

# SHIRE OF KULIN

2019 / 2020 ANNUAL REPORT

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# COUNCIL OVERVIEW

Council comprises of nine (9) local elected Councillors who represent all members of the Kulin shire in local and state issues. Its primary functions are information, service and infrastructure provision whilst also taking an active role in addressing needs and issues affecting and impacting on the community. Council endeavours to provide a professional and progressive organisation which values strong leadership, undertaken with fairness, honesty and integrity, where all people are willing to contribute and enjoy working together to serve the community. Council always welcome new ideas and opportunities.

## Councillors

<u>Councillor</u>	<u>Ward</u>	<u>Term Expires</u>	<u>Telephone</u>	<u>Email</u>
President Barry West	West	2023	0488 090 221	evasham10@gmail.com
Deputy Grant Robins	Town	2021	0427 801 394	kultrans@bigpond.com
Lucia Varone	East	2023	0429 987 880	mlvarone@bigpond.com
Brad Smoker	West	2021	0427 906 371	bsmoker@synergyco.com.au
Michael Lucchesi	Central	2021	0427 804 050	mmlucchesi@bigpond.com
Brad Taylor	Central	2023	0427 804 074	bradptaylor3@bigpond.com
Robbie Bowey	Town	2023	0429 801 236	p2b@bigpond.com
Rodney Duckworth	West	2021	0427 890 076	rducky@activ8.net.au
Jarron Noble	Town	2023	0427 801 394	gnarming@gmail.com

## Council Staff

<u>Staff Member</u>	<u>Role</u>	<u>Email</u>
Garrick Yandle	Chief Executive Officer	ceo@kulin.wa.gov.au
Cassi-Dee Vandenberg	Deputy Chief Executive Officer	dceo@kulin.wa.gov.au
Judd Hobson	Works Manager	works@kulin.wa.gov.au
Fiona Murphy	Senior Finance Officer	rates@kulin.wa.gov.au
Annette Lewis	Finance Officer	finance@kulin.wa.gov.au
Nicole Thompson	Executive Support Officer	eso@kulin.wa.gov.au
Taryn Scadding	Community Dev Officer	cdo@kulin.wa.gov.au
Ruth Tyson	Recreation Centre Manager	reccentre@kulin.wa.gov.au
Mark Gilbard	Aquatic Centre Manager	pool@kulin.wa.gov.au
Tanya Dupagne	Camp Kulin Manager	campkulin@kulin.wa.gov.au
Trish Mahe	Customer Service Officer	admin@kulin.wa.gov.au
Hayley Smith	CRC Admin Officer	crccounter@kulin.wa.gov.au

## Contact Numbers

Shire Offices	(08) 9880 1204
Community Resource Centre	(08) 9880 1021
Freebairn Recreation Centre	(08) 9880 1000
Swimming Pool	(08) 9880 1222
Camp Kulin	(08) 9880 2000



# SHIRE PRESIDENT REPORT

2019/2020 has once again been another busy and productive year for the Shire of Kulin. While we are lucky to be located regionally, the Shire did not escape the impacts of the global COVID-19 pandemic. The main affect was felt at our Freebairn Recreation Centre as no local sporting fixtures were able to be held. Our Childcare centre was impacted as the Government made usage of the centre free of charge without increasing the funding provided to do so. These effects did not last long and overall Council and staff were able to deliver all significant strategic projects budgeted for. The following list provides a highlight of what has been achieved this financial year:

- Increase in our water security in the east of the Kulin Shire following the construction of a 25,000m<sup>3</sup> dam at Pingaring.
- Sale of an existing staff house and the construction of a new replacement residence.
- Installation of solar panels at the Freebairn Recreation Centre and the Administration Centre, a project which has already resulted in savings in energy usage across the two venues.
- Installation of automatic shutters at the Freebairn Recreation Centre, which will help us control the air temperature in the court area during periods of extreme heat and cold.
- Upgrade the gym facilities including re-levelling the floor, installing new floor coverings and upgrading all gym equipment.
- Upgrade the commercial kitchen facility at the Kulin Hostel.
- Construct an outdoor campers kitchen and garden area at the Kulin Caravan Park.

In addition to the strategic projects above Judd and the works crew managed to carry out a significant road construction and maintenance program which included:

- Install floodway pipes and stabilise floodway at Pound & Hopkins Road
- Clean floodway and gravel sheet Holland Track
- Gravel Sheet Boundary Road
- Clean batters & drains, gravel sheet and treat road with polycom to reduce dust on Truebody Street
- Clean batters & drains, gravel sheet Kulin Holt Rock Road
- Clean batters & drains, gravel sheet Magee Road
- Clean batters & drains, gravel sheet Allen Rocks Road
- Clean batters & drains, rehab bitumen, widen to 11m, top up with gravel and 2 coat seal on the Dudinin-Jitarning Road
- Clean batters & drains, gravel sheet on Kulin Holt Rock Road
- Reseal North Lake Grace Karlgarin Road
- Clean batters & drains, gravel sheet Gregson Road
- Clean batters & drains, gravel sheet Yealering Road
- Clean batters & drains, gravel sheet Pingaring Varley Road
- Asphalt Price Street and construct new footpath
- Install footpaths throughout town
- Clean batters & drains, gravel sheet 101 Gate Road
- Clean batters & drains, gravel sheet Jitarning North Road
- Clean batters & drains, gravel sheet Malley Valley Road
- Clean batters & drains, gravel sheet Pope Road

A big thank you goes to the Shire's staff, particularly CEO Garrick Yandle, Deputy CEO Cassi-Dee Vandenberg and Manager of Works Judd Hobson. The Shire is lucky enough to have fantastic staff who are committed to working hard to achieve positive outcomes for the residents of the whole Shire. Thank you to my fellow Councillors and Deputy President Grant Robins for your time and commitment as elected members representing our fantastic community.

**Barry West**  
**Shire President**



# CHIEF EXECUTIVE OFFICER REPORT

This report highlights the activities of the Kulin Shire Council administration during the 2019/20 Financial Year. This year was one of consolidation, contrast and unique challenges.

## 2019/20 In REVIEW

On Monday 15th July 2019 ABC TV featured Kulin on an episode of “Back Roads” giving our community great national exposure. It certainly put Kulin on the national stage and was a great promotion for this fantastic community. The program was superbly edited and showcased all the great attractions, events, people and community spirit that is always on display. Well done to all the local characters and volunteers who featured in the program including President Barry West, Graeme Robertson, Mary Lucchesi, Rob Doust, Tanya Dupagne, Gen Whisson and John Bell. We had around 50 locals attend the “Premier” viewing at the FRC enjoying the festivities of the night. A big thanks to local policeman Marcus for volunteering to help cook the burgers on the night. A top evening was had by all.

At our July Council Meeting the 2019/20 Annual Council Budget was passed. Council endorsed a moderate rate increase of 2.8%. We secured over \$1M in funding for road works in 2019/20, which significantly contributed towards our annual road renewal program.

Early in the year the bi-annual WA Local Government Elections were held on Saturday 19th October 2019. We farewelled Councillor Haydn McInnes after 24 years serving on Council. During WALGA’s Local Government Week held in August Haydn was awarded the Long and Loyal Service Award for his services to Council and the wider Kulin community. Congratulations to Haydn whose volunteering efforts continue to be as strong as ever.

This year Kulin Shire Council had 5 vacancies across all four wards. At the close of nominations on Thursday 12th September 2019, we had received five nominations for the available five positions. As such Kulin Shire Council were not required to undertake an election process in October with the five nominees being elected unopposed.

The result of the election was as follows;

<u>WARD</u>	<u>COUNILLOR</u>	<u>RESULT</u>	<u>TERM EXPIRY</u>
West	Barry West	Elected Unopposed	2023
East	Lucia Varone	Elected Unopposed	2023
Town	Roberta Bowey	Elected Unopposed	2023
Town	Jarron Noble	Elected Unopposed	2023
Central	Bradley Taylor	Elected Unopposed	2023

Congratulations to Mr Jarron Noble who has been elected to Town Ward replacing Haydn McInnes.

At the November Council Meeting Councillor Barry West was again elected President with Councillor Grant Robins being elected as Deputy President, taking over from Councillor Rodney Duckworth. Congratulations to both Councillor West and Robins and a big thank you to Councillor Duckworth for his contribution to Council and the community in his role of Deputy President.

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# CHIEF EXECUTIVE OFFICER REPORT

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I'd also like to congratulate Cr Grant Robins on being re-elected as Deputy Chairperson for the Wheatbelt South Regional Road Group. Grant is passionate about infrastructure development within the region and everyday sees first-hand the condition of local and state government roads. The WS RRG is the local government collective that bands together to address the road funding and upgrade requirements within the region. It works closely with Main Roads WA and other stakeholders to obtain funding and prioritise road investment within the region. Grant and myself are always happy to discuss road issues and take these further with Council and MRWA.

On Friday 24th January 2020, Council were fortunate to host the WA Minister for Transport Rita Saffioti in Kulin. Discussions were held with Minister Saffioti regarding reinvigorating Tier 3 rail in the eastern wheatbelt, specifically the line to Kulin, as well as Main Roads and other transport issues. It also gave Council an opportunity to showcase our flagship attractions such as the Aquatic Centre and Waterslide as well as Camp Kulin. Many thanks to President West for his ongoing tenacity and lobbying of Minister Saffioti to make the visit to Kulin.

Sunday 26th January 2020, saw Council host the annual Australia Day Awards. Congratulations to all award winners of Kulin Shire Council's Australia Day Awards and thanks to Shire and CRC staff for coordinating the event:

- Citizen of the Year – Brendan Sloggett
- Junior Citizen of the Year – Shayley Rennie
- Order of Australia Medal – Graeme Robertson.

The community continued to endure ongoing challenges around an extremely dry summer and ongoing water security issues. Measures were undertaken by Water Corporation to maintain continuity of supply to major towns within the region such as Kulin, Lake Grace, Kondinin and Hyden. Feedback from Water Corporation was that residential town supply was their priority and this was somewhat at the expense of standpipes and stock water. They took additional measures to keep the standpipes operational as much as possible, but this was not always feasible.

Shire staff continued to regularly liaise with Water Corporation and Department of Water and Environmental Regulation staff to ensure continuity of water supply in such times, as well as identify and activate strategic water resources where available. Such resources only just coped over the summer. All parties were aware that on-farm water supplies were at their lowest point in quite a while and many farmers were carting immense amounts of water for stock.

In February 2020, the Federal Government announced that the Shire of Kulin was eligible for up to \$500K worth of "Drought Communities Programme" funding to complete local infrastructure and other drought relief projects. Council and Shire staff worked with the community to identify projects to put in project submissions to be delivered via this funding. This provided a great opportunity to identify and implement further significant community building projects in 2020/21.

In March 2020, the outbreak of COVID-19 and its impending infiltration into the wider Australian community was at the forefront of the media, with the advice changing daily and rapidly. Whilst Kulin was a somewhat isolated and safe place, the swift response and measures put in place by the Federal and State Governments were to ensure all community members had an understanding of the measures they could take to minimise the effect of COVID-19 in their individual communities as well as across wider Australia.

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# CHIEF EXECUTIVE OFFICER REPORT

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The Shire of Kulin constantly monitored the growing concern about coronavirus (COVID-19) and took action in accordance with the advice provided by the relevant health and government authorities. In such a rapidly changing environment, it was important that our community was kept informed about how the Shire was responding to COVID-19 and the challenges it presented. The Shire continues to monitor the level of risk associated with COVID-19.

The following areas of our business were temporarily closed in-line with COVID 19 guidelines through March, April and May:

- FRC
- Aquatic Centre
- CRC
- Caravan Park
- RV Area
- Playgrounds

Council would like to thank the community for their understanding and adherence to these no-go zones. Staff within these areas of our business were redeployed within the organisation to assist with dealing with COVID-19 challenges as required. I'd like to thank such staff members for their understanding and adaptability.

Our roadworks team and town maintenance crew continued to work as normal whilst maintaining adequate social distancing measures from each other and the community at large. We were instructed by the State Minister for Local Government that continuing our operations was vital for the economy and the wider community and continued to do so under such instruction, whilst minimising the risks.

Anzac Day was obviously a different affair this year. The Shire provided wreaths for both the Kulin and Holt Rock RSL. It was fantastic to hear of Paul Buttigig playing his instrument at dawn on Anzac Day as the town paid its respects.

On 15th April 2020, Council held our belated Annual Electors Meeting via the digital platform, many thanks to the community for their patience on this delayed meeting and alternative format, due the OAG's delay in reviewing our Annual Financial Audit.

This year we were required to update key financial planning documents including our Asset Management Plan and Long-Term Financial Plan, as well as an Asset Revaluation of our infrastructure assets. The updating of this information is the cornerstone work for determining the resources with which our Council will continue to financially operate in a responsible and sustainable manner for the next 5 to 15 years. These documents will be presented to Council in early 2020/21 and will be key pillars in our next review of the Strategic Community Plan and Corporate Business Plan that are due for a major review in 2020/21.

There were a number of rounds of grant funding available and due for submission across the months of May, June and July. Staff were busy compiling applications for the following grants; Regional Economic Development (REDs) and road Blackspot Applications with the WA State Government, plus Heavy Vehicle Safety and Productivity Program (HVSPP) and Drought Community Program (DCP) grants through the Federal Government. These submissions will be vital for injecting external financial stimulus into our Council Budget and subsequent community infrastructure.

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# CHIEF EXECUTIVE OFFICER REPORT

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Following the relevant grant applications Council is going to allocate and spend an additional \$1.1M of funding grants allocated by the Federal Government towards community infrastructure in 2020/21. These are in the form of the following grants:

- Drought Community Funding Program - \$500,000.
- Local Roads and Community Infrastructure Program - \$570,000.
- Heavy Vehicle Safety and Productivity Program - \$550,000.

As part of the project development process Council sought community input and feedback regarding projects identified to determine the key priorities for community infrastructure requirements that resonate within the community. Council engaged with the community via a Community Workshop on Thursday 11th June 2020.

The purposes of this proposed Workshop were:

- Funding – provide overview of potential sources and opportunities.
- Projects – outline proposed ideas and how they fit with each funding source.
- Survey – identify community priorities.
- Conversation – allow community to provide feedback to Council and Shire staff.
- COVID-19 – provide update on how Council and the community have managed the challenge.

It was great to witness the enthusiasm of the KDHS students with their contribution towards the “All Ages Activity Precinct”. Last year a group of students wrote to Council with their ideas regarding potential “youth” focused infrastructure, the students have since been working with Shire staff to streamline their ideas via developing master plan concepts, as well as a survey to identify priority projects, culminating in a very participatory workshop to further clarify their ideas.

We received some great feedback and contributions from the students and hopefully Shire staff and Council can come up with an innovative Master Plan that creates a cost effective “precinct” suitable for local kids of all ages, as well being an additional tourist attraction.

Council also held a targeted workshop with the recently reinvigorated Cultivating Kulin Committee. CKC via various community groups are keen to invest in a community infrastructure project, of which Council will provide matching funding. This workshop allowed members of both CKC and Council to discuss potential projects for partnership opportunities between both parties. This is just another great example of community collaboration around Kulin.

The wider Community Workshop saw around 20 community members discuss a wide range of community projects that Shire staff and Council have identified as potentially being suitable for investing in the nearly \$1.5M of funding available. We received a reasonable response via the “survey monkey” survey put out. I recognise that this process may have seem rushed, however the time of the additional funding announcements in early June, as well as the impending Council Budget development required this process to take place in a relatively short space of time. Having said that, community engagement is an on-going process that Shire staff and Council undertake on a daily basis. Community members are welcome to request a hard copy of the survey or even put in writing their ideas for potential community infrastructure projects.

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# CHIEF EXECUTIVE OFFICER REPORT

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## STAFF

2019/20 saw a few staff changeovers including:

- Aquatic Centre Manager
  - Mark Gillbard was appointed for the 2019/20 Aquatic Centre Season
- CRC
  - Hayley Smith to the Shire team as CRC Administrator.
- Camp Kulin
  - Camp Kulin Manager Tanya Dupagne was on extended sick leave from November 2019.
  - Amy Thomas was Acting Camp Kulin Manager in Tanya's absence over the Summer Camp season.
- Traineeships
  - Trainee Finance Officer Nicole Poletti commenced in November 2019.
  - Trainee Technical Officer Tom Bennier commenced in November 2019.

Friday 29th May 2020 marked a very special milestone for Shire staff. It was with great pleasure that we were able to hold a surprise celebratory morning tea to recognise Taryn Scadding's 20 years of service with the Shire of Kulin. On behalf of Council, I'd like to publicly acknowledge this achievement and length of service from Taryn who, as our Community Development Officer, is an active driver within the organisation for community engagement and understanding and implementing the wider initiatives of the community and Council. Council will further celebrate Taryn's service with a formal function at a later date to be determined along with other staff milestones.

## **COMMUNITY DRIVEN INITIATIVES**

As usual there were plenty of community events driven by various local organisations. Council is appreciative of their drive and support for the town and works closely with all community organisations to help their initiatives come to fruition.

### **25th Kulin Bush Races**

The flagship event of the community, the 25th Kulin Bush Races was a sell out well in advance. What a great sight it was to see all the tourist vans in town soaking up the local hospitality. The caravan park was full, the RV area was overflowing and there were plenty of vans down at the oval as well. A credit to the community that Kulin can host an event that attracts so many visitors from far and wide.

The busy bees at "The Track" on the weekends ahead of the event showcased Kulin's volunteerism at its finest, as all the town's makeshift tradies banded together to add the finishing touches and latest installations on site. It was interesting to hear so many people say that the weekends and the busy bees leading up to the event are the most enjoyable thing about the Bush Races, now that is the epitome of volunteerism. Hopefully people were not offended by my limited tradie skills, but I certainly enjoyed my one afternoon, which pales into insignificance compared to the many days and nights the movers and shakers of the KBR committee put into the event.

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# CHIEF EXECUTIVE OFFICER REPORT

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Supposedly the biggest ever, with tickets sold out well in advance with the punters pouring into town and the track from the Wednesday beforehand. Townsite and local businesses were certainly abuzz with a hive of activity and inundated with visitors. The event itself was certainly a spectacle for all visitors and received fantastic media coverage from ABC Great Southern, the Country Hour and the Countryman. All locals presented themselves with great self-deprecating humour and showed how proud they were of our town, the Bush Races and the volunteers, with Cadel Bowey launching his budding media career with a few inciteful comments on how he sees the people of the event contributing.

From a newly local point of view it showcased just how well a small community can bind together to put on such a prestigious event. The organising committee and all local volunteers are to be commended on how well they all collaborate and “pitch in” for the common cause. Congratulations to Graeme “Mr Bush Races” Robertson on being awarded an inaugural Life Membership of Kulin Bush Races, an honour thoroughly deserved after many years of hard work.

Can I also put a shout out to the local police officers who were ever present and accommodating in a supportive manner throughout the event to the committee and locals alike. It’s a great testament that there was little to no incidents of note. It is certainly noted by the community how a little jovial interaction with the constabulary creates plenty of mutual respect.

## **Kulin Community Bank 20th Birthday**

Congratulations to Kulin Community Bank and their team on a tremendous 20th Birthday celebration on Tuesday 15th October 2020. This was another opportunity for the community to showcase its “can do” attitude”. Well done to MC for the day Brad Smoker and the organising team for an outstanding event. A big congratulations to Andrena Mullen celebrating 20 years of her own loyal service to the bank.

## **Cultivating Kulin Committee**

This year saw the revitalisation of the Cultivating Kulin Committee. This is another volunteer organisation within the community that is looking at innovative funding and delivery initiatives to make the Kulin community a progressive, welcoming and hospitable place to live, visit and undertake business. Key initiatives undertaken so far by the group are:

- Community Cropping Program
- BMX Track Busy Bee
- All Ages Activity Precinct funding contribution.

Congratulation to Brad Smoker who is the newly appointed Chairperson. Thank you and congratulations to all those community members who put their hand up to be on the committee.

## **Kulin Cooperative**

Following initial discussions in May 2020 the “Kulin Cooperative” was formed. Early stages of this saw the Cooperative purchase a local business premises in town which attracted CR Industries into the building. This is a new business to town with the skills and service identified by the Cooperative as a complimentary service to other agricultural businesses already in town.

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# CHIEF EXECUTIVE OFFICER REPORT

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## **Kulin Community Hub**

March 2020 saw another local cooperative take over the lease of the Kulin Community Hub, formerly the Kulin Hotel. Although the timing immediately prior to COVID-19 was not great, this initiative is yet another example of local community members banding together to make a local business at the forefront of community economic development. I'm confident it will flourish once restrictions ease.

## **Holt Rock Hoedown**

A regular in the eastern extents of the Shire for all our country music loving enthusiasts. October 2019 was another successful rendition of this event, unfortunately April 2020 was postponed due to COVID-19.

## **Blazing Swan**

The Shire of Kulin met with Blazing Swan representatives in early March to discuss how COVID would impact their impending scheduled Easter 2020 event. On Monday 16th March 2020 the WA State Government declared a State of Emergency in Western Australia due to COVID-19. This declaration reiterated that "non-essential, organised gatherings of 500 or more people can no longer go ahead". Based upon this information the Shire of Kulin requested that the Blazing Swan event scheduled for 2020 is cancelled immediately.

## **All Ages Precinct**

Council had the pleasure of receiving a bunch of letters from Ms MacPherson's Year 8 English class in August 2019, outlining their proposed ideas from improving youth amenities within town. These ideas were presented to Council's Concept Forum for discussion with further follow up engagement undertaken with the youth of the town. It is great to see this demographic so interested in providing ideas for the continual improvement of the community.

In November 2019 I was fortunate enough to address all of the high school to discuss their ideas and commence a process for identifying the key priorities of the youth. There have been some quality ideas put forward along the themes of a teen playground, skate park, teen hang out building and heated aquatic centre. There was some great discussion and questions from the students. These ideas were further progressed in early 2020 via a survey and consultation workshops. These are currently being progressed into a Master Plan for construction during 2020/21 financial year.

## **Holt Rock Tennis Club**

Council has contributed \$27,000 towards their court resurfacing project in conjunction with the local Progress Association, Shire of Lake Grace and Tennis Australia. It was great to see so many people at a vibrant community event which showcased how multiple partners can deliver community infrastructure projects. Well done to Graeme Atkins and Clare Hyde and the team at Holt Rock.

## **COMMUNITY RESOURCE CENTRE (CRC)**

The CRC saw a reshuffle of staff in late 2019, with both the CRC Manager and Trainee moving on from their roles with the Shire. Taryn Scadding took on the role of CRC Manager within her role as CDO, with assistance from Hayley Smith as CRC Coordinator from early 2020. Again the CRC year saw a focus on hosting events in order to meet targets set by the Department of Primary Industries and Regional Development. Key events successfully hosted and coordinated by the CRC included:

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# CHIEF EXECUTIVE OFFICER REPORT

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## **GenAg**

This was a joint event in July 2019 between the Shire of Kulin and Kulin Community Financial Services (Bendigo bank and Rural Bank). Alana, Tom and Jocelyn frantically collaborated pulling together the program of notable speakers and dignitaries. All young and not so young farmers were encouraged to get on board and attend what posed to be another great event.

What a great array of speakers, fantastic venue at the FRC, awesome food from Kulinary Creations, as well as a diverse and progressive group of agricultural minds from around the district. A big congratulations to the local Kulin Community Bendigo and Rural Bank as well as the CRC for organising such a wonderful event further showcasing our great community and the 'spirit of connection'.

## **Wheatbelt Women United**

Wheatbelt Women United held a seminar on Tuesday 23rd July 2019 at FRC with the topic being "Women in Leadership". A couple of special guest ladies outlined their successes as leaders within their community.

## **Seniors Xmas Luncheon**

Friday 6th December 2019 saw the Shire via the CRC host the annual Seniors Xmas Luncheon. It was great to see many veterans of our community enjoying the festive spirit, a few shandies and a laugh with one and all. A little bit of added excitement to the day was that it coincided with Mr John Ryan's 87th birthday and I believe Mr Harold Proud was also 99 that week.

Over the year I felt I'd met many folk throughout the community, but this provided an opportunity to meet more who tell me they regularly read my CEO column, even if they hadn't crossed paths with me before, so this event was certainly good to have a yarn and listen to a few stories about the good old days.

## **WORKS**

Well done again to Works Manager, Judd Hobson, who always seems to get loaded up with many tasks to undertake and deal with. When anything around the place appears to need sorting, Judd is often the first person to call.

This financial year we had \$430K of Roads to Recovery funding, \$365K of Regional Road Group funding and \$100K of Blackspot Funding towards our road program. This funding contributed significantly towards our annual road asset renewal works and kept Judd and his team busy.

Our winter grading program continued to be the envy of surrounding Shires. When operating at full capacity our crew in action includes; 4 x graders, 3 x rollers, 7 x operators functioning as a well-oiled machine, bringing our gravel roads back up to scratch in a great show of teamwork. The crew get through around 100km of grading a week via this method. The winter grading program of 3 months certainly sets us up for the heavy traffic months of harvest. The Works team are to be commended.

Council budgeted to improve footpath connectivity in streets leading towards KDHS, with new footpaths installed along Price Street and Bowey Way, making it safer for kids, parents and the elderly to commute about town. New footpaths were also installed along Day Street.

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# CHIEF EXECUTIVE OFFICER REPORT

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## Capital Projects

The Works Crew successfully delivered a range of Capital Projects including:

- Ellson Street 3 x 2 Transportable Dwelling
- Caravan Park Camp Kitchen
- Camp Kulin Hostel – Kitchen Refurbishment
- FRC Electronic Shutters.

## CAMP KULIN

Camp Kulin's year commenced as normal as they ran their winter school holiday camp program hosting three different camps from 1st to 15th July 2019. On 15th July 2019, Camp Kulin Manager, Tanya Dupagne, jetted off to the USA on a 6 week study tour courtesy of her Westpac Fellowship. This was certainly an opportunity of a lifetime for Tanya. October school holidays saw that program continue as normal.

In November 2019, Tanya took extended personal leave for the remainder of the financial year. Council, Shire staff and remaining Camp Kulin staff spent considerable effort determining an appropriate course of action regarding the operation of Camp Kulin over the summer of 2019/20 in Tanya's absence. Eventually it was determined that we would offer a scaled back version with two camps to be offered during January. This was deemed to be an appropriate level of service to be offered considering the staffing challenges that had been experienced and those expected going forward over December and January.

Amy Thomas was Acting Camp Kulin Manager over this period of time, she stepped up to the plate running three school camps in preparation for the summer. It was a big challenge for Amy with significant support from Shire staff and the wider community. The Shire would like to thank all Camp Kulin stakeholders for their patience as we came to this decision.

In January, both camps ran smoothly and many great relationships between staff/volunteers were built with the campers:

- **Teen camp**
  - 6th-10th January 2020
  - 23 campers.
  - 14 staff/volunteers.
- **Children's camp**
  - 20th-24th January 2020
  - 34 young people.
  - 16 staff/volunteers.

In March 2020, the Shire of Kulin made the challenging decision to put Camp Kulin in recess for an indefinite period. This decision was not taken lightly and many alternatives were investigated in order to continue delivering this fantastic program to the Kulin community and wider state. On behalf of staff and Council I'd like to wish both Amy and Cathy well in their new ventures and thank them for their hard work, especially over the challenging summer months. Our best wishes also remain with Tanya with her ongoing treatment and recovery.

# CHIEF EXECUTIVE OFFICER REPORT

## ADMINISTRATION AND COMPLIANCE

The compliance systems established in 2016/17, continue to be followed monthly as a method of streamlining of information and systems. This provides increased confidence that key responsibilities required of local government are achieved accordingly.

Key administrative and compliance aspects achieved by Council throughout the year include:

### December 2019

Asset Management Plan

### April 2020

Equal Opportunity Employment Plan

### May 2020

Disability Access and Inclusion Plan (DAIP) 2020 – 2025

A14 Housing – Policy Amendment Adoption

Review of Local Laws

Register of Delegations – Review

Review of APOG and Policy Manual

### June 2020

Review of Local Laws – Cemeteries Local Law 2020

Review of Local Laws – Dogs Local Law 2020

The 2019/20 financial year was certainly a bizarre experience. It was challenging for the resilience of staff, the community, local business and the world as a whole. It showed us how through living in such a great community we can band together to weather such challenges. It also showed us that living where we do can sometimes have its advantages over the more populous areas of the world. It also showed that when times get tough the Federal and State governments find money to hand out for local governments to spend to keep the economy afloat and stimulated. With such challenges and subsequent funding comes opportunities to continue to invest in community infrastructure. Such times present opportunities and hopefully Shire staff and Council have identified and can implement quality initiatives to appropriately invest back into the community.

The passion, spirit and drive of the community remains evident through the many active community groups and their volunteers. Volunteerism continues to be the lifeblood of the community. The Shire Administration led by Cassi, Judd and the team continually showcase the teamwork of good governance with community leadership. Combined with the efforts of our nine Councillors, Kulin remains one of the most progressive and self-driven communities in the Wheatbelt and is a credit to all residents and ratepayers.



Garrick Yandle  
Chief Executive Officer



# 2019/2020 ANNUAL REPORT

## Local Government (Rules of Conduct) Regulation 2007 – Complaints Register

These regulations require the reporting of various offences by elected members, as prescribed by the Regulations. Elected members must comply with their obligations under the Local Government Act 1995 and subsidiary legislation. Complaints about elected member conduct are to be made to the Complaints Officer, who in accordance with section 5.120 of the Local Government Act 1995, must be a designated senior employee. The Shire of Kulin Complaints Officer is the Chief Executive Officer. Section 5.121 of the Local Government Act 1995 requires the Annual Report to contain details of the entries made in the Complaints Register regarding complaints made about elected members. There were no formal complaints lodged against elected members in the year under review.

## National Competition Policy

In accordance with statutory requirements set down in the National Competition Policy legislation, outlined below is a report on the Shire of Kulin's compliance with the requirements:

### **Competitive Neutrality**

The Shire of Kulin does not have a business activity which generates a user pays income of \$200,000, therefore no obligation exists for the municipality to conduct a Public Benefits test. Nonetheless, the Shire of Kulin remains committed to the principals of Competitive Neutrality.

### **Legislative Review**

The Shire of Kulin has reviewed some Local Laws and has concluded that none restrict competition in anyway. Nonetheless, the Shire of Kulin remains committed to the principals of Legislative Reform.

## Employee Remuneration Disclosure

Regulation 19B of the Local Government (Administration) Regulation 1996 requires the Shire to include the following information in its Annual Report (a) The number of employees of the Shire entitled to an annual salary of \$130,000 or more; and (b) The number of those employees with an annual salary entitlement that falls within each band. 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 for 19/20:

Range	No. of Employees
\$130,000-\$140,000	0
\$140,000-\$150,000	1



# 2019/2020 ANNUAL REPORT

## Local Laws

The Shire of Kulin reviewed the Cemeteries Local Law 2020 and Dogs Local Law 2020 during the 2019/2020 financial year.

## Freedom of Information

The Shire of Kulin will provide information to people requesting it from Council. Should a request not be met satisfactorily, then a Freedom of Information Application can be lodged with Council. During the year ended 30 June 2018, no Freedom of Information Applications were received. The Freedom of Information Statement was reviewed during 2019/20.

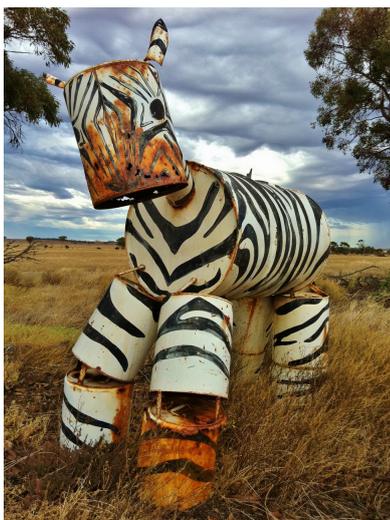
## Local Procurement Policy

The Shire of Kulin has adopted policy relating to preferential treatment to local suppliers. The policy was adopted after advertising requirements were completed and now officially operates. The policy provides for the Shire in procurement processes to provide a financial incentive to local suppliers, notwithstanding the Shire's requirement of procurement that provides the "best and most advantageous" and "value for money" purchasing. Details of the policy can be viewed on the Shire website.

## Record Keeping Plan

The Shire of Kulin's Recordkeeping Plan Review was submitted in December 2018 and the review report noted by the State Records Commission on 22 March 2019. The report provides evidence of the Shire's evaluation of recordkeeping practices documented in the plan.

Shire staff were provided with an information guide detailing the Recordkeeping Plan and Council Policy and Procedures in March 2019. Staff also undertook a survey around Council's recordkeeping operations and future training requirements, based on the results the existing process is adequate. In regards to induction for new employees the Shire of Kulin utilise one-on-one training to provide an appropriate guide to staff responsibilities and reflection of the record keeping program within the organisation.



# STRATEGIC COMMUNITY PLAN

The vision within the Shire of Kulin Community Strategic Plan is the culmination of the process of identifying current and emerging issues facing the communities within the Shire, as well as making approaches to improve the overall wellbeing of the Council area. It is a collective community vision that focuses not only on the physical infrastructure but also on the ideals of the community, way of living, doing business and the sense of community and wellbeing.

The Shire of Kulin recognises that prolonged community development comes from positive engagement with its residents and stakeholders. Conversation will form the basis from where all community engagement begins. Much of that conversation will centre around two main themes;

- What are the things that we do well and how do we achieve more of that? and,
- What are the community assets that we already possess and how can we utilise them to our best advantage to achieve the goals we aim for?

In this framework the Shire of Kulin believe that the community is best positioned to achieve its goals.

## **Social**

We seek an enhanced wellbeing and quality of life for all people who live and work in our Shire. Maintaining existing infrastructure must be balanced with the desire for the Shire of Kulin to continue to grow and expand.

Our arts and culture; education; youth services; heritage; healthcare services; public health and safety; and community celebrations contribute to that wellbeing, resilience, identity and quality of life

### **1.1 A strong and supportive community**

#### **1.1.1 A recognisable identity**

#### **1.1.2 An inclusive, resilient and welcoming Shire**

#### Our Actions (1.1)

- *Promote a consistent, positive and friendly identity in all Shire communications*
- *Communicate regularly to the community through an online presence, and via print media*
- *Generate positive media stories that promote our innovation, leadership, projects and stories*
- *Invite and promote the community to take a proactive role in improving the aesthetics of each town site*
- *Provide innovative ways to actively welcome new residents to the Shire and support their involvement in the community*
- *Promote community services and organisations delivered by volunteers, so to a strong spirit and appreciation of volunteers e.g. Australia Day Awards, Thank a Volunteer Day*
- *Promote community events throughout the Shire that engages residents to connect with one and other and celebrate the diversity and friendships within the community*
- *Support access to cultural and artistic activities and facilities in the Shire*

### **1.2 Connected communities through a safe and efficient transport network throughout the Shire**

#### **1.2.1 All residents are able to move around the Shire in safety and with ease**

# STRATEGIC COMMUNITY PLAN

## Our Actions (1.2)

- Update the Kulin Road Plan and review Shire roads and determine their suitability yearly (maintenance, construction, preservation, road train access and parking, materials, safety)
- Advocate for the retention and improvement of all current railway infrastructure in the Shire of Kulin
- Continue to access Black Spot Funding Program, Roads to Recovery and Regional Road Group funds
- Continue to provide access for commercial, recreational and medical organisations by air
- Continue to provide an accessible community bus service and ensure a regular public bus service to Perth is maintained
- Continue to provide bicycle and pedestrian connections throughout the Kulin town site

## Progress/Status (1.2)

- Road Asset Management Plan and Revaluation was updated
- Council and staff continue to advocate for reinstatement of Kulin to Narrogin line via various meetings with relevant local members and government employees.
- Shire staff successfully obtained funding and delivered projects as part of their 19/20 capital works program for funding resources Black Spot, Roads to recovery and regional Road Group.
- Black Spot project on corner of Yealering and Clayton Road was deferred until 20/21 whilst awaiting Clearing Permit approval.
- Shire continued to operate and maintain community airstrips at Kulin and Varley.
- Continue to provide an accessible community bus service and ensure a regular public bus service to Perth is maintained.
- New community bus was purchased in August 2019.
- Continue to provide bicycle and pedestrian connections throughout the Kulin town site.

### **1.3 Accessible infrastructure and services meeting changing community need**

#### **1.3.1 The community and recreation services and facilities meet the needs of the growing and active communities throughout the Shire**

#### **1.3.2 The community embraces and provides for older residents**

#### **1.3.3 Health, education and family support services that are accessible and meet community needs**

## Our Actions (1.3)

- Kulin Early Childhood Centre – co-location of early childhood facilities including Kulin Childcare Centre, Kulin Kids Club, Kulin Toy Library, Child Health Nurse and allied health professionals. This will support current families and attract young families to town
- Advocate on behalf of the communities to ensure that their needs are consistently and accurately represented at state and federal levels in regards to the allocation of services, resources and programs
- The Shire of Kulin currently operates the Kulin Childcare Centre delivering an early childhood education service to the community.
- The Shire has an ongoing formal contract with Kulin District high School as well as regular communication and cooperation on key educational issues within the community.
- Advocate for the consistent and continually improved delivery of current and future utility infrastructure (water, sewer, gas and electricity) Participate in local and regional aged care accommodation options, selecting best practice for the Shire, coupled with appropriate and complementary health, recreation and community services e.g. senior citizens, frail aged care
- Provide infrastructure and services that facilitate opportunities for our older residents to remain physically and socially active, particularly those that are socially isolated, across the Shire

# STRATEGIC COMMUNITY PLAN

## Our Actions (1.3 continued)

- *Be an age friendly Shire and provide access to age friendly services and facilities. Ensure continued delivery of services such as Medical Centre clinic and health nurses, HACC located in Kulin, allied health services*
- *Apply for funding to develop major community infrastructure projects and support relevant community orientated projects*
- *In conjunction with other levels of Government, seek to achieve a more integrated approach to the planning and provision of core community services*

## Progress/Status (1.3)

- Staff submitted a grant to undertake a Feasibility Study (\$30K) to determine scope, location and indicative costs of co-located Early Childhood Centre.
- Pingaring Dam with associated infrastructure was successfully constructed (\$170K).
- Staff continued to submit Community Water Supply grants to improve strategic water sources around the district.
- Shire staff work continue to work closely with Kulin Retirement Homes in the provision of Kulinda Village and Workmen Estate, with Shire providing garden and building maintenance services.
- Services continued to be delivered at Kulin Medical Centre, including GP clinic and health nurses, HACC located in Kulin, allied health services.
- COVID-19 and being drought declared enabled staff to identify, develop scopes of works and budgets for projects as part of funding submissions for Drought Communities Program (DCP - \$500K) and Local Roads and Community Infrastructure Program (LRCIP - \$570K).

### **1.4 A liveable and safe community**

#### **1.4.1 Facilitate diverse, inclusive housing options**

#### **1.4.2 A high standard of health services to address the needs of all sectors of the community**

#### **1.4.3 Provide a variety of sport, recreation and leisure services and facilities for all life stages**

#### **1.4.4 People are safe in their homes and in public**

#### **1.4.5 Opportunities for development and participation of young people (e.g. Youth Services Group)**

## Our Actions (1.4)

- *Encourage the provision of affordable housing stock in the Shire of Kulin and investigate incentive or joint venture partnership arrangements to create private/community investment in quality housing*
- *Work individually and with neighbouring Shires to attract and retain health professionals including a Doctor in the Shire for a consistent and accessible service*
- Support the current level of primary and allied health services in the Shire with a view to increasing the number of services (particularly mental health services), access to them and appropriate venues for delivery.
- Work with the community to maintain the Aquatic Centre and slide.
- Maintain sport, recreation and leisure facilities within the Shire to accommodate for future sport, recreation and leisure needs, including the addition of outdoor gym equipment at the Freebairn Recreation Centre.
- Continue to support crime prevention and the local Police service
- The Shire of Kulin successfully operates the Freebairn Recreation Centre which is a well patronised community hub for recreational and social purposes.

# STRATEGIC COMMUNITY PLAN

## Our Actions (1.4 continued)

- *Develop and implement a Shire wide emergency management and recovery plan*
- *Encourage community participation in FESA and St John's Ambulance, work with them to educate the community on emergency service issues and procedures*
- *Explore opportunities of a boarding house/private boarding accommodation to support Kulin District High School*
- *Local youth and family community facilities are maintained - upgrade skate park to be safer and have better design, installation of an adventure/nature playground, development of a BMX and motorbike track, mini golf course (possibly at pool for dual usage), more after school activities for local kids and development of a drop in zone*
- *Work with neighbouring towns to provide opportunities for youth (12 yrs – 16 yrs) to interact (a bus to transport children between towns and activities, organised activities for youth on weekends)*

## Progress/Status (1.4)

- Completion of installation of Shire transportable house on Elson Street.
- On-going discussions with local business McIntosh and Son, as well as Cultivating Kulin Committee regarding joint venture housing options and potential short-stay accommodation facilities.
- Local GP services continue to operate from Kulin Medical Centre on Tuesdays and Fridays via a joint contract with Shire of Kondinin.
- Services continued to be delivered at Kulin Medical Centre, including GP clinic and health nurses, HACC located in Kulin, allied health services.
- Aquatic Centre and water slide continued to operate from November to March inclusive with new Manager Mark Gillbard.
- Master Plan developed to identify potential projects for renewal of water slide and improved recreational amenities, to be funded by additional grant funding opportunities available in 20/21.
- FRC amenities continue to be maintained and operated by Shire staff.
- Scope and budget determine to replace damaged FRC court floor, via grant funding opportunity in 20/21.
- Kulin oval lights fixed in conjunction with local sports clubs and local electrical contractor.
- LEMC Meeting held regularly to coordinate key emergency management issues.
- Draft Business Continuity Plan developed.
- VBFB AGM normally held in April each year delayed until August 2020 due to COVID restrictions.
- Master Plan developed for proposed All Ages Precinct following consultation with KDHS students, CKC and Council.

## Economic

Council seeks to proactively support and encourage balanced economic activity, while at the same time promoting local and regional economic sustainability and capacity. Opportunities to network, learn and share skills and experience through a range of local training and education pathways.

### **2.1 A thriving, diverse and growing economy**

**2.1.1 Actively support, develop and attract local and new businesses and new services to Kulin**

**2.1.2 Provide commercial and industrial infrastructure aligned to economic need and growth**

**2.1.3 Advocate for telecommunications infrastructure**

**2.1.4 Camp Kulin expansion**

# STRATEGIC COMMUNITY PLAN

## Our Actions (2.1)

- Investigate the implementation of a “Skills/Employment” register and the capacity for CRC to act as an agency or an independent agency to fulfil this role
- A diverse range of commercial enterprise is actively encouraged across the Shire
- Continue to strengthen relationships within the business community (Development of Kulin Business Group, Cultivating Kulin Committee)
- Maintain a close working relationship with the business community to ensure relevant issues are monitored and where appropriate advocate to relevant bodies
- Ensure that the Shire’s economic viability and longevity is protected and advanced through cost effective land-use and development
- Investigate responsible property development e.g. common tradesperson premises
- Support partnerships within the business community and wider business sector that enhance professional development opportunities and diversify the traditional economic base
- Continue to support existing and newly established businesses within the Shire, with assistance from a ‘business networking facilitator’ such as the Wheatbelt Business Network
- Increase the support for our local businesses from the broader community through innovative enterprise initiatives and projects e.g. Shop local
- Lobby for mobile telecommunications, ADSL, NBN, high speed broadband that is progressive and facilitates business growth and meets the needs of our community
- Camp Kulin expansion (including Camp Kulin Charities Inc) to be developed and implemented
- Promote the Shire of Kulin within the Wheatbelt and on the state and national stage as a desirable place to live, work and invest

## Progress/Status (2.1)

- Shire staff continue to hold / attend regular meetings with various community business groups including: Cultivating Kulin Committee, Kulin Development Co-operative, Kulin Business After Hours, Varley Progress Association, Dudinin Action Group, Kulin Bush Races.
- Shire staff worked closely with Kulin Development Co-operative as part of their initial property development venture to identify and implement premises for specific trades personnel.
- Council and staff were briefed by CRISP Wireless who are in the process of implementing a fixed wireless network with the region. Council pledged a letter of support for this proposal.
- Expansion plans were put on hold due to a combination of reason including staff resourcing, financial sustainability and COVID-19.
- Camp Kulin operation also suspended to due to the aforementioned issues.
- Shire staff continue to be active within Roe Tourism Association which is the sub-regional organisation that coordinates tourism promotion.
- Kulin feature on ABC TV program Backroads in July 2019.

### **2.2 A positive visitor experience**

**2.2.1 The Shire’s capacity for tourism is grown, founded on iconic major events and distinct local attractions**

**2.2.2 Support and promote a collaborative Shire wide approach to heritage, our stories and tourism**

# STRATEGIC COMMUNITY PLAN

## Our Actions (2.2)

- *Recognise the long term vision of the Kulin District High School and continue a proactive working relationship with them*
- *Ensure that the skills and expertise in the community can be utilised in the work force by supporting playgroups, family groups and a child care services*
- *Continue active partnerships with employers and service providers including CY O'Connor Institute, Universities and the Community Resource Centre to enhance learning, training and the innovative delivery of teaching methods and options of training across learning spheres of interest to local participants*
- *Develop knowledge base hub that fosters innovation (CRC) and provides all post-secondary options for learning*
- *Support local and regional businesses deliver local employment opportunities, apprenticeships and traineeships, so to work experience*
- *Investigate programs with agricultural organisations that support 'champion farmers and agribusiness professionals' in the Shire*
- *Provide leadership opportunities for young people within our community by supporting community groups, clubs and committees to actively engage young people in leadership positions*
- *Investigate and support programs for youth in partnership with KDHS, CRC, Camp Kulin and neighbouring towns which actively engages them*

## Progress/Status (2.2)

- Kulin Bush Races successfully held 25th Year event with ongoing support and sponsorship of the Shire.
- Shire continues to operate the Caravan Park and RV Friendly facility.
- Unfortunately, the Blazing Swan event scheduled for April 2020 was cancelled due to COVID-19.
- CRC continues to operate as an accredited Visitor Centre.
- CRC through its contractual operations continues to coordinate a variety of events throughout the year.
- Shire staff continue to be active within Roe Tourism Association which is the sub-regional organisation that coordinates tourism promotion.

### **2.3 Improved access to education, training and leadership development**

#### **2.3.1 The Shire is focused on lifelong learning**

#### **2.3.2 The Shire economy is growing and prosperous, offering a diverse range of job opportunities**

#### **2.3.3 A place of diverse opportunities and resources for young people**

## Our Actions (2.3)

- *Recognise the long term vision of the Kulin District High School and continue a proactive working relationship with them*
- *Ensure that the skills and expertise in the community can be utilised in the work force by supporting playgroups, family groups and a child care services*
- *Continue active partnerships with employers and service providers including CY O'Connor Institute, Universities and the Community Resource Centre to enhance learning, training and the innovative delivery of teaching methods and options of training across learning spheres of interest to local participants*
- *Develop knowledge base hub that fosters innovation (CRC) and provides all post-secondary options for learning*

# STRATEGIC COMMUNITY PLAN

## Our Actions (2.3 continued)

- Support local and regional businesses deliver local employment opportunities, apprenticeships and traineeships, so to work experience
- Investigate programs with agricultural organisations that support 'champion farmers and agribusiness professionals' in the Shire
- Provide leadership opportunities for young people within our community by supporting community groups, clubs and committees to actively engage young people in leadership positions
- Investigate and support programs for youth in partnership with KDHS, CRC, Camp Kulin and neighbouring towns which actively engages them

## Progress/Status (2.3)

- Shire maintains its ongoing formal contract with KDHS.
- Regular formal and informal meetings held with KDHS staff and students.
- Multiple KDHS students undertook "work experience" with Shire staff.
- Extensive consultation with both KDHS staff and students regarding All Ages Precinct concept development.
- Shire continues to operate Kulin Child Care Centre.
- CRC continues to operate as a facility for online learning as required.
- Shire successfully obtained grants via CRC to host 2 traineeships.
- Shire via CRC and Bendigo Bank conducted Kulin GenAg in July 2019.

## **Environment**

Collaborative and active partnerships focusing on preservation of our natural environment will result in a positive environmental impact and care for our environment and a community that actively protects and conserves the natural world.

### **3.1 An environmentally aware Shire**

#### **3.1.1 A functional mix of open space**

#### **3.1.2 Preserve and protect local ecology and biodiversity**

## Our Actions (3.1)

- Conserve reserves, open spaces, natural vegetation and bushland
- Together with the community, investigate the possibilities of the installation of interpretive signage, a gazebo and seating at the Macrocarpa Trail and an upgrade of facilities and signage at Jilakin Rock
- Educate locals and visitors about the natural environment
- Continue to support and promote to locals the importance of managing wild animals, pests and flora within the townships across the Shire
- Investigate participation in the red card for red fox program
- Educate locals and visitors about the environment through the Herbarium and protect the natural walk and drive trails
- Collaboration and partnerships with government, community and private entities to protect and enhance our natural environment

# STRATEGIC COMMUNITY PLAN

## Progress/Status (3.1)

- New interpretive signage and gazebos installed at "West Kulin Whoppa", Pingaring.
- Shire of Kulin continues to be represented on Eastern Wheatbelt Biosecurity Group and financially contribute towards the funding of this organisation.
- Kulin Herbarium continues to operate from the old Shire Administration building with minimal costs.

## **3.2 A protected and valued natural environment**

### **3.2.1 Ensure quality, long term water supply to meet the demands of future growth**

### **3.2.2 Sustainable waste management focusing on waste minimisation and resource recovery**

### **3.2.3 Investigate sustainable alternative energy solutions**

## Our Actions (3.2)

- *Conserve reserves, open spaces, natural vegetation and bushland*
- *Together with the community, investigate the possibilities of the installation of interpretive signage, a gazebo and seating at the Macrocarpa Trail and an upgrade of facilities and signage at Jilakin Rock*
- *Educate locals and visitors about the natural environment*
- *Continue to support and promote to locals the importance of managing wild animals, pests and flora within the townships across the Shire*
- *Investigate participation in the red card for red fox program*
- *Educate locals and visitors about the environment through the Herbarium and protect the natural walk and drive trails*
- *Collaboration and partnerships with government, community and private entities to protect and enhance our natural environment*

## Progress/Status (3.2)

- Shire continues to operate a consolidated regional waste facility at Bending via RoeROC.
- Recycling services are offered to both residents and business via the Shire's kerbside collection through contractor Avon Waste and the "yellow lid" recycling bins.
- Cardboard collection facilities are also located within Kulin and also Pingaring as of early 2020.
- Council installed solar panels on Shire Administration Building and FRC, with planning underway to install solar panels at Aquatic Centre.
- Shire continues to maintain and operate local storm water reuse, water catchment, drainage and harvesting infrastructure to supply irrigation water for public open space.
- Staff commissioned a design to upgrade High Street drainage system, with proposed funding included in 20/21 budget.
- Shire staff continue to upgrade water infrastructure via liaison and grant submission with DWER and Community Water Grants program.
- Shire maintains a formal water re-use arrangement with Water Corporation to re-use treated sewerage effluent on Kulin Oval.
- Shire continues to participate in the Drum Muster program.

# STRATEGIC COMMUNITY PLAN

## Civic Leadership

Every person has a stake in the Shire of Kulin's future. Planning and delivering a prosperous future is a shared responsibility which can only be achieved through focused partnerships, community engagement and positive leadership.

### **4.1 Provide good strategic decision making, governance, leadership and professional management**

#### **4.1.1 Develop leadership skills and behaviours that enhance the knowledge, skills and experience of the Shire staff and Council**

#### **4.1.2 Manage the organisation in a responsible, accountable and consultative manner**

#### **4.1.3 Deliver services that meet the current and future needs and expectations of the community, whilst maintaining statutory compliance**

#### Our Actions (4.1).

- *Develop a marketing program for Kulin including – Welcome to Kulin pack for new residents and those interested in coming to our community, marketing Kulin to itself and its visitors (What's great about Kulin), keep the community informed of progress with projects and activities, improve the profile of Councillor and staff within the community*
- *Ensure local leaders are trained, mentored and supported*
- *Form a strategic partnership between Shire of Kulin, Kulin Community Financial Services, Kulin District High School and Kulin Bush Races*
- *Complete and review our integrated planning documents regularly*
- *Support and enhance the productivity of Shire staff*
- *Provide a high standard of customer service*
- *Develop an enterprising approach to our works and infrastructure projects*
- *Provide regular training opportunities for staff and Council*
- *Annually review compliance matters*
- *Ensure Council decision making supports fair allocation of resources, services and facilities across the Shire*
- *Use a range of effective communication tools to engage the community to support transparent and accountable Council decision making*
- *Implement collaborative partnerships that support efficient use of resources*
- *Provide a safe, healthy and inclusive work environment*

#### Progress/Status (4.1).

- All staff undergo regular training and professional development.
- Cultivating Kulin Committee was re-invigorated in 2019 as a strategic partnership between Shire of Kulin, Kulin Community Financial Services and Kulin Bush Races.
- Integrated Planning documents are due for review in 20/21.
- As per new legislation all Councillors elected in October 2019 undertook mandatory training.
- Kulin Update fortnightly publication delivered by CRC outlined Shire and Council activities.
- Shire Continues to operate an OHS Committee under the guidance of OHS contractor with relevant OHS procedures in place.

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

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**COMMUNITY VISION**

A healthy, harmonious and progressive community where all people are willing to contribute and enjoy opportunities to be successful.

Principal place of business:  
38 Johnston Street, Kulin WA 6365

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

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

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

Signed on the

23 day of

March 2021



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Chief Executive Officer

Garrick Yandle

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Name of Chief Executive Officer



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
Rates	22(a)	2,012,136	2,019,168	1,960,969
Operating grants, subsidies and contributions	2(a)	2,508,047	1,890,388	2,639,543
Fees and charges	2(a)	1,623,450	1,326,387	1,599,212
Interest earnings	2(a)	67,321	67,094	94,850
Other revenue	2(a)	248,636	0	333,447
		<b>6,459,590</b>	<b>5,303,037</b>	<b>6,628,021</b>
<b>Expenses</b>				
Employee costs		(2,445,056)	(2,414,267)	(2,285,666)
Materials and contracts		(1,922,900)	(2,010,218)	(1,611,143)
Utility charges		(358,009)	(278,621)	(330,936)
Depreciation on non-current assets	11(b)	(3,206,572)	(3,800,291)	(3,555,499)
Interest expenses	2(b)	(46,246)	(47,746)	(51,677)
Insurance expenses		(208,463)	(260,632)	(204,752)
Other expenditure		(20,198)	0	(248,632)
		<b>(8,207,444)</b>	<b>(8,811,775)</b>	<b>(8,288,306)</b>
		<b>(1,747,854)</b>	<b>(3,508,738)</b>	<b>(1,660,285)</b>
Non-operating grants, subsidies and contributions	2(a)	979,404	989,000	477,393
Profit on asset disposals	11(a)	35,490	0	66,241
(Loss) on asset disposals	11(a)	(30,038)	(54,554)	(65,472)
Fair value adjustments to financial assets at fair value through profit or loss		71,221	0	0
		<b>1,056,077</b>	<b>934,446</b>	<b>478,162</b>
<b>Net result for the period</b>		<b>(691,777)</b>	<b>(2,574,292)</b>	<b>(1,182,123)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	26,337,641	0	457,440
<b>Total other comprehensive income for the period</b>		<b>26,337,641</b>	<b>0</b>	<b>457,440</b>
<b>Total comprehensive income for the period</b>		<b>25,645,864</b>	<b>(2,574,292)</b>	<b>(724,683)</b>

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



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>	2(a)			
Governance		328,178	16,970	4,432
General purpose funding		3,885,835	3,169,062	4,262,545
Law, order, public safety		45,461	33,400	43,638
Health		628	0	878
Education and welfare		220,113	240,485	231,906
Housing		105,349	94,264	107,525
Community amenities		97,082	100,224	128,207
Recreation and culture		182,852	213,330	226,955
Transport		203,559	191,838	190,802
Economic services		1,044,791	1,140,000	1,149,858
Other property and services		345,742	104,364	281,275
		<b>6,459,590</b>	<b>5,303,937</b>	<b>6,628,021</b>
<b>Expenses</b>	2(b)			
Governance		(325,774)	(164,895)	(125,171)
General purpose funding		(89,494)	(74,717)	(67,867)
Law, order, public safety		(108,499)	(144,535)	(116,171)
Health		(83,240)	(121,926)	(73,026)
Education and welfare		(299,232)	(294,124)	(281,967)
Housing		(183,851)	(209,584)	(100,167)
Community amenities		(323,985)	(331,611)	(345,713)
Recreation and culture		(1,135,294)	(1,259,777)	(1,180,182)
Transport		(3,707,586)	(4,527,663)	(3,990,226)
Economic services		(1,475,464)	(1,488,230)	(1,692,459)
Other property and services		(428,779)	(147,866)	(263,679)
		<b>(8,161,198)</b>	<b>(8,764,928)</b>	<b>(8,236,629)</b>
<b>Finance Costs</b>	2(b)			
Governance		(46,246)	(47,746)	(49,452)
General purpose funding		0	0	(2,225)
		<b>(46,246)</b>	<b>(47,746)</b>	<b>(51,677)</b>
		<b>(1,747,854)</b>	<b>(3,508,737)</b>	<b>(1,660,285)</b>
Non-operating grants, subsidies and contributions	2(a)	979,404	989,000	477,393
Profit on disposal of assets	11(a)	35,490	0	66,241
(Loss) on disposal of assets	11(a)	(30,038)	(54,554)	(65,472)
Fair value adjustments to financial assets at fair value through profit or loss		71,221	0	0
		<b>1,056,077</b>	<b>934,446</b>	<b>478,162</b>
<b>Net result for the period</b>		<b>(691,777)</b>	<b>(2,574,291)</b>	<b>(1,182,123)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	26,337,641	0	457,440
<b>Total other comprehensive income for the period</b>		<b>26,337,641</b>	<b>0</b>	<b>457,440</b>
<b>Total comprehensive income for the period</b>		<b>25,645,864</b>	<b>(2,574,291)</b>	<b>(724,683)</b>

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



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

	NOTE	2020 \$	2019 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	3,610,595	2,094,465
Trade and other receivables	6	382,364	283,115
Other financial assets	5(a)	400,000	2,190,978
Inventories	7	52,445	31,765
Assets classified as held for sale	8	687,000	1,491,000
<b>TOTAL CURRENT ASSETS</b>		<b>5,132,404</b>	<b>6,091,323</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	5(b)	76,221	5,000
Property, plant and equipment	9	25,382,438	26,118,751
Infrastructure	10	107,273,928	79,771,860
<b>TOTAL NON-CURRENT ASSETS</b>		<b>132,732,587</b>	<b>105,895,611</b>
<b>TOTAL ASSETS</b>		<b>137,864,991</b>	<b>111,986,934</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	529,092	447,766
Borrowings	14(a)	90,511	87,267
Employee related provisions	15	387,247	351,227
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,006,851</b>	<b>886,260</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14(a)	1,073,183	1,164,231
Employee related provisions	15	74,878	67,162
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,148,062</b>	<b>1,231,393</b>
<b>TOTAL LIABILITIES</b>		<b>2,154,913</b>	<b>2,117,653</b>
<b>NET ASSETS</b>		<b>135,710,078</b>	<b>109,869,281</b>
<b>EQUITY</b>			
Retained surplus		40,319,651	40,648,706
Reserves - cash/financial asset backed	4	1,871,840	2,039,629
Revaluation surplus	12	93,518,587	67,180,946
<b>TOTAL EQUITY</b>		<b>135,710,078</b>	<b>109,869,281</b>

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



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

		RESERVES CASH/FINANCIAL			
	NOTE	RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS	
		\$	\$	\$	
				TOTAL EQUITY	
		\$		\$	
<b>Balance as at 1 July 2018</b>		<b>41,339,200</b>	<b>2,073,818</b>	<b>67,638,386</b>	<b>111,051,404</b>
Comprehensive income					
Net result for the period		(1,182,123)	0	0	(1,182,123)
Other comprehensive income	12	457,440	0	(457,440)	0
Total comprehensive income		(724,683)	0	(457,440)	(1,182,123)
Transfers from reserves	4	205,000	(205,000)	0	0
Transfers to reserves	4	(170,811)	170,811	0	0
<b>Balance as at 30 June 2019</b>		<b>40,648,706</b>	<b>2,039,629</b>	<b>67,180,946</b>	<b>109,869,281</b>
Comprehensive income					
Net result for the period		(691,777)	0	0	(691,777)
Other comprehensive income	12	194,933	0	26,337,641	26,532,574
Total comprehensive income		(496,844)	0	26,337,641	25,840,797
Transfers from reserves	4	332,450	(332,450)	0	0
Transfers to reserves	4	(164,661)	164,661	0	0
<b>Balance as at 30 June 2020</b>		<b>40,319,651</b>	<b>1,871,840</b>	<b>93,518,587</b>	<b>135,710,078</b>

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		2,009,608	2,049,168	1,996,530
Operating grants, subsidies and contributions		2,389,862		2,639,543
Fees and charges		1,623,450	2,010,388	1,599,212
Service charges		0	1,326,387	
Interest received		67,321	67,094	94,850
Goods and services tax received		223,038	50,000	347,238
Other revenue		248,636	0	259,993
		<b>6,561,915</b>	<b>5,503,037</b>	<b>6,937,366</b>
<b>Payments</b>				
Employee costs		(2,412,805)	(2,414,267)	(2,265,252)
Materials and contracts		(1,870,965)	(2,000,218)	(1,470,392)
Utility charges		(358,009)	(278,621)	(330,936)
Interest expenses		(46,246)	(47,746)	(51,677)
Insurance paid		(208,463)	(260,632)	(204,752)
Goods and services tax paid		(201,574)	0	(383,661)
Other expenditure		0		(223,894)
		<b>(5,098,062)</b>	<b>(5,001,484)</b>	<b>(4,930,564)</b>
<b>Net cash provided by (used in) operating activities</b>	16	<b>1,463,853</b>	<b>501,553</b>	<b>2,006,802</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for financial assets at amortised cost		0		(2,190,978)
Payments for purchase of property, plant & equipment	9(a)	(1,285,702)	(1,512,296)	(1,315,221)
Payments for construction of infrastructure	10(a)	(1,636,054)	(1,954,611)	(1,514,724)
Non-operating grants, subsidies and contributions	2(a)	979,404	989,000	477,393
Proceeds from financial assets at amortised cost - term deposits		1,790,978		
Proceeds from sale of property, plant & equipment	11(a)	291,455	245,000	377,549
<b>Net cash provided by (used in) investment activities</b>		<b>140,081</b>	<b>(2,232,907)</b>	<b>(4,165,981)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	14(b)	(87,804)	(87,804)	(85,177)
<b>Net cash provided by (used in) financing activities</b>		<b>(87,804)</b>	<b>(87,804)</b>	<b>(85,177)</b>
<b>Net increase (decrease) in cash held</b>		<b>1,516,130</b>	<b>(1,819,158)</b>	<b>(2,244,356)</b>
Cash at beginning of year		2,094,465	4,186,418	4,338,821
<b>Cash and cash equivalents at the end of the year</b>	16	<b>3,610,595</b>	<b>2,367,260</b>	<b>2,094,465</b>

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	23 (b)	1,761,702	1,755,589	1,886,500
		1,761,702	1,755,589	1,886,500
<b>Revenue from operating activities (excluding rates)</b>				
Governance		328,178	16,970	6,104
General purpose funding		1,944,920	1,149,894	2,301,577
Law, order, public safety		45,461	33,400	43,638
Health		628	0	878
Education and welfare		220,113	240,485	231,906
Housing		105,349	94,264	107,525
Community amenities		97,082	100,224	128,207
Recreation and culture		182,852	213,330	226,955
Transport		239,049	191,838	255,370
Economic services		1,044,791	1,140,000	1,149,858
Other property and services		345,742	104,364	281,275
		4,554,165	3,284,769	4,733,293
<b>Expenditure from operating activities</b>				
Governance		(381,251)	(212,641)	(175,585)
General purpose funding		(89,494)	(74,717)	(70,092)
Law, order, public safety		(108,499)	(144,535)	(116,171)
Health		(83,240)	(121,926)	(73,026)
Education and welfare		(299,232)	(294,124)	(281,967)
Housing		(183,851)	(209,584)	(100,167)
Community amenities		(323,985)	(331,611)	(375,853)
Recreation and culture		(1,135,294)	(1,259,777)	(1,180,182)
Transport		(3,728,394)	(4,582,217)	(4,024,594)
Economic services		(1,475,464)	(1,488,230)	(1,692,459)
Other property and services		(428,779)	(147,866)	(263,679)
		(8,237,483)	(8,867,228)	(8,353,775)
Non-cash amounts excluded from operating activities	23(a)	3,137,615	3,854,845	3,560,707
<b>Amount attributable to operating activities</b>		1,215,999	27,975	1,826,725
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	979,404	989,000	477,393
Proceeds from disposal of assets	11(a)	291,455	245,000	377,549
Purchase of property, plant and equipment	9(a)	(1,285,702)	(1,512,296)	(1,315,221)
Purchase and construction of infrastructure	10(a)	(1,636,054)	(1,954,611)	(1,514,724)
<b>Amount attributable to investing activities</b>		(1,650,896)	(2,232,907)	(1,975,003)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	14(b)	(87,804)	(87,804)	(85,177)
Transfers to reserves (restricted assets)	4	(164,661)	(55,593)	(170,811)
Transfers from reserves (restricted assets)	4	332,450	405,000	205,000
<b>Amount attributable to financing activities</b>		79,985	261,603	(50,988)
<b>Surplus/(deficit) before imposition of general rates</b>		(354,912)	(1,943,329)	(199,266)
<b>Total amount raised from general rates</b>	22(a)	2,012,136	2,019,168	1,960,968
<b>Surplus/(deficit) after imposition of general rates</b>	23(b)	<b>1,657,224</b>	<b>75,839</b>	<b>1,761,702</b>

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

**SHIRE OF KULIN**  
**INDEX OF NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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## 1. BASIS OF PREPARATION

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

### AMENDMENTS TO THE LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, Regulation (Reg) 16 arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance.

Consequently, some assets, pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Shire. This was not in accordance with the requirements of AASB 1051 Land Under Roads *paragraph 15* and AASB 116 Property, Plant and Equipment *paragraph 7*.

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

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

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

### NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

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

### CRITICAL ACCOUNTING ESTIMATES

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

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

### THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in Trust fund are excluded in the financial statements.

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

**2. REVENUE AND EXPENSES**

**REVENUE RECOGNITION POLICY**

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates - general rates	General Rates	Over time	As adopted by Council	None	Adopted by Council annually	When taxable event occurs	NA	When rates notice is issued
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with funding body	Based on the progress of works to match performance obligations	Returns limited to repayment of the transaction price	Output method based on project milestones and/or completion date matched to performance obligations
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligations	NA	NA	Cash received	On receipt of funds	NA	When assets are controlled
Fees & Charges - licences, registrations and approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment of the licence, registration or approval
Fees & Charges - waste management collections	Kerbside collection services	Over time	Payment on an annual basis in advance	None	Adopted by Council annually	When taxable event occurs	NA	When rates notice is issued
Fees & Charges - property hire and entry	Use of facilities	Single point in time	In full in advance	None	Adopted by Council annually	Based on timing of entry to facility	NA	On entry or at conclusion of hire
Fees & Charges - memberships	Gym & Pool Memberships	Over time	Payment in full in advance	NA	Adopted by Council annually	Applied full on issue of membership	NA	On payment of the membership
Fees & Charges for other goods and services	Cemetery services, reinstatements and private works	Single point in time	Payment in arrears	None	Adopted by Council annually	Applied fully based on timing of provision	NA	Output method based on provision of service or completion of works
Other revenue - reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with customer	When claim is agreed	NA	When claim is agreed

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

**2. REVENUE AND EXPENSES**

**(a) Grant revenue**

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
<b>Operating grants, subsidies and contributions</b>			
Governance	2,000	4,600	0
General purpose funding	2,070,207	1,080,500	2,198,524
Law, order, public safety	42,906	31,000	41,427
Education and welfare	53,685	70,500	68,608
Housing	0	250	0
Community amenities		3,200	0
Recreation and culture		17,000	0
Transport	203,560	191,838	190,838
Economic services	135,688	456,000	140,147
Other property and services	0	35,500	
	2,508,046	1,890,388	2,639,543
<b>Non-operating grants, subsidies and contributions</b>			
Transport	879,404	889,000	457,393
Economic services	100,000	100,000	0
Other property and services	0	0	20,000
	979,404	989,000	477,393
<b>Total grants, subsidies and contributions</b>	3,487,450	2,879,388	3,116,936
<b>Fees and charges</b>			
Governance	347	10,970	550
General purpose funding	2,327	2,300	13,602
Law, order, public safety	2,249	2,400	1,938
Health	510	0	878
Education and welfare	164,152	169,985	158,276
Housing	104,768	94,014	107,525
Community amenities	96,690	97,024	94,496
Recreation and culture	165,872	196,330	210,310
Economic services	799,553	684,000	790,581
Other property and services	286,982	69,364	221,054
	1,623,450	1,326,387	1,599,212

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, subsidies and contributions**

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

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

**Fees and Charges**

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

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

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

**(a) Revenue (Continued)**

**Contracts with customers and transfers for recognisable non-financial assets**

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

Operating grants, subsidies and contributions	225,095	0	0
Non-operating grants, subsidies and contributions	979,404	989,000	477,393
	1,204,499	989,000	477,393

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

Other revenue from contracts with customers recognised during the year	225,095	0	0
Other revenue from performance obligations satisfied during the year	979,404	989,000	0
	1,204,499	989,000	0

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

Trade and other receivables from contracts with customers	271,384	0	0
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**Revenue from statutory requirements**

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

General rates	1,999,483	2,007,467	1,951,249
Statutory permits and licences	3,921	0	8,881
	2,003,404	2,007,467	1,960,130

**Other revenue**

Reimbursements and recoveries	227,064	0	313,773
Other	21,572	0	19,676
	248,636	0	333,449

**Interest earnings**

Interest on reserve funds	35,209	30,593	50,810
Rates instalment and penalty interest (refer Note 22(c))	7,069	9,500	8,664
Other interest earnings	25,042	27,000	35,376
	67,320	67,093	94,850

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

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

<b>(b) Expenses</b>	<b>Note</b>	<b>2020 Actual</b>	<b>2020 Budget</b>	<b>2019 Actual</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Auditors remuneration</b>				
- Audit of the Annual Financial Report		29,000	29,000	29,000
		<u>29,000</u>	<u>29,000</u>	<u>29,000</u>
<b>Interest expenses (finance costs)</b>				
Borrowings	14(b)	46,246	46,246	49,452
Minor Interest Charges (GIC)		0	1,500	2,225
		<u>46,246</u>	<u>47,746</u>	<u>51,677</u>
<b>Other expenditure</b>				
Impairment loss on trade and other receivables		20,198	0	0
Sundry expenses		0	0	248,632
		<u>20,198</u>	<u>0</u>	<u>248,632</u>

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

**3. CASH AND CASH EQUIVALENTS**

NOTE	2020	2019
	\$	\$
Cash at bank and on hand	1,322,138	1,732,297
Term deposits	2,288,457	362,168
<b>Total cash and cash equivalents</b>	<b>3,610,595</b>	<b>2,094,465</b>

**Restrictions**

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

- Cash and cash equivalents	2,026,938	99,028
- Other financial assets at amortised cost	0	2,039,628
	<b>2,026,938</b>	<b>2,138,656</b>

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

Reserves - cash/financial asset backed	4	1,871,840	2,039,629
Bonds other		155,098	99,027
<b>Total restricted assets</b>		<b>2,026,938</b>	<b>2,138,656</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

**Restricted assets**

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

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

**4. RESERVES - CASH/FINANCIAL ASSET**

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Reserves cash backed - Leave Reserve	252,213	109,308		361,521	389,823	5,847		395,670	246,175	6,038		252,213
(b) Reserves cash backed - Plant	390,787	7,200		397,987	394,625	5,919	(75,000)	325,544	464,415	11,372	(85,000)	390,787
(c) Reserves cash backed - Building	500,551	7,477	(260,000)	248,028	500,549	7,508	(260,000)	248,057	488,580	11,971		500,551
(d) Reserves cash backed - Admin Equipment	75,262	1,378		76,640	75,262	1,129		76,391	73,462	1,800		75,262
(e) Reserves cash backed - Natural Disaster	141,448	914		142,362	0	0	0	0	138,065	3,383		141,448
(f) Reserves cash backed - Joint Venture Housing	75,156	790		75,946	75,156	1,127		76,283	92,880	2,276	(20,000)	75,156
(g) Reserves cash backed - FRC Surface & Equipme	181,533	5,062	(45,000)	141,595	183,983	2,760	(45,000)	141,743	152,789	28,744		181,533
(h) Reserves cash backed - Medical Services	103,111	11,888		114,999	103,111	1,547		104,658	76,243	26,868		103,111
(i) Reserves cash backed - Fuel Facility	65,613	16,201		81,814	65,613	25,984		91,597	25,000	40,613		65,613
(j) Reserves cash backed - Road Replacement	2,450		(2,450)	0	0	0	0	0	100,000	2,450	(100,000)	2,450
(k) Reserves cash backed - Sportsperson Scholarshi	12,430	1,195		13,625	12,430	186		12,616	12,133	297		12,430
(l) Reserves cash backed - Freebairn Recreation	239,075	3,248	(25,000)	217,323	239,075	3,586	(25,000)	217,661	204,075	35,000		239,075
	2,039,629	164,661	(332,450)	1,871,840	2,039,627	55,593	(405,000)	1,690,220	2,073,818	170,811	(205,000)	2,039,629

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) Reserves cash backed - Leave Reserve	As required	To fund the annual leave and long service leave requirements.
(b) Reserves cash backed - Plant	As required	To fund the purchase of major plant.
(c) Reserves cash backed - Building	As required	To fund the development of future housing.
(d) Reserves cash backed - Admin Equipment	As required	To fund the purchase of administration office equipment.
(e) Reserves cash backed - Natural Disaster	As required	To fund the restoration of roads and infrastructure in the event of a natural disaster.
(f) Reserves cash backed - Joint Venture Housing	As required	To fund the development of future housing.
(g) Reserves cash backed - FRC Surface & Equipme	As required	To fund the replacement of equipment and sports surfaces at the Freebairn Recreation Facility as necessary.
(h) Reserves cash backed - Medical Services	As required	To fund the provision of medical services in the future
(i) Reserves cash backed - Fuel Facility	As required	To fund the replacement of the fuel facility
(j) Reserves cash backed - Road Replacement	As required	To fund the construction of roads
(k) Reserves cash backed - Sportsperson Scholarshi	As required	To help fund local sportspeople develop their talent.
(l) Reserves cash backed - Freebairn Recreation	As required	To be used to fund maintenance projects at the Freebairn Recreation Centre.

**SHIRE OF KULIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**5. OTHER FINANCIAL ASSETS**

**(a) Current assets**

Financial assets at amortised cost

	2020	2019
	\$	\$
	400,000	2,190,978
	<u>400,000</u>	<u>2,190,978</u>

**Other financial assets at amortised cost**

Term deposits

	400,000	2,190,978
	<u>400,000</u>	<u>2,190,978</u>

**(b) Non-current assets**

Financial assets at fair value through profit and loss

	76,221	5,000
	<u>76,221</u>	<u>5,000</u>

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

Units in Local Government House Trust

	71,221	0
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Financial assets at fair value through profit and loss

- Kulin Community Financial Services Ltd Shares

	5,000	5,000
	<u>76,221</u>	<u>5,000</u>

**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 24.

## 6. TRADE AND OTHER RECEIVABLES

### Current

Rates receivable	
Trade and other receivables	
GST receivable	
Allowance for impairment of receivables	
Other receivables - Fuel Tax Credit Receivable	
Accrued Interest Receivable	

2020	2019
\$	\$
69,128	66,600
271,384	134,304
55,744	77,208
(20,198)	0
3,299	5,003
3,007	0
<b>382,364</b>	<b>283,115</b>

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other receivables

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

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

#### Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 24.

### SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Classification and subsequent measurement

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

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

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

## 7. INVENTORIES

### Current

Fuel and materials  
 Other inventories - Freebairn Recreation Centre Stock

The following movements in inventories occurred during the year:

### Carrying amount at beginning of period

Inventories expensed during the year  
 Additions to inventory

### Carrying amount at end of period

	2020	2019
	\$	\$
	38,568	21,439
	13,877	10,326
	52,445	31,765
	31,765	29,125
	(863,290)	(1,017,671)
	883,970	1,020,311
	52,445	31,765

## 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. NON CURRENT ASSETS HELD FOR SALE

### Other Current Assets

Land Held for Sale

Land and buildings classified as held for sale

	2020	2019
	\$	\$
	687,000	1,491,000
	<b>687,000</b>	<b>1,491,000</b>

### SIGNIFICANT ACCOUNTING POLICIES

#### Land Held for Resale

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Borrowing costs and holding charges incurred after development is completed are expensed.

#### Non-current assets held for sale

Assets are classified as held for sale where the carrying amount will be recovered through a sale rather than continuing use and the asset is available for immediate sale with a sale being highly probable.

#### Land held for resale (continued)

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed onto the buyer at this point.

Land held for resale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

## 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	Total land	Buildings - non- specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Constructio n other than buildings	Motor vehicles	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	2,711,000	2,711,000	20,975,141	20,975,141	23,686,141	119,382	2,299,744	699,495	868,806	27,673,568
Additions		0	322,297	322,297	322,297		316,080	16,639	660,205	1,315,221
(Disposals)	0	0	(56,640)	(56,640)	(56,640)	0	(29,004)	0	(291,136)	(376,780)
Impairment (losses) / reversals		0		0	0	(12,592)	(10,635)		(1,513)	(24,740)
Depreciation (expense)		0	(352,937)	(352,937)	(352,937)	(26,433)	(455,379)	(16,293)	(126,476)	(977,518)
Transfers	(1,491,000)	(1,491,000)		0	(1,491,000)					(1,491,000)
<b>Carrying amount at 30 June 2019</b>	<b>1,220,000</b>	<b>1,220,000</b>	<b>20,887,861</b>	<b>20,887,861</b>	<b>22,107,861</b>	<b>80,357</b>	<b>2,120,806</b>	<b>699,841</b>	<b>1,109,886</b>	<b>26,118,751</b>
<b>Comprises:</b>										
Gross carrying amount at 30 June 2019	1,220,000	1,220,000	21,753,031	21,753,031	22,973,031	132,237	3,585,973	731,954	1,343,590	28,766,785
Accumulated depreciation at 30 June 2019	0	0	(865,170)	(865,170)	(865,170)	(51,880)	(1,465,167)	(32,113)	(233,704)	(2,648,034)
<b>Carrying amount at 30 June 2019</b>	<b>1,220,000</b>	<b>1,220,000</b>	<b>20,887,861</b>	<b>20,887,861</b>	<b>22,107,861</b>	<b>80,357</b>	<b>2,120,806</b>	<b>699,841</b>	<b>1,109,886</b>	<b>26,118,751</b>
Additions		0	346,565	346,565	346,565	62,432	413,381	0	463,326	1,285,702
(Disposals)	0	0	0	0	0	0	(63,760)	0	(222,242)	(286,002)
Revaluation increments / (decrements) transferred to revaluation surplus	(608,000)	(608,000)	(766,364)	(766,364)	(1,374,364)	10,718	851,139	(84,192)	219,727	(376,972)
Depreciation (expense)		0	(451,951)	(451,951)	(451,951)	(11,910)	(424,807)	(16,334)	(104,983)	(1,009,985)
Transfers		0	(249,620)	(249,620)	(249,620)		173,980	(273,415)		(349,055)
<b>Carrying amount at 30 June 2020</b>	<b>612,000</b>	<b>612,000</b>	<b>19,766,490</b>	<b>19,766,490</b>	<b>20,378,490</b>	<b>141,596</b>	<b>3,070,738</b>	<b>325,900</b>	<b>1,465,714</b>	<b>25,382,439</b>
<b>Comprises:</b>										
Gross carrying amount at 30 June 2020	612,000	612,000	19,766,490	19,766,490	20,378,490	141,596	3,070,738	325,900	1,468,679	25,385,403
Accumulated depreciation at 30 June 2020	0	0	0	0	0	0	0	0	(2,965)	(2,965)
<b>Carrying amount at 30 June 2020</b>	<b>612,000</b>	<b>612,000</b>	<b>19,766,490</b>	<b>19,766,490</b>	<b>20,378,490</b>	<b>141,596</b>	<b>3,070,738</b>	<b>325,900</b>	<b>1,465,714</b>	<b>25,382,438</b>

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
<b>Land and buildings</b>					
Land - freehold land	2	Observable open market values of similar assets	Independent Valuer	June 2020	Market & sales data
Buildings - non-specialised	2	Observable open market values of similar assets	Independent Valuer	June 2020	Market & sales data
	3	Cost approach using depreciated replacement cost	Independent Valuer	June 2020	Improvements to land using construction costs and current conditions (Level 2), residual values and remaining useful life assessments (Level3) inputs.
<b>Furniture and equipment</b>	3	Observable open market values of similar assets, adjusted for conditions and comparability, at their highest and best use.	Management Valuation	June 2020	Market & sales data
<b>Plant and equipment</b>					
- Management valuation 2020	3	Observable open market values of similar assets, adjusted for conditions and comparability, at their highest and best use.	Management Valuation	June 2020	Market data, sales data and vehicle guides
- Independent valuation 2020	2	Observable open market values of similar assets	Independent Valuer	June 2020	Market & sales data
- Independent valuation 2020	3	Cost approach using depreciated replacement cost	Independent Valuer	June 2020	Improvements to land using construction costs and current conditions (Level 2), residual values and remaining useful life assessments (Level3) inputs.
<b>Construction other than building</b>	3	Cost approach using depreciated replacement cost	Independent Valuer	June 2020	Improvements to land using construction costs and current conditions (Level 2), residual values and remaining useful life assessments (Level3) inputs.
<b>Motor vehicles</b>	2	Observable open market values of similar assets	Independent Valuer	June 2020	Market data, sales data and vehicle guides

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

**(b) Fair Value Measurements**

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

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

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy.

Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

## 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	Footpaths	Recreation	Other infrastructure	Total Infrastructure
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	75,380,324	547,475	3,866,583	1,040,735	80,835,117
Additions	1,479,891		31,708	3,125	1,514,724
Depreciation (expense)	(2,368,559)	(38,708)	(135,588)	(35,126)	(2,577,981)
<b>Carrying amount at 30 June 2019</b>	74,491,656	508,767	3,762,703	1,008,734	79,771,860
<b>Comprises:</b>					
Gross carrying amount at 30 June 2019	119,495,710	1,094,950	4,033,880	1,207,571	125,832,111
Accumulated depreciation at 30 June 2019	(45,004,054)	(586,183)	(271,177)	(198,837)	(46,060,251)
<b>Carrying amount at 30 June 2019</b>	74,491,656	508,767	3,762,703	1,008,734	79,771,860
Additions	1,447,025			189,029	1,636,054
Revaluation increments / (decrements) transferred to revaluation surplus	28,388,492	74,111	148,929	(897,983)	27,713,548
Depreciation (expense)	(1,990,504)	(38,708)	(137,562)	(29,813)	(2,196,587)
Transfers			17,730	331,324	349,054
<b>Carrying amount at 30 June 2020</b>	102,336,669	544,170	3,791,800	601,291	107,273,930
<b>Comprises:</b>					
Gross carrying amount at 30 June 2020	102,336,667	544,170	3,791,800	786,654	107,459,291
Accumulated depreciation at 30 June 2020	0	0	0	(185,363)	(185,363)
<b>Carrying amount at 30 June 2020</b>	102,336,667	544,170	3,791,800	601,291	107,273,928

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

**10. INFRASTRUCTURE (Continued)**

**(b) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>Infrastructure - roads</b>	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2020	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs.
<b>Footpaths</b>	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2020	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs.
<b>Recreation</b>	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2020	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs.
<b>Other infrastructure</b>	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2020	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs.
<b>Other infrastructure</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2020	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs.

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

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

## 11. FIXED ASSETS

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

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

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

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

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

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

#### Revaluation

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

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

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

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

#### Land under control prior to 1 July 2019

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

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

#### Land under roads prior to 1 July 2019

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

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

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

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

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

#### Land under roads from 1 July 2019

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

#### Vested improvements from 1 July 2019

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

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

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings - non-specialised									56,640	26,500	0	(30,140)
Plant and equipment	63,760	88,000	24,240	(0)	82,349	80,000		(2,349)	29,004	63,545	34,541	0
Motor vehicles	222,242	203,455	11,250	(30,037)	217,205	165,000		(52,205)	291,136	287,504	31,700	(35,332)
	286,002	291,455	35,490	(30,037)	299,554	245,000	0	(54,554)	376,780	377,549	66,241	(65,472)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$
<b>Plant and Equipment</b>				
<b>Governance</b>				
MV169 Toyota Kluger	30,767	25,455	0	(5,312)
MV176 Toyota Prado	51,418	47,500	0	(3,918)
<b>Transport</b>				
MV150 Hino 700 Series Truck	61,635	41,500	0	(20,135)
MV172 Toyota Prado	48,173	47,500	0	(673)
MV78 Isuzu Giga Truck	30,250	41,500	11,250	0
PE136 Cat 12M Grader	63,760	88,000	24,240	0
	286,003	291,455	35,489	(30,038)
	286,003	291,455	35,489	(30,038)

**SHIRE OF KULIN**  
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**11. FIXED ASSETS**

**(b) Depreciation**

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	451,951	501,285	352,937
Furniture and equipment	11,910	28,397	26,433
Plant and equipment	424,807	475,128	455,379
Construction other than buildings	16,334	17,222	16,293
Motor vehicles	104,983	127,588	126,476
Infrastructure - roads	1,990,504	2,650,672	2,368,559
Footpaths	38,708	0	38,708
Recreation	137,562	0	135,588
Other infrastructure	29,813	0	35,126
	3,206,572	3,800,292	3,555,499

**Revision of useful lives of roads**

The Shire has proposed for this valuation to adopt a useful life equivalent to the "whole of life" of the asset which is the period from date of commission until the asset has no remaining value. Historically the SoKU has defined the useful life equivalent to the "service life" of the asset which is the period from commission until the asset is expected to require replacement because it no longer meets risk or performance requirements. This approach is considered to be more appropriate as the SoKU have, in the past, depreciated roads using a rate which ultimately depreciates the full cost of the road before the road has reached the end of its life.

The impact in the change of "whole of life" approach to the depreciation of roads has reduced the depreciation expensed in the current financial year by \$380,000. It is expected that this reduction in depreciation expense will be a similar value in future years.

**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	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation pavement seal	not depreciated
- bituminous seals	80 years
- asphalt surfaces	40 years
Gravel roads formation pavement	50 years
Footpaths - slab	not depreciated
Sewerage piping	80 years
	50 years
	100 years

Water supply piping and drainage systems	40-80 years
Intangible assets - computer software licence	5 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.

**Amortisation**

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

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**12. REVALUATION SURPLUS**

	2020 Opening Balance	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land & Buildings	14,424,763	0	(2,262,558)	(2,262,558)	12,162,205	14,480,369	0	(55,606)	(55,606)	14,424,763
Revaluation surplus - Plant and equipment	790,987	1,081,584	(194,933)	886,651	1,677,638	1,192,820	0	(401,833)	(401,833)	790,987
Revaluation surplus - Infrastructure - Roads, footpaths, recreation and other infrastructure	51,965,196	27,713,548	0	27,713,548	79,678,744	51,965,196	0	0	0	51,965,196
	67,180,946	28,795,132	(2,457,491)	26,337,641	93,518,587	67,638,385	0	(457,439)	(457,439)	67,180,946

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.

### 13. TRADE AND OTHER PAYABLES

#### Current

Sundry creditors  
 Accrued salaries and wages  
 ATO liabilities  
 Bonds and deposits held

	2020	2019
	\$	\$
	197,359	160,619
	106,150	89,746
	70,485	98,374
	155,098	99,027
	<b>529,092</b>	<b>447,766</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition

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**14. INFORMATION ON BORROWINGS**

(a) Borrowings	2020	2019
	\$	\$
Current	90,511	87,267
Non-current	1,073,183	1,164,231
	1,163,694	1,251,498

**(b) Repayments - Borrowings**

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2020	30 June 2020	30 June 2020	Budget	30 June 2020	30 June 2020	30 June 2020	Actual	30 June 2019	30 June 2019	30 June 2019
				Principal	Actual	Actual	Actual	Principal	Budget	Budget	Budget	Principal	Actual	Actual	Actual
				1 July 2019	repayments	repayments	outstanding	1 July 2019	repayments	repayments	outstanding	1 July 2018	repayments	repayments	outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Governance</b>															
Administration building	1	WA Treasury Corporation	3.06%	1,252,035	87,267	46,246	1,164,768	1,251,498	87,804	46,246	1,163,694	1,337,212	85,177	49,452	1,252,035
<b>Housing</b>															
GEHA		Bendigo Bank	7.51%	0	0	0	0	0	0	0	0	(661)			(661)
				1,252,035	87,267	46,246	1,164,768	1,251,498	87,804	46,246	1,163,694	1,336,551	85,177	49,452	1,251,374
				1,252,035	87,267	46,246	1,164,768	1,251,498	87,804	46,246	1,163,694	1,336,551	85,177	49,452	1,251,374

\* WA Treasury Corporation

All loan repayments were financed by general purpose revenue

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**14. INFORMATION ON BORROWINGS (Continued)**

	2020	2019
	\$	\$
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit		
Bank overdraft at balance date		
Credit card limit	10,000	10,000
Credit card balance at balance date	(938)	(3,426)
<b>Total amount of credit unused</b>	<b>9,062</b>	<b>6,574</b>
<b>Loan facilities</b>		
Loan facilities - current	90,511	87,267
Loan facilities - non-current	1,073,183	1,164,231
<b>Total facilities in use at balance date</b>	<b>1,163,694</b>	<b>1,251,498</b>
<b>Unused loan facilities at balance date</b>	<b>0</b>	<b>0</b>

**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 24.

## 15. EMPLOYEE RELATED PROVISIONS

### (a) Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
<b>Opening balance at 1 July 2019</b>			
Current provisions	177,814	173,413	351,227
Non-current provisions	0	67,162	67,162
	<u>177,814</u>	<u>240,575</u>	<u>418,389</u>
Additional provision	184,104	81,192	265,296
Amounts used	(192,035)	(29,525)	(221,560)
<b>Balance at 30 June 2020</b>	<u>169,883</u>	<u>292,242</u>	<u>462,125</u>
<b>Comprises</b>			
Current	169,883	217,364	387,247
Non-current		74,878	74,878
	<u>169,883</u>	<u>292,242</u>	<u>462,125</u>

	Annual leave		Long service leave	
	2020	2019	2020	2019
	\$		\$	
<b>Amounts are expected to be settled on the following basis:</b>				
Less than 12 months after the reporting date	169,883	165,367	217,364	13,847
More than 12 months from reporting date	0	12,447	74,878	226,728
	<u>169,883</u>	<u>177,814</u>	<u>292,242</u>	<u>240,575</u>

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.

## 16. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	3,610,595	2,367,260	2,094,465
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	(691,777)	(2,574,292)	(1,182,123)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(71,221)		24,739
Depreciation on non-current assets	3,206,572	3,800,292	3,555,499
(Profit)/loss on sale of asset	(5,453)	54,554	(769)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(99,249)	200,000	(93,889)
(Increase)/decrease in inventories	(20,680)	10,000	(2,640)
Increase/(decrease) in payables	81,332	0	163,665
Increase/(decrease) in provisions	43,736	0	19,713
Non-operating grants, subsidies and contributions	(979,404)	(989,000)	(477,393)
Net cash from operating activities	1,463,856	501,554	2,006,802

## 17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	1,100,496	1,465,777
Law, order, public safety	1,137,400	642,609
Education and welfare	0	17,566
Housing	1,601,540	1,880,974
Community amenities	819,800	894,763
Recreation and culture	13,526,136	14,972,230
Transport	103,453,474	76,068,131
Economic services	5,780,113	5,425,036
Other property and services	4,526,310	3,954,664
Unallocated	5,919,722	6,665,184
	<u>137,864,991</u>	<u>111,986,934</u>

## 18. CONTINGENT LIABILITIES

The Department of Water and Environmental Regulation (DWER) issued a Category 64 licence for a putrescible landfill in 1997. The burial of putrescible waste ceased in 2009 and the Shire requested an amendment to the licence to replace the Category 64 licence with a Category 63 (Class I inert waste) licence. The Category 63 licence currently has an expiry date of the 18th of July 2026. The Shire is required to provide DWER with a Closure and Rehabilitation Plan when the premises is nearing closure or cessation of prescribed activities. As the Shire is not closing or ceasing the prescribed activities there is no requirement to provide DWER with a Closure and Rehabilitation Plan. At the time the Shire determines that the premises will close and/or cease prescribed activities, notification will be provided to DWER through a licence amendment application or licence surrender application. At that time, the specific circumstances surrounding the closure and rehabilitation of the landfill are reviewed by DWER, and as required, the submission of Closure and Rehabilitation Plan, to ensure that the premises is suitably managed and rehabilitated to prevent impacts to the environment post closure.

## 19. LEASING COMMITMENTS

### (a) Operating Lease Commitments

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

Payable:

- not later than one year

2020	2019
\$	\$

2020	2019
\$	\$
0	20,533
0	20,533

### SIGNIFICANT ACCOUNTING POLICIES

#### Leases Prior 1 July 2019

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

#### Leases 1 July 2019 onwards

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.

Right-of-use assets are measured at cost. This means that all vested right-of-use assets (other than vested improvements) under 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 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.

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.

### (b) Capital Expenditure Commitments

There are no capital expenditure commitments as at the end of the current reporting period. (2019:Nil)

## 20. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	23,690	24,200	20,600
President's allowance	7,000	7,000	7,000
Deputy President's allowance	1,750	1,750	1,750
Travelling expenses	2,960	4,800	3,504
	35,400	37,750	32,854

### Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	354,665	335,163
Post-employment benefits	51,488	49,572
Other long-term benefits	46,624	45,748
Termination benefits	0	11,030
	452,777	441,513

#### *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 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).

## 20. RELATED PARTY TRANSACTIONS (Continued)

### Transactions with related parties

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

The following transactions occurred with related parties:	2020 Actual	2019 Actual
	\$	\$
Purchase of goods and services	27,190	33,649

### 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.

## 21. JOINT ARRANGEMENTS

### (a) Share of joint operations

The Shire of Kulin has joint venture agreements with the Department of Housing for the provision of housing at 25 Johnston Street, 19 Wright Street and 3 Bull Street, Kulin. The ownership of the assets is determined by the property title which includes the percentage of each parties equitable interest. The Shire contributed the land, site works and some landscaping and the Department of Housing contributed the funds to construct the buildings. The Shire manages the properties and all rental income and housing expenditure are recorded in the respective line items of the financial statements.

	2020	2019
	\$	\$
Land & buildings	251,990	518,388
Less: accumulated depreciation	0	(18,042)
Total assets	251,990	500,346
Statement of Comprehensive income		
Other revenue	41,518	34,311
Other expenditure	(61,882)	(36,936)
Net result for the period	(20,364)	(2,625)

### (b) Share of joint operations

The Shire together with the Shires of Corrigin, Kondinin & Narembeen have a joint operation arrangement with regard to the provision of an Environmental Health and Building Surveying Service. The joint-controlled assets are motor vehicles, Bendinger Tip site facility at Narembeen-Kondinin Road. The Shire's 15.38% share in the motor vehicle is included in Property, Plant & Equipment is as follows:

	2020	2019
	\$	\$
Land	9,228	2,422
Less: accumulated depreciation	0	0
Total assets	9,228	2,422
Other Infrastructure	21,286	21,286
Less: accumulated depreciation	(3,311)	(1,655)
Total assets	17,975	19,631
Motor Vehicle	5,103	5,200
Less: accumulated depreciation	0	(1,300)
Total assets	5,103	3,900
Contribution to service	37,351	32,082

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**22. RATING INFORMATION**

(a) Rates

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>2019/20 Actual Rateable Value \$</b>	<b>2019/20 Actual Rate Revenue \$</b>	<b>2019/20 Actual Interim Rates \$</b>	<b>2019/20 Actual Back Rates \$</b>	<b>2019/20 Actual Total Revenue \$</b>	<b>2019/20 Budget Rate Revenue \$</b>	<b>2019/20 Budget Interim Rate \$</b>	<b>2019/20 Budget Back Rate \$</b>	<b>2019/20 Budget Total Revenue \$</b>	<b>2018/19 Actual Total Revenue \$</b>
<b>Differential general rate / general rate</b>												
<b>Gross rental valuations</b>												
Residential	0.10187	134	1,187,982	121,020			121,020	121,196			121,196	118,161
Industrial	0.10187	13	116,376	11,855			11,855	11,855			11,855	11,544
Commercial	0.10187	28	447,448	45,582			45,582	45,582			45,582	44,386
Rural	0.10187	11	88,608	9,026			9,026	9,026			9,026	8,790
<b>Unimproved valuations</b>												
Rural	0.01049	348	178,869,770	1,876,344			1,876,344	1,877,254	5,000		1,882,254	1,836,681
Mining	0.01049	1	45,492	0			0	477			477	0
<b>Sub-Total</b>		535	180,755,676	2,063,827	0	0	2,063,827	2,065,390	5,000	0	2,070,390	2,019,562
<b>Minimum payment</b>												
<b>Gross rental valuations</b>												
Residential	443.89	11	6,760	4,883			4,883	4,883			4,883	4,754
Industrial	443.89	5	9,736	2,219			2,219	2,219			2,219	2,161
Commercial	443.89	4	8,600	1,776			1,776	1,776			1,776	1,729
Rural	443.89	8	14,545	3,551			3,551	3,551			3,551	2,593
<b>Unimproved valuations</b>												
Rural	443.89	9	226,700	3,995			3,995	3,995			3,995	4,754
Mining	443.89	24	228,362	10,653			10,653	10,653			10,653	5,187
<b>Sub-Total</b>		61	494,703	27,077	0	0	27,077	27,077	0	0	27,077	21,178
		596	181,250,379	2,090,904	0	0	2,090,904	2,092,467	5,000	0	2,097,467	2,040,740
Discounts (Note 22(b))							(91,421)				(90,000)	(89,491)
<b>Total amount raised from general rate</b>							1,999,483				2,007,467	1,951,249
Concessions (Note 22(b))							(11,048)				(12,000)	(13,404)
Ex-gratia rates							23,701				23,701	23,123
<b>Totals</b>							2,012,136				2,019,168	1,960,968

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates**

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

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

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

**22. RATING INFORMATION (Continued)**

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

**Rates Discounts**

<b>Rate or Fee Discount Granted</b>	<b>Discount</b>	<b>Discount</b>	<b>2020 Actual</b>	<b>2020 Budget</b>	<b>2019 Actual</b>	<b>Circumstances in which Discount is Granted</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	
Early payment discount	5.00%	-	91,421	90,000	89,491	
			91,421	90,000	89,491	

**Waivers or Concessions**

<b>Rate or Fee and Charge to which the Waiver or Concession is Granted</b>	<b>Type</b>	<b>Discount</b>	<b>Discount</b>	<b>2020 Actual</b>	<b>2020 Budget</b>	<b>2019 Actual</b>
		<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Kulin Retirement Homes	Waived	0.00%		9,853	8,900	9,594
Kulin Masonic Lodge	Waived	0.00%		449	0	
Rates raised in error	Write-off	0.00%		0	0	3,777
Small balances	Write-off		<\$5	15	100	33
Rates written off	Write-off			732	3,000	0
				11,048	12,000	13,404
Total discounts/concessions (Note 22(a))				102,469	102,000	102,895

<b>Rate or Fee and Charge to which the Waiver or Concession is Granted</b>	<b>Circumstances in which the Waiver or Concession is Granted and to whom it was available</b>	<b>Objects of the Waiver or Concession</b>	<b>Reasons for the Waiver or Concession</b>
Kulin Retirement Homes	On application		To ensure affordable housing is available to our senior citizens
Kulin Masonic Lodge	Application received for exemption from rates		To reduce costs for the community group for them to remain viable

## 22. RATING INFORMATION (Continued)

### (c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option Two</b>				
First instalment	27-Sep-19	0.00	5.50%	11%
Second instalment	27-Jan-20	7.00	5.50%	11%
<b>Option Three</b>				
First instalment	27-Sep-19	0.00	5.50%	11%
Second instalment	27-Nov-19	7.00	5.50%	11%
Third instalment	27-Jan-20	7.00	5.50%	11%
Fourth instalment	27-Mar-20	7.00	5.50%	11%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	5,850	8,000	7,411
Interest on instalment plan	1,219	1,500	1,253
Charges on instalment plan	658	700	658
	7,727	10,200	9,322

## 23. RATE SETTING STATEMENT INFORMATION

Note	2019/20 (30 June 2020 Carried Forward) \$	2019/20 Budget (30 June 2020 Carried Forward) \$	2018/19 (1 July 2019 Carried Forward) \$
<b>(a) Non-cash amounts excluded from operating activities</b>			
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> .			
<b>Adjustments to operating activities</b>			
	Less: Profit on asset disposals	0	(66,241)
11(a)	(35,490)		
	Less: Fair value adjustments to financial assets at fair value through profit and loss		0
	(71,221)		
	Movement in employee benefit provisions (non-current)		(18,762)
	7,716		
11(a)	30,038	54,554	65,472
	Add: Loss on disposal of assets		24,739
	Add: Loss on assets written off as per Reg 17(a)		
11(b)	3,206,572	3,800,291	3,555,499
	Add: Depreciation on non-current assets		
	<b>Non cash amounts excluded from operating activities</b>		
	3,137,615	3,854,845	3,560,707
<b>(b) Surplus/(deficit) after imposition of general rates</b>			
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.			
<b>Adjustments to net current assets</b>			
4	(1,871,840)	(1,690,220)	(2,039,629)
Less: Reserves - cash/financial asset backed			
Less: Current assets not expected to be received at end of year			
8	(687,000)		(1,491,000)
- Non current assets held for sale			
- Restricted municipal funds			
		(234,142)	
Add: Current liabilities not expected to be cleared at end of year			
14(a)	90,511	85,177	87,267
- Current portion of borrowings			
	<b>Total adjustments to net current assets</b>		
	(2,468,329)	(1,839,185)	(3,443,362)
<b>Net current assets used in the Rate Setting Statement</b>			
	Total current assets	2,705,617	6,091,323
	5,132,404		
	Less: Total current liabilities	(790,594)	(886,260)
	(1,006,851)		
	Less: Total adjustments to net current assets	(1,839,185)	(3,443,362)
	(2,468,329)		
	<b>Net current assets used in the Rate Setting Statement</b>		
	1,657,224	75,838	1,761,702
<b>Total current liabilities at 1 July 2019</b>			(886,260)

## 24. 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	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.

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
	%	\$	\$	\$	\$
<b>2020</b>					
Cash and cash equivalents	0.54%	3,610,595	2,288,457	22,467	1,299,671
Financial assets at amortised cost - term deposits	1.55%	400,000	400,000	0	0
<b>2019</b>					
Cash and cash equivalents	0.86%	2,094,465	362,168	819,129	913,168
Financial assets at amortised cost - term deposits	2.30%	2,190,978	2,190,978	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.

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	225	8,191

\* 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 14(b).

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

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

**(b) Credit risk**

**Trade and Other Receivables**

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors 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 2020 and 1 July 2019 (on adoption of AASB 9) was determined as follows for rates receivable.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2020</b>					
Rates receivable					
Expected credit loss	22.69%	27.66%	22.17%	14.97%	
Gross carrying amount	18,742	15,259	12,039	22,752	68,792
Loss allowance	4,253	4,220	2,669	3,406	14,548
<b>30 June 2019</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	27,516	12,522	9,759	16,803	66,600
Loss allowance	0	0	0	0	0

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2020</b>					
Trade and other receivables					
Expected credit loss	0.00%	65.18%	0.00%	0.00%	
Gross carrying amount	262,252	8,668	0	463	271,384
Loss allowance	0	5,650	0	0	5,650
<b>30 June 2019</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	112,045	20,615	40	1,604	134,304
Loss allowance	0	0	0	0	0

## 24. 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 14(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
	\$	\$	\$	\$	\$
<b>2020</b>					
Payables	507,220	0	0	507,220	507,220
Borrowings	125,449	501,798	752,694	1,379,941	1,163,694
	632,669	501,798	752,694	1,887,161	1,670,914
<b>2019</b>					
Payables	414,314	0	0	414,314	414,314
Borrowings	125,449	501,797	878,146	1,505,392	1,251,498
	539,763	501,797	878,146	1,919,706	1,665,812

## 25. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There were no events occurring after the end of the reporting period that require adjustments or disclosure to the financial report.

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

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

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

**(a) AASB 15: Revenue from Contracts with Customers**

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. There was no material impact on the adoption of the new standard.

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

The Shire adopted AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods was not restated in accordance with AASB 1058 transition requirements. There was no material impact on the adoption of the new standard.

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

Volunteer services in relation to fire services were not recognised as the fair value of the services cannot be reliably measured.

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

		2020 \$		2020 \$
	Note	As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004
<b>Statement of Comprehensive Income</b>				
<b>Revenue</b>				
Rates	22(a)	2,012,136	0	2,012,136
Operating grants, subsidies and contributions	2(a)	2,508,047	0	2,508,047
Fees and charges	2(a)	1,623,450	0	1,623,450
Non-operating grants, subsidies and contributions	2(a)	979,404	0	979,404
Net result		(691,777)	0	(691,777)
<b>Statement of Financial Position</b>				
Trade and other payables	13	529,092	0	529,092
Net assets		135,710,078	0	135,710,078
<b>Statement of Changes in Equity</b>				
Net result		(691,777)	0	(691,777)
Retained surplus		40,319,651	0	40,319,651

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

**(c) AASB 16: Leases**

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019. In applying AASB 16, under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods. The Shire has no lease agreements requiring the recognition of right of use assets.

**SHIRE OF KULIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**  
**27 CHANGE IN ACCOUNTING POLICIES**

**(a) Change in accounting Policies due to regulation changes**

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

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

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

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

There is no impact on the Shire's opening retained surplus due to the adoption of AASB 15, AASB 1058 and AASB 16 as at 1 July 2019.

## **28. 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 KULIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**29. ACTIVITIES/PROGRAMS**

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

<b>PROGRAM NAME AND OBJECTIVES</b>	<b>ACTIVITIES</b>
To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.
<b>GENERAL PURPOSE FUNDING</b> To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
<b>LAW, ORDER, PUBLIC SAFETY</b> To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
<b>HEALTH</b> To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
<b>EDUCATION AND WELFARE</b> To provide services to disadvantaged persons, the elderly, children and youth	Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home and community care programs and youth services.
<b>HOUSING</b> To provide and maintain general and elderly residents housing.	Provision and maintenance of elderly residents housing.
<b>COMMUNITY AMENITIES</b> To provide services required by the community.	Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.
<b>RECREATION AND CULTURE</b> To establish and effectively manage infrastructure and resource which will help the social well being of the community.	Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.
<b>TRANSPORT</b> To provide safe, effective and efficient transport services to the community	Construction and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
<b>ECONOMIC SERVICES</b> To help promote the shire and its economic wellbeing.	Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.
<b>OTHER PROPERTY AND SERVICES</b> To monitor and control council's overheads operating accounts.	Private works operation, plant repair and operation costs and engineering operation costs.

### 30. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	4.81	5.24	3.30
Asset consumption ratio	1.00	0.69	0.70
Asset renewal funding ratio	0.90	na	na
Asset sustainability ratio	0.67	0.60	0.74
Debt service cover ratio	11.85	14.47	6.84
Operating surplus ratio	(0.42)	(0.41)	(0.46)
Own source revenue coverage ratio	0.48	0.48	0.48

The above ratios are calculated as follows:

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



# Auditor General

## INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Kulin

### Report on the Audit of the Financial Report

#### Opinion

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

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

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

#### Basis for Opinion

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

#### Emphasis of Matter – Basis of Accounting

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

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

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

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of the annual financial report that is free from material misstatement, whether due to fraud or error. In preparing the annual financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

### **Auditor's Responsibility for the Audit of the Financial Report**

The objectives of my audit are to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual financial report. 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 annual financial report is located on the Auditing and Assurance Standards Board website at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of my auditor's report.

### **Report on Other Legal and Regulatory Requirements**

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

- (i) In my opinion, the following material matter indicates significant adverse trends in the financial position of the Shire:
  - a. The Asset Sustainability Ratio and Operating Surplus Ratio have been below the Department of Local Government, Sports and Cultural Industries standard for the past three years. The financial ratios are reported in Note 30 of the financial report.
- (ii) The following material matter indicates non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
  - a. The Shire has not reported the Asset Renewal Funding Ratio for 2019 and 2018 in the annual financial report as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996, as management considered the available information on planned capital renewals and required capital expenditure was not updated.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

**Other Matter**

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

**Matters Relating to the Electronic Publication of the Audited Financial Report**

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



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Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
30 March 2021