15,136) | 0 | (1,757) | (1,757) |
| Movement in other receivables (non-current) | | (34,863) | 0 | 0 | 0 |
| Movement in employee benefit provisions (non-current) | | (58,029) | 0 | (5,810) | (5,810) |
| Add: Loss on disposal of assets | 11(a) | 19,407 | 147,622 | 24,654 | 24,654 |
| Add: Depreciation on non-current assets | 11(b) | 2,991,674 | 3,274,599 | 2,876,118 | 2,876,118 |
| Non cash amounts excluded from operating activities | | 2,831,341 | 3,383,601 | 2,880,555 | 2,880,555 |
| (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/financial asset backed | 4 | (4,871,461) | (3,408,517) | (4,677,042) | (4,677,042) |
| Add: Current liabilities not expected to be cleared at end of year | | | | | |
| - Current portion of borrowings | 17(a) | 214,581 | 208,250 | 197,212 | 197,212 |
| * Add back: Land previously recorded as "held for resale" - duplication | | | | | |
| - Current portion of lease liabilities | | 36,042 | 10,644 | 11,769 | 11,769 |
| - Employee benefit provisions | | 361,204 | 360,763 | 360,972 | 360,972 |
| Total adjustments to net current assets | | (4,259,634) | (2,828,860) | (4,107,089) | (4,107,089) |
| Net current assets used in the Rate Setting Statement | | | | | |
| Total current assets | | 8,994,984 | 4,381,478 | 8,346,652 | 8,346,652 |
| Less: Total current liabilities | | (2,195,687) | (1,552,618) | (2,257,711) | (2,257,711) |
| Less: Total adjustments to net current assets | | (4,259,634) | (2,828,860) | (4,107,089) | (4,107,089) |
| Net current assets used in the Rate Setting Statement | | 2,539,663 | 0 | 1,981,852 | 1,981,852 |

25. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

| | Weighted Average Interest Rate | Carrying Amounts \$ | Fixed Interest Rate \$ | Variable Interest Rate \$ | Non Interest Bearing \$ |
|--|--------------------------------------|---------------------------|------------------------------|---------------------------------|-------------------------------|
| 2022 | | | | | |
| Cash and cash equivalents | 0.85% | 6,038,926 | 0 | 6,035,426 | 3,500 |
| Financial assets at amortised cost - term deposits | 2.05% | 2,000,000 | 2,000,000 | 0 | 0 |
| 2021 | | | | | |
| Cash and cash equivalents | 0.05% | 7,648,153 | 0 | 7,645,413 | 2,740 |
| Financial assets at amortised cost | - | 0 | 0 | 0 | 0 |

Sensitivity

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

| | 2022 | 2021 |
|--|--------|--------|
| | \$ | \$ |
| Impact of a 1% movement in interest rates on profit and loss and equity* | 60,354 | 76,454 |

* Holding all other variables constant

Borrowings

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

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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25. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2021 and 30 June 2022 for rates receivable was determined as follows:

| | Current | More than 1 year past due | More than 2 years past due | More than 3 years past due | Total |
|-----------------------|---------|------------------------------|-------------------------------|-------------------------------|---------|
| 30 June 2022 | | | | | |
| Rates receivable | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 37.21% | 22.95% |
| Gross carrying amount | 7,506 | 152,359 | 67,548 | 366,076 | 593,489 |
| Loss allowance | 0.00 | 0.00 | 0.00 | 136,225 | 136,225 |

30 June 2021

| | | | | | |
|-----------------------|--------|---------|---------|---------|---------|
| Rates receivable | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 24.80% | 11.66% |
| Gross carrying amount | 13,975 | 204,167 | 123,151 | 302,004 | 643,297 |
| Loss allowance | 0.00 | 0.00 | 0.00 | 75,000 | 75,000 |

The loss allowance as at 30 June 2021 and 30 June 2022 for sundry receivables was determined as follows:

| | Current | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total |
|-----------------------|---------|-------------------------------|-------------------------------|-------------------------------|---------|
| 30 June 2022 | | | | | |
| Sundry receivables | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | 0% |
| Gross carrying amount | 298,571 | 4,298 | 38 | 43,612 | 346,519 |
| Loss allowance | 0 | 0 | 0 | 0 | 0 |

30 June 2021

| | | | | | |
|-----------------------|--------|--------|-------|-------|---------|
| Sundry receivables | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Gross carrying amount | 74,415 | 17,280 | 2,453 | 8,627 | 102,775 |
| Loss allowance | 0 | 0 | 0 | 0 | 0 |

25. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 17(c).

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 |
|----------------------|-------------------------|-------------------------------|-------------------------|------------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| 2022 | | | | | |
| Payables | 857,238 | 0 | 0 | 857,238 | 857,238 |
| Borrowings | 257,357 | 610,422 | 760,670 | 1,628,450 | 1,284,024 |
| Contract liabilities | 392,000 | 0 | 0 | 392,000 | 392,000 |
| Lease liabilities | 36,042 | 51,173 | 0 | 87,215 | 75,484 |
| | <u>1,542,637</u> | <u>661,595</u> | <u>760,670</u> | <u>2,964,903</u> | <u>2,608,745</u> |

2021

| | | | | | |
|----------------------|------------------|----------------|----------------|------------------|------------------|
| Payables | 981,333 | 0 | 0 | 981,333 | 981,333 |
| Borrowings | 222,806 | 596,356 | 246,366 | 1,065,528 | 981,359 |
| Contract liabilities | 283,935 | 0 | 0 | 283,935 | 283,935 |
| Lease liabilities | 10,172 | 4,895 | 0 | 15,067 | 14,868 |
| | <u>1,498,246</u> | <u>601,251</u> | <u>246,366</u> | <u>2,345,863</u> | <u>2,261,495</u> |

26. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There were no events occurring after balance date that have a significant effect on the financial statements.

27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

New accounting standards for application in future years

The following new accounting standards will have application to local government in future years.

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current.
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments.
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates.
- AASB 2021-7 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB128 and Editorial Corrections.

It is not expected these standards will have an impact on the financial report.

28. TRUST FUNDS

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

| | 1 July 2021 | Amounts Received | Amounts Paid | 30 June 2022 |
|------------|-------------|------------------|--------------|--------------|
| | \$ | \$ | \$ | \$ |
| BSL Levy | 5,795 | 2,023 | 0 | 7,818 |
| BCITF Levy | 8,742 | 0 | 11 | 8,731 |
| | 14,537 | 2,023 | 11 | 16,549 |

SHIRE OF NARROGIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

29. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

SHIRE OF NARROGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

30. FUNCTION AND ACTIVITY

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

| PROGRAM NAME AND OBJECTIVES | ACTIVITIES |
|---|---|
| <p>GOVERNANCE</p> <p>To provide a decision making process for the effective allocation for scarce resources.</p> | <p>Includes the activities of members of council and administration support available to the council for provision of governance of the district. Other costs relate to the task of assisting elected members and electors on matters which do not concern specific Shire services.</p> |
| <p>GENERAL PURPOSE FUNDING</p> <p>To collect revenue to allow for the provisions of infrastructure and services</p> | <p>Rates, general purpose government grants and interest revenue.</p> |
| <p>LAW, ORDER, PUBLIC SAFETY</p> <p>To provide services to help ensure a safer community</p> | <p>Supervision and enforcement of various local laws, fire prevention, animal control and other aspects of public safety including emergency services.</p> |
| <p>HEALTH</p> <p>To provide an operational framework for environmental and community health.</p> | <p>Inspect food outlets and their control, noise control and waste disposal compliance.</p> |
| <p>EDUCATION AND WELFARE</p> <p>To provide services to the disadvantaged, the elderly, children and youth.</p> | <p>Preschool and other education, children and youth services, elderly and disadvantaged, senior citizens services.</p> |
| <p>HOUSING</p> <p>To provide housing to senior employees.</p> | <p>Provision of staff housing.</p> |
| <p>COMMUNITY AMENITIES</p> <p>To provided services required by the community.</p> | <p>Rubbish collection services, operation of refuse disposal site, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of Shire planning scheme, cemetery and public conveniences.</p> |
| <p>RECREATION AND CULTURE</p> <p>The provide recreational and cultural services to the community.</p> | <p>Maintain public halls, civic centres, aquatic centre, recreational centre and various sporting facilities, Provisions and maintenance of parks, gardens and playgrounds. Operations of Library, museum and other cultural facilities.</p> |
| <p>TRANSPORT</p> <p>To provide safe, effective and efficient transport services to the community.</p> | <p>Construct and maintenance of roads, streets, footpaths, depots parking facilities. Purchase of plant and equipment.</p> |
| <p>ECONOMIC SERVICES</p> <p>To promote the Shire and its economic wellbeing.</p> | <p>Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, standpipes and Building Control.</p> |
| <p>OTHER PROPERTY AND SERVICES</p> <p>To monitor and control the Shire's overheads operation accounts and Shire planning scheme.</p> | <p>Private works operation, plant repair and operation costs, administration overheads, community development overheads and gross salary and wages.</p> |

30. FUNCTION AND ACTIVITY (Continued)

| | 2022 Actual | 2022 Budget | 2021 Actual |
|--|---------------------|---------------------|---------------------|
| | \$ | \$ | \$ |
| Revenue | | | |
| Governance | 752 | 5,060 | 11,103 |
| General purpose funding | 8,122,298 | 6,524,000 | 7,474,646 |
| Law, order, public safety | 275,290 | 353,275 | 350,780 |
| Health | 30,711 | 19,950 | 21,722 |
| Education and welfare | 2,035,463 | 2,034,744 | 2,083,683 |
| Housing | 12,933 | 8,364 | 8,240 |
| Community amenities | 1,218,011 | 1,133,155 | 1,113,022 |
| Recreation and culture | 65,721 | 66,916 | 188,777 |
| Transport | 352,105 | 268,138 | 275,012 |
| Economic services | 345,687 | 365,849 | 440,097 |
| Other property and services | 198,623 | 139,100 | 252,306 |
| | 12,657,594 | 10,918,551 | 12,219,388 |
| Grants, subsidies and contributions | | | |
| Law, order, public safety | 0 | 0 | 5,000 |
| Education and welfare | 0 | 0 | 448,140 |
| Community amenities | 138,960 | 41,688 | 0 |
| Recreation & culture | 357,000 | 522,400 | 0 |
| Transport | 1,071,069 | 1,087,654 | 901,012 |
| Economic services | 266,663 | 79,998 | 0 |
| | 1,833,692 | 1,731,740 | 1,354,152 |
| Total Income | 14,491,286 | 12,650,291 | 13,573,540 |
| Expenses | | | |
| Governance | (601,702) | (696,878) | (516,281) |
| General purpose funding | (286,335) | (322,483) | (321,138) |
| Law, order, public safety | (923,501) | (969,586) | (742,769) |
| Health | (282,114) | (303,363) | (274,672) |
| Education and welfare | (1,821,141) | (1,563,688) | (1,751,300) |
| Housing | (34,577) | (35,823) | (29,039) |
| Community amenities | (1,425,142) | (1,540,165) | (1,380,214) |
| Recreation and culture | (3,099,067) | (3,213,503) | (2,941,800) |
| Transport | (3,135,004) | (3,738,621) | (3,329,746) |
| Economic services | (720,625) | (832,006) | (812,064) |
| Other property and services | (221,350) | (139,108) | (337,625) |
| | (12,550,560) | (13,355,224) | (12,436,648) |
| Profit on asset disposals | 11(a) 65,948 | 38,800 | 9,161 |
| (Loss) on asset disposals | 11(a) (19,407) | (147,622) | (24,654) |
| Fair value adjustments to financial assets at fair value through profit or loss | 5,996 | 0 | 3,878 |
| Net result for the period | 1,993,263 | (813,755) | 1,125,277 |

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

30. FUNCTION AND ACTIVITY (Continued)

TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

| | 2022 | 2021 |
|-----------------------------|--------------------|--------------------|
| | \$ | \$ |
| General purpose funding | 593,489 | 686,154 |
| Law, order, public safety | 787,708 | 1,049,941 |
| Education and welfare | 3,254,095 | 2,787,950 |
| Housing | 1,148,118 | 895,547 |
| Community amenities | 4,438,482 | 3,786,784 |
| Recreation and culture | 33,300,450 | 32,902,690 |
| Transport | 137,326,218 | 120,967,392 |
| Economic services | 14,283,210 | 11,009,584 |
| Other property and services | 5,323,648 | 5,944,684 |
| Unallocated | 4,419,966 | 3,406,572 |
| | <u>204,875,384</u> | <u>183,437,297</u> |



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 Shire of Narrogin

To the Councillors of the Shire of Narrogin

Opinion

I have audited the financial report of the Shire of Narrogin (Shire) which comprises:

- the Statement of Financial Position at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, and Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2022 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 below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to

the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer of the Shire is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- 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 responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality control relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Narrogin for the year ended 30 June 2022 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

Mark Ambrose
Senior Director – Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
20 December 2022



Shire of
Narrogin

Love the life

SHIRE OF NARROGIN

A leading regional economic driver
and a socially interactive and inclusive community.