

SHIRE OF MERREDIN  
ANNUAL REPORT  
2015/2016



SHIRE OF  
**MERREDIN**  
INNOVATING THE WHEATBELT

## CONTENTS

<b>About Us</b> .....	4
<b>Our Values</b> .....	5
<b>Our Vision</b> .....	6
<b>Our Mission</b> .....	6
<b>Our Community Vision</b> .....	7
<b>Our Strategic Priorities</b> .....	7
<b>Fast Facts</b> .....	8
<b>President’s Message</b> .....	9
<b>Local Government Elections</b> .....	9
<b>Shire Rebrand</b> .....	9
<b>CEACA Inc.</b> .....	10
<b>Spirulina Project</b> .....	10
<b>Closing Acknowledgements</b> .....	10
<b>Chief Executive Officer’s Message</b> .....	11
<b>Integrated Planning and Reporting (IPR) Suite Adoption</b> .....	11
<b>Age-Friendly Communities (AFC) Plan</b> .....	11
<b>CBD Upgrade – Stage 1</b> .....	12
<b>Closing Acknowledgments</b> .....	12
<b>Our Council</b> .....	14
<b>Organisational Structure</b> .....	15
<b>Compliance</b> .....	16
<b>Access and Inclusion Plan</b> .....	16
<b>Record Keeping</b> .....	16
<b>Councillor Remuneration</b> .....	16
<b>Compliance Audit Return</b> .....	17
<b>Completion of Primary and Annual Returns</b> .....	17
<b>Local Law Review</b> .....	17
<b>Register of Complaints of Minor Breach</b> .....	17
<b>Freedom of Information and Public Interest Disclosure</b> .....	18
<b>Human Resources</b> .....	18
<b>National Competition Policy</b> .....	18
<b>Delegations Review</b> .....	18
<b>Executive Remuneration</b> .....	18
<b>Traffic and Driver’s Licensing</b> .....	19
<b>Integrated Strategic Planning and Reporting Framework</b> .....	20
<b>Our Progress of Strategic Priorities</b> .....	21

<b>Community Funding and Support</b> .....	25
<b>Community Grants</b> .....	25
<b>Support for Community Events, Organisations and Residents</b> .....	26
<b>Grants and Funding</b> .....	27
<b>Directorate Reports</b> .....	28
<b>Development Services</b> .....	28
<b>Engineering Services</b> .....	31
<b>Community Services</b> .....	34
<b>Financial Statements</b> .....	47





## ABOUT US

The Shire of Merredin covers an area of 3,372sq kms and incorporates the townsites of Burracoppin, Hines Hill and Muntadgin and the localities of Goomarin, Korbel, Nangeenan, Nokanning, Norpa, Nukarni, South Burracoppin and Tandegin.

Merredin was gazetted as a townsite on 16 March 1891, with the first Merredin Road Board being established in 1911-12 and the area was renamed the Shire of Merredin on 1 July 1961.

Merredin is the regional centre for the Central East Wheatbelt and services a hinterland of approximately 15,000 people.

The Shire is bounded by the Shires of Bruce Rock, Kellerberrin, Narembeen, Nungarin, Westonia and Yilgarn.

Our Council strives to encourage a vibrant community that offers a comprehensive range of local and regional services. Its aim is to work with all communities in the Central Wheatbelt to support quality of life as well as economic and social development within the region.

## OUR VALUES



### **INTEGRITY**

Act in an honest, open and accountable manner in all of our activities ensuring they are equitable and socially just.



### **PARTICIPATION**

Provide genuine opportunities for informed community participation in decision making in a framework of local democracy.



### **SERVICE**

Be sensitive and responsive to the needs and aspirations of our community and focusing on customer satisfaction and value for money.



### **LEARNING**

Continue learning from training, our actions and experiences, and continually seeking better and more innovative ways of doing things.



### **VALUING PEOPLE**

Value the contribution the people inside and outside the organisation make to the achievement of the Shire's vision.



### **COMMITMENT**

Ensure our actions serve the people of Merredin and their long-term interests.



### **SUSTAINABILITY**

Have a global perspective and ensure our actions minimise the impact on the environment and the resources available for future generations.



## OUR VISION

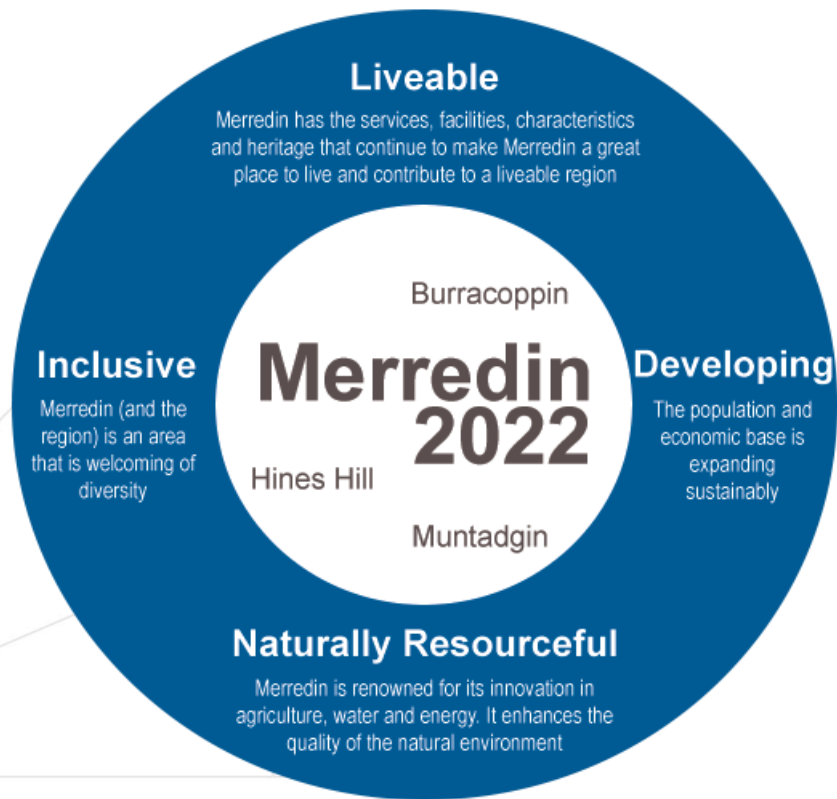
To be a vibrant regional centre offering a comprehensive range of regional services which improve the quality of life of the people within the shire and Central Wheatbelt.

## OUR MISSION

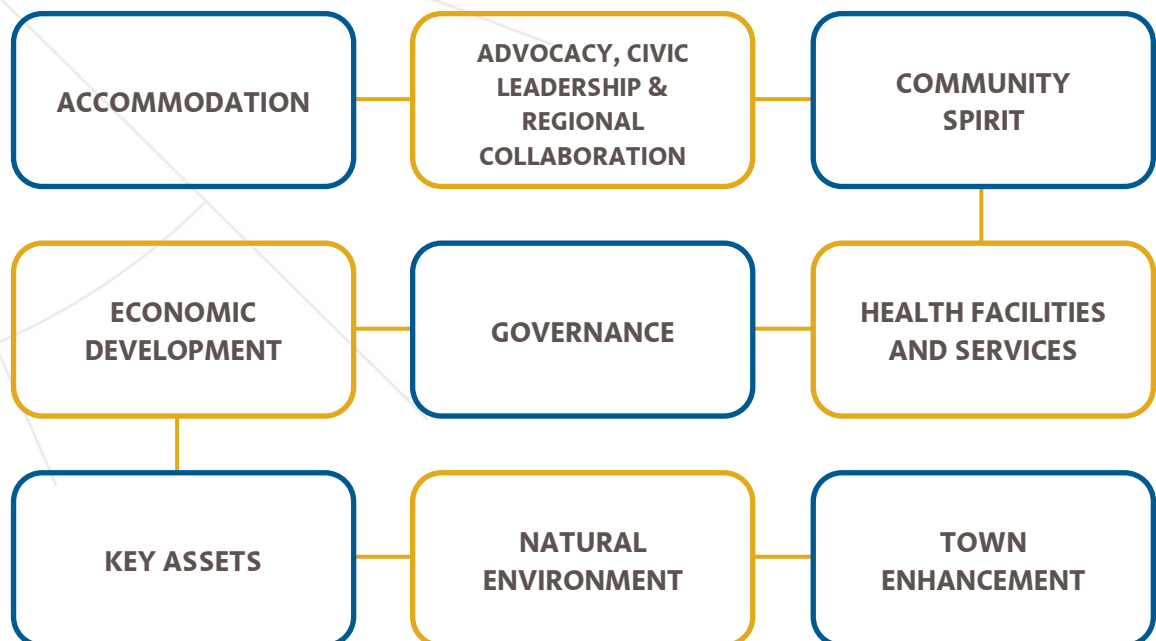
To work with all communities in the Central Wheatbelt to support social and economic development



## OUR COMMUNITY VISION



## OUR STRATEGIC PRIORITIES



## FAST FACTS



**Total Area**  
3,372km<sup>2</sup>



**Population**  
3,300



**Dwellings**  
1,450



**Rates Revenue**  
\$3,684,235



**Shire Employees**  
53



**Sealed Roads**  
565km



**Unsealed Roads**  
816km



**Parks & Gardens**  
21 ha



**Schools**  
2



**Libraries**  
1



**Child Care**  
2



**Sporting Clubs**  
23

### Where did my rates go? For every \$100 the Shire of Merredin spends:

\$34.50	\$5.00	\$2.50	\$1.00	\$2.00
On roads	On Law, Order and Public Safety	On Health	On Education and Welfare	On Housing
\$8.50	\$29.50	\$4.50	\$8.00	\$4.50
On Community Amenities	On Recreation and Culture	On Governance	On Economic Services	Other



## PRESIDENT'S MESSAGE



**“With a full complement of Councillors and a number of projects progressing well, these are certainly exciting times for the Shire of Merredin”**

### LOCAL GOVERNMENT ELECTIONS

I am very pleased to be re-elected to Council and the position of President and I would like to congratulate Councillors Brad Anderson and Mark Crees on being re-elected to Council, with Councillor Crees again elected Deputy President. I would also like to welcome our newest Councillors, Councillor Matt Crisafio and Councillor Leah Boehme, who joined Council in October 2015 and January 2016 (following an extraordinary election process) respectively.

### SHIRE REBRAND

The Shire of Merredin has a bright and fresh new look with Council resolving in December 2015 on a new logo and brand style (CMRef 81707). The new look took effect from 1 February 2016.

The rebrand was largely in response to ongoing community feedback. There is huge desire from the community that Merredin be better marketed, and Council believes the new look conveys vibrancy, positivity, and represents our community as modern and professional.



The symbolism in the logo positions Merredin Shire at the "heart of the Wheatbelt", its central hub. The three horizontal lines running through the centre represent the highway, the railway and the pipeline, as a nod to our heritage. Different people see different things in the spokes radiating from Merredin. Some see it representing the produce and ideas which start in Merredin and are sent to the rest of the world; others see farms and fences, some see roads and still others see echoes of the wind turbines.

There is a new colour palette too, with all the colours of Merredin there: blue for water and future opportunities, red for mining and prosperity, green and gold for the changing seasons and charcoal brown for the rock formations and the natural landscape.

## **CEACA Inc.**

Following on from the 2014/15 Annual Report, the Central East Aged Care Alliance (CEACA) was formally incorporated in July 2015. CEACA's purpose is to retain population in the Central East Wheatbelt by providing the ageing population with the necessary services and infrastructure to remain living in their community of interest.

CEACA was successful in obtaining \$2,075,800 in funding through the Royalties for Regions Southern Investment Initiative for Stage 1 of the project. This will cover the land assembly and servicing of 54 lots across the 11 shires, including 8 in Merredin at the old North Merredin Primary School site. River Engineering were appointed to manage Stage 1 and works have commenced.

An application has been made to the Royalties for Regions Growing our South Initiative for \$19,986,439 as Stage 2 of the project. This will enable a further 21 lots being prepared across the region (including 12 in Merredin) and the construction of 75 independent living units (including 28 in Merredin). The formal Ministerial announcement on whether the application has been successful is expected in July.

## **SPIRULINA PROJECT**

In 2001 Except Integrated Sustainability (EIS), based in Rotterdam, the Netherlands, worked with the Shire on a feasibility study focussed on utilising the old No. 4 Pump Station to house a spirulina processing plant. However, for various reasons the project was then shelved and no further action was undertaken until July 2015 when the CEO contacted EIS with a proposal to revisit the feasibility study.

With funding provided by Council and the Collgar Community Trust, Tom Bosschaert and Camille de Luca-Schwartz of EIS visited Merredin for a week in December 2015 and met with many community members, key stakeholders and agencies, including the Minister for Water and the Wheatbelt Development Commission. Their primary objectives for the visit were to determine the physical, ecological, operational, economical, legal and financial feasibility of a spirulina plant in Merredin.

Council was pleased when the 2015 Study reached the same conclusion as the last, that a spirulina plant is a viable and positively reinforcing project for not only the Shire but the region as a whole. Work is therefore continuing with the Department of Water to determine the domestic and international market demand.

## **CLOSING ACKNOWLEDGEMENTS**

On behalf of Council, and the community, I would like to thank all the staff at the Shire of Merredin for the ongoing service and commitment they provide to our Shire. I would also like to thank my fellow Councillors for your efforts in moving Merredin forward this past year. And, of course to the residents, ratepayers, business owners and all other stakeholders within the Shire, thank you for your continued support and I look forward to working with you all over the coming year.

**Cr Ken Hooper**  
**Shire President**

## CHIEF EXECUTIVE OFFICER'S MESSAGE



**“It has been another positive year for the Shire of Merredin, with a hive of activity around community consultation”**

### **INTEGRATED PLANNING AND REPORTING (IPR) SUITE ADOPTION**

The beginning of this financial year was an extremely busy time for Councillors, staff and the community with the “Around the Table” community consultation sessions being conducted over a 6 month period.

In all, 15 sessions were held focussed around:

- Sport and recreation;
- Community and culture;
- Economic development;
- Level of service;
- Community services;
- Early years;
- Youth;
- Seniors;
- Short term liveability; and
- Service delivery, team building, policy and procedure, and culture.

The sessions provided valuable information which was then incorporated into Council’s IPR suite of documents, which includes the Community Strategic Plan, Corporate Business Plan, Strategic Resource Plan and the Workforce Plan. The plans combine to provide Council and staff with a clear direction and the priorities for the forthcoming years.

The Strategic Resource Plan and Workforce Plan were adopted by Council at its April 2016 meeting (CMRef 81772), with the Strategic Community Plan and the Corporate Business Plan being adopted at Council’s May 2016 meeting (CMRef 81787). We look forward to working with all stakeholders in implementing the various strategies identified.

### **AGE-FRIENDLY COMMUNITIES (AFC) PLAN**

With the assistance of funding provided by the Age-Friendly Communities Regional Local Government Strategic Planning Grants Program, run by the Department of Local Government and Communities (DLGC), the Shire of Merredin, in conjunction with the Shire of Bruce Rock, was able to develop an AFC Plan for both communities.



A reference group was established which guided and supported the project, liaised with the DLGC and reviewed the draft reports. Focus groups and a survey were conducted in order to consult with community members. The focus groups were aimed at both seniors and service providers. In addition to this, Council was consulted through an issues and options workshop in November 2015 where the results of the Engagement Report were provided and community member concerns were prioritised, which were then used to inform the creation of the AFC Plan.

The AFC Plan was adopted by Council at its March 2016 meeting (CMRef 81757) and identifies the priorities and actions discovered in the resulting process, as well as the age-friendly barriers and suggestions for improvements that have been acknowledged by the survey respondents, focus group participants and Council as being important areas of note.

The AFC Plan sits under the Strategic Community Plan and the Corporate Business Plan and will be used as an informing strategy, providing direction and a framework for assessing expenditure proposals in future strategic and corporate planning.

### **CBD UPGRADE – STAGE 1**

In June 2009 a concept plan of the Merredin CBD upgrade was finalised and while the multi-million dollar staged development is identified in the Corporate Business Plan as a strategic priority, it has not progressed as it is dependent on external funding.

During the Around the Table consultation series it became apparent that the community still rated the CBD upgrade as a high priority, however did not see the value of expending millions of dollars on a redevelopment. Instead, the community emphasised its preference to review the original concept plan and implement a lower cost development to enhance the CBD area.

Through the Wheatbelt Development Commission's Wheatbelt Regional Grants Scheme an application for funding of \$300,000 has been made to commence works on Stage 1 of the Merredin CBD upgrade.

If successful, the funding will be used to renew the kerbing and asphalt, construct new footpaths, provide disabled crossovers, install new street furniture and rubbish bins as well as provide landscaping, new line-marking of parking bays and underground power to the Central Wheatbelt Visitor Centre lawn area.

An announcement on the funding is expected in July 2016.

### **CLOSING ACKNOWLEDGMENTS**

It has again been a pleasure to be part of the Shire, to work with Councillors and staff in pursuing a vibrant and bright future for the Shire and I would like to thank all Councillors and staff for their dedication during the last financial year.

**Greg Powell**  
**Chief Executive Officer**







## OUR COUNCIL



**Cr Ken Hooper**  
**President**  
Expiry of Term:  
19 October 2019



**Cr Mark Crees**  
**Deputy President**  
Expiry of Term:  
19 October 2019



**Cr Brad Anderson**  
Expiry of Term:  
19 October 2019



**Cr Caroline Blakers**  
Expiry of Term:  
21 October 2017



**Cr Leah Boehme**  
Expiry of Term:  
19 October 2019



**Cr Matt Crisafio**  
Expiry of Term:  
19 October 2019



**Cr John Flockart**  
Expiry of Term:  
21 October 2017



**Cr Mal Willis**  
Expiry of Term:  
21 October 2017

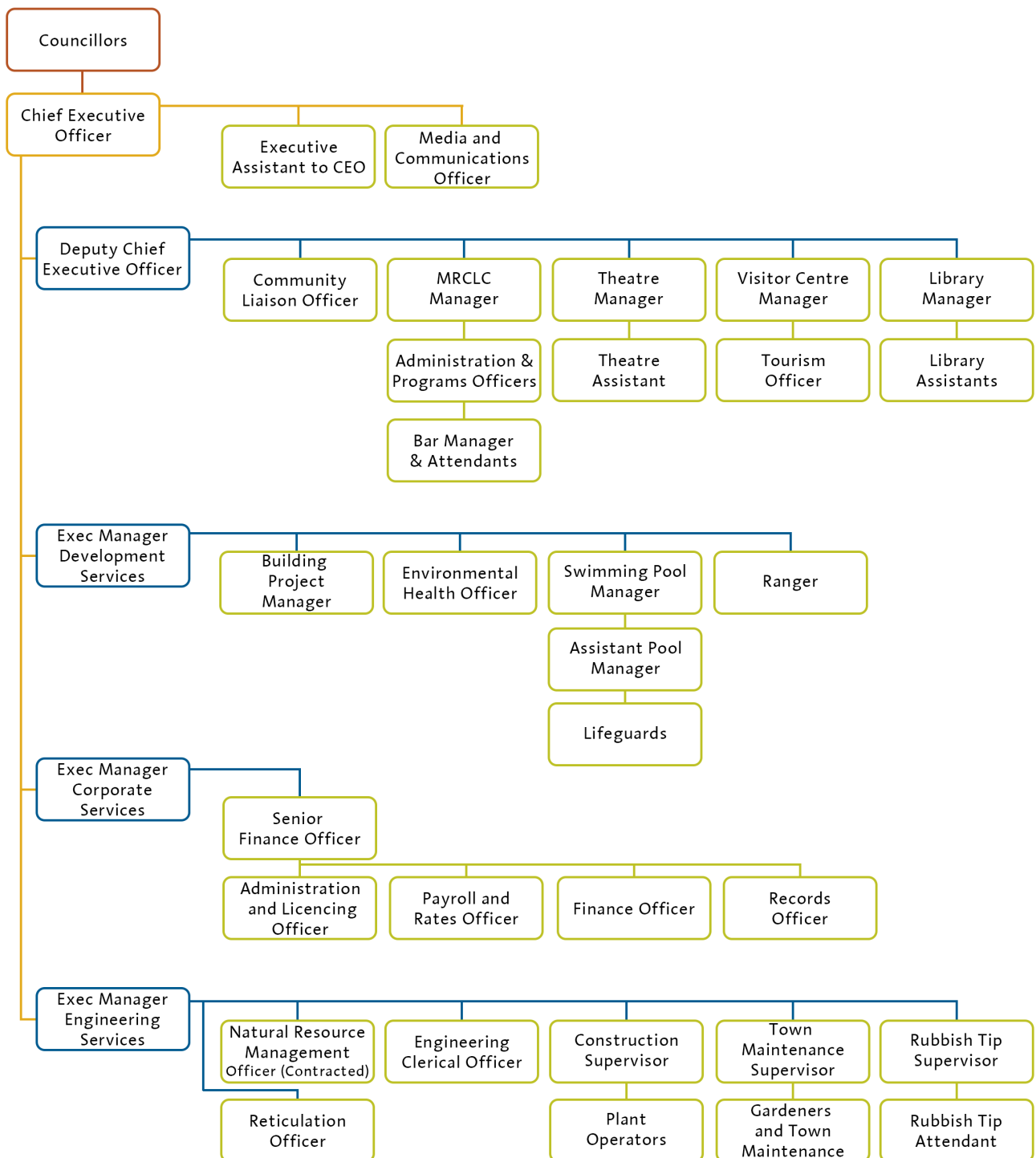


**Cr Maria Young**  
Expiry of Term:  
21 October 2017





# ORGANISATIONAL STRUCTURE





## COMPLIANCE

### ACCESS AND INCLUSION PLAN

The *Disabilities Services Act 1993* requires Council to report on its Access and Inclusion Plan (AIP) achievements within its Annual Report. Works conducted during the year include the improvements to the disabled toilet at Cummins Theatre with the installation of a new easy-open door and mirror, and the installation of automatic opening doors at the new Library and Merredin Community Resource Centre.

As required by the Act, the five year review of the Shire's AIP was conducted in 2015, with a public consultation period during July 2015. Subsequent feedback on the AIP was incorporated into the final AIP 2015-2020, which was adopted by Council at its September 2015 meeting (CMRef 81631).

### RECORD KEEPING

In accordance with the *State Records Act 2000* the Shire's Record Keeping Plan was reviewed in 2015. The reviewed Plan was adopted by Council at its September 2015 meeting (CMRef 81635) and sets out how records will be created within the organisation and how such records are to be kept. The Plan provides an accurate reflection of the record keeping program now in place including policies, practices and disaster recovery program.

An electronic records system became operational in late 2015 and complies with the *State Records Act 2000* requirements.

### COUNCILLOR REMUNERATION

In 2015/16 the following allowances were paid to Councillors:

RECIPIENT	AMOUNT
<b>President</b> (including the President's Allowance)	\$21,373
<b>Deputy President</b> (including the Deputy President's Allowance)	\$11,353
<b>Councillors</b>	\$8,013

## COMPLIANCE AUDIT RETURN

All local governments are required to carry out an annual Compliance Audit Return (CAR) for the period 1 January to 31 December as specified by the *Local Government Act 1995*. The CAR includes a range of compliance categories to be met.

For the purposes of transparency and independent review, the Shire appointed consultants, BHW Consulting, to complete the 2015 CAR. The completed CAR was received by Council at its March 2016 meeting (CMRef 81749) and was subsequently submitted to the Department of Local Government prior to 31 March 2016 in accordance with Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996*.

## COMPLETION OF PRIMARY AND ANNUAL RETURNS

In accordance with Sections 5.75 and 5.76 of the *Local Government Act 1995* all relevant persons lodged an Annual Return by the due date of 31 August 2016 and a primary return within 3 months of their start date.

All returns are managed through the Attain system and are available for viewing by members of the public upon request.

## LOCAL LAW REVIEW

The Shire commenced the 8 year review of its Local Laws in 2014, with a Discussion Paper developed and discussed at Council's January 2015 meeting. At that meeting, in accordance with Section 3.16(2) of the *Local Government Act 1995*, Council subsequently resolved to proceed with and advertise the review of the Local Laws (CMRef 81507).

At its March 2015 meeting Council adopted the review of the local laws and resolved (CMRef 81536) to proceed with amendments to the following:

- Activities in Thoroughfares and Public Places and Trading Local Law;
- Bush Fire Brigades Amendment Local Law;
- Cemeteries Local Law;
- Dogs Local Law;
- Fencing Local Law;
- Health Local Law;
- Animals, Environment and Nuisance Local Law;
- Local Government Property Local Law; and
- Standing Orders Local Law.

It is anticipated that the proposed amendments will be presented to Council at its December 2016 meeting.

## REGISTER OF COMPLAINTS OF MINOR BREACH

In accordance with Sections 5.53(2) and 5.121 of the *Local Government Act 1995*, the Annual Report is required to disclose the number of complaints of minor breach received each year.

There were no complaints received in 2015/16.



## FREEDOM OF INFORMATION AND PUBLIC INTEREST DISCLOSURE

The Western Australian *Freedom of Information Act 1992* provides the public the right to apply for access to documents held by the Shire. An applicant's right to access cannot be affected by their reason for wishing to obtain the information, nor is there a need for an applicant to provide a reason as to why access is being sought.

Schedule 1 of the *Freedom of Information Act 1992* provides what information is exempt from the requirement to release documents to the public.

The Shire received no applications in the current reporting period.

## HUMAN RESOURCES

During 2015/16 the number of staff employed with the Shire was 53 full time equivalents.

## NATIONAL COMPETITION POLICY

Local governments are required to apply the principle of competitive neutrality to all business activities generating user-pay income in excess of \$200,000.

The principle of competitive neutrality is that Government businesses should not enjoy a competitive advantage, or disadvantage, simply as a result of their public sector ownership. Annual Reports must show that a public benefit test has been conducted for all significant businesses activities to determine if competitive neutrality is in the public interest.

As the principles only apply to business activities that receive more than \$200,000 in annual income, of which the Shire has none, this therefore does not apply.

## DELEGATIONS REVIEW

In accordance with Section 5.46 of the *Local Government Act 1995* a review was undertaken of the Shire's Delegation Register during this period, with Council adopting the review at its November 2015 meeting (CMRef 81690).

## EXECUTIVE REMUNERATION

Regulation 19B of the *Local Government (Administration) Regulations 1996* states the Annual Report is to include the number of employees entitled to an annual salary of \$100,000 or more, and the number of those employees with an annual salary entitlement that fall within each band of \$10,000 over \$100,000.

As at 30 June 2016 the Shire has 3 employees entitled to an annual salary more than \$100,000:

<b>SALARY RANGE</b>	<b>EMPLOYEE(S)</b>
\$100,001 - \$110,000	2
\$110,001 - \$120,000	0
\$120,001 - \$130,000	0
\$130,001 - \$140,000	0
\$140,001 - \$150,000	0
\$150,001 - \$160,000	1
\$160,001 - \$170,000	0
\$170,001 - \$180,000	0
\$180,001 - \$190,000	0
\$190,001 - \$200,000	0

## TRAFFIC AND DRIVER'S LICENSING

The Shire provides licensing services on behalf of the Department of Transport. This is an invaluable core service provided to the residents of the Shire. Over 2015/16 the Licensing Centre processed a considerable number of transactions, with Council commissions totalling approximately \$76,377.



## INTEGRATED STRATEGIC PLANNING AND REPORTING FRAMEWORK

In accordance with the *Local Government Act 1995*, the Shire has developed an Integrated Planning Framework that will allow us to sustainably and strategically meet the needs of our community.

The objective of the framework is to continue to improve the efficiency and effectiveness of its operations with an increased level of community engagement.

The Strategic Community Plan 2015-2026 is the plan to guide Council over the next 10 years. The Plan is broad with a long-term focus and strong emphasis on the community's aspirations, priorities and vision for the future. The Strategic Community Plan 2015-2026 informs our Strategic Resource Plan 2016-2031.

At the core of this planning framework is the Corporate Business Plan 2015-2019 which outlines in detail the projects, services, operations and performance measures required to deliver on the priorities identified in the Strategic Community Plan 2015-2026.

Shire of Merredin's Integrated Planning Framework:





## OUR PROGRESS OF STRATEGIC PRIORITIES

The following tables report on the key directions of the Strategic Community Plan 2015-2026.

### STATUS

✓ Completed

▶ Commenced

✕ No current opportunities

↻ Ongoing

### Strategic Priority 1

#### ECONOMIC DEVELOPMENT

INITIATIVE	STATUS	COMMENTS
<b>Strategy SP.D1.1</b> Implement recommendations identified in the "Growing Our Community" An Economic Development and Implementation Strategy and Central East Regional Economic Strategy	↻	Actioned investigations and plans to progress: <ul style="list-style-type: none"> <li>• CBD Upgrade – Stage 1</li> <li>• Spirulina Project</li> <li>• Desalination Plant</li> </ul>
<b>Strategy SP.D1.2</b> Proactively promote Merredin as a place to live, work and invest, within and outside the community	↻	Some initiatives actioned included: <ul style="list-style-type: none"> <li>• Merredin Rebranding Project</li> <li>• Town Entry Statements</li> <li>• Production of Liveability Video</li> <li>• Cross Regional Promotion</li> </ul>
<b>Strategy SP.D1.3</b> Promote new commercial and industrial development through appropriate zoning of land, provision of suitable infrastructure and efficient and effective business approval processes	↻	Town Planning Scheme No. 6 current
<b>Strategy SP.D1.4</b> Pursue opportunities with NBN in partnerships with other regional organisations	↻	Current information available on NBN website
<b>Strategy SP.D1.5</b> Facilitate further development of local and regional tourism	↻	Initiatives developed included: <ul style="list-style-type: none"> <li>• Reintroduction of E-Trikes</li> <li>• Renewal of Signage</li> <li>• Draft Local Strategic Tourism Plan</li> <li>• Eastern Wheatbelt Tourism Plan</li> </ul>

### Strategic Priority 2

#### ACCOMMODATION

INITIATIVE	STATUS	COMMENTS
<b>Strategy SP.D2.1</b> Actively facilitate and develop alternative housing for professionals and workers	✓	Two professional houses built
<b>Strategy SP.D2.2</b> Collaborate and facilitate the development of aged accommodation	↻	Funding secured to construct 28 independent living units

<b>Strategy SP.D2.3</b> Facilitate the improvement of housing conditions through: advocacy in relation to the condition of public housing, as a housing developer and in encouraging community pride	×	No opportunities to pursue during the reporting period
---	---	--

### Strategic Priority 3

#### CIVIC LEADERSHIP, ADVOCACY AND REGIONAL COLLABORATION

INITIATIVE	STATUS	COMMENTS
<b>Strategy SP.D3.1</b> Collaborate with neighbouring Shires (and beyond) for the benefit of the region as a whole	↻	Commenced development of the WEROC Tourism App
<b>Strategy SP.D3.2</b> Seek external recognition, support and funding for Merredin's ongoing development, including as a regional centre	↻	External recognition, support and funding secured sought for identified projects
<b>Strategy SP.D3.3</b> Advocate for State infrastructure and service investments to enhance the functioning of the Eastern Wheatbelt	↻	Advocacy undertaken when required

### Strategic Priority 4

#### GOVERNANCE

INITIATIVE	STATUS	COMMENTS
<b>Strategy SP.D4.1</b> Implement accountable and good governance	↻	Policies and procedures implemented Compliance requirements met
<b>Strategy SP.D4.2</b> Enhance interactive communication between the Shire and the community	↻	Communications and Engagement Framework implemented
<b>Strategy SP.D4.3</b> Practice prudent management of financial services	↻	Policies and procedures implemented Compliance requirements met
<b>Strategy SP.D4.4</b> Develop an innovative, empowered and responsible organisation culture	↻	Implementation of identified strategies within the Workforce Plan

## Strategic Priority 5

### HEALTH FACILITIES AND SERVICES

INITIATIVE	STATUS	COMMENTS
<b>Strategy SP.L1.1</b> Continue to take a proactive advocacy role to support the provision of medical facilities and services to meet the needs of the local and regional community	↻	Provision of accommodation for health professionals (lease arrangement)
<b>Strategy SP.L1.2</b> Continue to assist with the facilitation of aged care services	↻	Facilitation continuing
<b>Strategy SP.L1.2</b> Assist with raising local awareness of what health services are available to the community	↻	Health services publicised in community introduction packs

## Strategic Priority 6

### KEY ASSETS

INITIATIVE	STATUS	COMMENTS
<b>Strategy SP.L2.1</b> Maintain an efficient, safe and quality transport network	↻	2015/16 road and footpath program completed
<b>Strategy SP.L2.2</b> Investigate opportunities to consolidate Shire owned facilities and collocate services	↻	Commenced community facilities review
<b>Strategy SP.L2.3</b> Develop, maintain and support appropriate recreational facilities and services through the Shire	↻	Identified projects completed Maintenance of facilities and services continued
<b>Strategy SP.L2.4</b> Partner with stakeholders to achieve greater community participation in recreational facilities and services	↻	Provision of administration to support Kidsports Program Implementation of MRCLC Business and Management Plan

## Strategic Priority 7

### BUILT HERITAGE

INITIATIVE	STATUS	COMMENTS
<b>Strategy SP.L3.1</b> Protect and promote the Shire's diverse culture and heritage	↻	Supporting the Railway Rolling Stock Cover project Redevelopment of North Merredin Primary School – Stage 1 Hosting Destination Merredin

## Strategic Priority 8

### TOWN ENHANCEMENT

INITIATIVE	STATUS	COMMENTS
<b>Strategy SP.L4.1</b> Enhance the public amenity and functionality of Merredin	🔄	Planning and implementation of projects to include: <ul style="list-style-type: none"><li>• CBD Upgrade – Stage 1</li><li>• Signage renewal</li><li>• Installation of Entry Statements</li><li>• Installation of shaded seating</li></ul>

## Strategic Priority 9

### COMMUNITY SPIRIT

INITIATIVE	STATUS	COMMENTS
<b>Strategy SP.I1.1</b> Maintain a community that is well informed, creating opportunities for community involvement and supporting a caring and health community	🔄	2015 Around the Table consultation series implemented
<b>Strategy SP.I1.2</b> Provide services and processes to enhance public safety	🔄	Additional CCTV installed in Barrack Street
<b>Strategy SP.I1.3</b> Support provision of facilities and services for arts and cultural programs	🔄	A variety of arts and cultural programs planned and implemented

## Strategic Priority 10

### COMMUNITY SPIRIT

INITIATIVE	STATUS	COMMENTS
<b>Strategy SP.E1.1</b> Minimise waste production	🔄	Installation of Toddy the Sheep and other initiatives to address recyclable diversion to landfill
<b>Strategy SP.E1.2</b> Work with relevant agencies to actively encourage the adoption of efficient energy and water usage	🔄	Installation of new reticulation pumps to increase efficiencies





## COMMUNITY FUNDING AND SUPPORT

### COMMUNITY GRANTS

Each year Council allocates funds to various not-for-profit organisations which operate within the Shire. The Community Grant Scheme is designed to provide benefits to Shire residents through recreational, sporting, social or cultural means.

4 community groups were beneficiaries of \$5,172 in funding towards a number of very worthy projects in 2015/16. The recipients were:

RECIPIENT	PROJECT	AMOUNT
Western Reptile Rescue	Stay Snake Smart workshop	\$500
Merredin CRC	Thank a Volunteer function	\$1,000
Merredin Museum & Historical Society	Plans to cover rolling stock	\$1,672
MADCAPS	Upgrade babies room, outdoor area & general furniture	\$2,000





## SUPPORT FOR COMMUNITY EVENTS, ORGANISATIONS AND RESIDENTS

The Shire provided financial support towards a number of community events including:

RECIPIENT	AMOUNT
Mangowine Concert	\$200
Fine Arts Society Art Acquisition Prize	\$1,000
Merredin Show	\$9,000

The Shire also provided financial support for the following organisations:

RECIPIENT	AMOUNT
Merredin College Scholarship	\$1,000
Eastern Districts Display at Perth Royal Show	\$550
John Curtin University Student Volunteer Weekend	\$600
University of Notre Dame Medical Student Visitation Program	\$1,500
Merredin College Chaplain Program	\$3,000

## GRANTS AND FUNDING

The Shire was successful in obtaining a range of grant funds over 2015/16 with the highlights including:

FUNDING BODY	PROJECT	AMOUNT
<b>WA Local Government Association</b>	Installation of automatic entrance doors to the Library and Merredin CRC buildings	\$21,921
<b>Department of Culture &amp; the Arts</b>	Regional Venues Improvement Fund – enhancements to Cummins Theatre	\$29,867
<b>Tourism WA</b>	Regional Visitor Centre Sustainability Fund	\$33,924
<b>Foundation of Rural and Regional Renewal</b>	Shakespeare Made Fun workshops at Cummins Theatre	\$3,250
<b>LotteryWest</b>	Funding towards the annual program of events at Cummins Theatre	\$67,189
<b>Department of Regional Development</b>	Royalties for Regions - CEACA Stage 1 project	\$2,075,800
	Royalties for Regions Country Local Government Fund – WEROC Multi-purpose Housing Project – construction of 2 staff houses in Merredin	\$392,950
<b>Mental Health Commission</b>	Suicide prevention program and mental first aid training	\$22,000
<b>Department of Sport &amp; Recreation</b>	Community Sporting and Recreational Facilities Fund – resurfacing of outdoor netball/basketball courts at the MRCLC	\$19,059
	Kidsport program at MRCLC	\$18,000
<b>Wheatbelt Development Commission</b>	Creating Age-Friendly Communities Small Value Grants Scheme – new footpaths on Fifth Street, Barr Street & Bates Street; relocation of CBD rubbish bin & enhancements to disabled toilet at Cummins Theatre	\$54,600
<b>Department of Local Government &amp; Communities</b>	Age-Friendly Communities Regional Local Government Strategic Planning Grants Program – development of an Age-Friendly Community Plan	\$10,000
<b>Main Roads WA</b>	Regional Roads Group	\$455,714
	Blackspot Road Funding	\$91,017
	Roads to Recovery	\$1,111,629
<b>Department of Sport &amp; Recreation</b>	Country Pools Revitalisation Project	\$32,000
<b>Collgar Community Fund</b>	Towards the spirulina project	\$12,750
	Planter boxes and recording histories project	\$8,000
<b>Federal Assistance Grants</b>	Commonwealth general funding allocation and roads funding	\$1,112,939





## DIRECTORATE REPORTS

### DEVELOPMENT SERVICES

#### PLANNING SERVICES

The Shire of Merredin issued 22 planning approvals for the 2015/16 financial year.

#### BUILDING SERVICES

The Shire of Merredin issued 60 building permits for the 2015/16 financial year.

The Shire utilises a registered builder in the position of Building Project Manager who acts as the Main Contractor in any building capital works and coordinates the yearly maintenance program.

During the reporting period the following major projects were undertaken:

- Completion of WEROC housing in Bruce Rock, Kellerberrin and Merredin (four residences)
- MRCLC alfresco area
- North Merredin School Site: south wing converted into new Library
- Swimming Pool upgrade
- Old Town Hall upgrade
- Refurbish Shire Administration building
- Ongoing Strategic Planning of Council's building assets



## RANGER SERVICES

Since December 2015 the Ranger has become more visible within the community and having a more proactive role in relation to laws enforcement, dog related issues, illegal dumping and bush fire regulation enforcement.

In the 2015/16 bush fire period 28 infringements were issued in relation to noncompliance under Section 33(3) of the *Bush Fires Act 1954*, in relation to fire breaks or take action to prevent the outbreak or spread of bush fire. One major issue of disabled parking was noted and when the compliance issue of the parking bays was fixed, infringements were issued and the problem of unauthorised parking in the bays has, gladly, become rare.

Cat and dog issues are an ongoing task and during this forthcoming registration year (October 2016 to October 2017) all residents will be visited to ascertain the number of dog/cat(s) in each residence and the registration and microchipping of each animal.

Over winter the matter of illegal dumping in the Shire has been less of an issue and it is hoped that once summer comes it won't be an issue again.

Overall, it is pleasing to note that community compliance has improved, and it is hoped that it will continue to improve as the public report matters that a Ranger can deal with. It is also welcoming to note the general community are supportive of the efforts being made in the areas of need.

## VOLUNTEER BUSH FIRE BRIGADES

During the 2015/16 period there have been a few changes implemented with the VFBF of Merredin.

It was ascertained that a large number of the members of the brigade had not completed the basic required courses to be active volunteers. This left the Shire open to action if serious injury or death occurred in the course of an incident. It was resolved at the BFB AGM in March 2016 that all volunteers would, by the March 2018 AGM, have completed the two courses or face being deregistered as BFB volunteers.

A new vehicle was added to the fleet of fire vehicles, a Broadacre 4.4B heavy tanker with self-deluge protection system and cabin fire curtains fitted. 18 members of the Muntadgin Brigade were inducted on this vehicle and training records up-dated to reflect the training.

## ENVIRONMENTAL HEALTH

The Shire utilises an in-house Environmental Health Officer to provide services to the Shire. The Shire also provides this service to 1 other regional local government.

During the reporting period the following major projects were completed:

- Keep Australia Beautiful Beverage Container Recycling Grant -Toddy the Sheep project
- Annual lodging house, caravan park, food and public buildings inspections
- Over 100 private swimming pool inspections and follow ups were completed as part of the 4 yearly cycle of inspections under the *Building Act 2012*
- Domestic/ commercial waste management contract finalised with Avon Waste (5yrs)

- Re-negotiation of the landfill licencing conditions to ensure over \$6,000 in savings each year, as well as negotiating an increased in the licence capacity from 2,000 tonnes to 5,000 tonnes per annum
- 1 x *Local Government Act 1995* Section 3.25 notice was issued and complied with
- 1 x *Health Act 2011* Unfit for Human Habitation notice was issued and is ongoing
- 1 x *Food Act 2008* Improvement notice was issued and complied with
- 2 x septic tank and leach drain installations were approved with permits to use issued
- 1 x new food premises was established
- All compliance and annual reports were submitted to the relevant State and Federal agencies
- A Worksafe audit of the Shire's Asbestos/Asbestos Works Register reported 0 non-compliances



## ENGINEERING SERVICES

Council has continued with the commitment to enhance roads, footpaths and drainage infrastructure within the Shire. This is achieved through the utilisation of their own financial resources and funding from the following external sources:

Federal funding:

- Roads to Recovery Program

State funding:

- State Blackspot Program
- Regional Road Group

## TOWN MAINTENANCE

The crew had another busy and productive year performing their duties that include gardening, slashing, spraying and the maintenance of the Recreation Centre oval and town parks and surrounds.

## ROAD CONSTRUCTION AND MAINTENANCE

### OWN RESOURCES

#### Footpath Construction

Colin Street	New dual use path
Hay Street	New dual use path
Queen Street	New dual use path
Dobson Avenue/Muscat Street	New dual use path

#### Road Construction

Baandee South Road	Gravel re-sheet
Talgomine Reserve Road	Gravel re-sheet
Neening Road	Gravel re-sheet
Hooper Road	Gravel re-sheet
Korbel East Road	Gravel re-sheet
Gamenya Avenue	Reconstruct culvert
Goomarin – Nukarni Road	Reseal





The Shire of Merredin retained its Waterwise Council endorsement for 2016. Additionally, the Merredin District Olympic Swimming Pool became the twentieth swimming pool to be endorsed under the Waterwise Aquatic Centre programme.

Monitoring and inspection duties of known Skeleton Weed infestation sites throughout the Shire were undertaken during 2015/16.

A significant instance of alleged illegal clearing was investigated and a report produced. This report was made available to the relevant State Government agencies.

A review of the firewood collection process was conducted and a recommendation made to discontinue the program based on legislative changes, projections of future clearing, policing concerns, and impacts upon the Shire's reporting responsibilities.



## COMMUNITY SERVICES

### CUMMINS THEATRE

The Theatre continues to build on its success from 2014/15 with exciting new programs, initiatives, and partnerships, continuing its goal to be the central hub for arts and cultural entertainment for the Shire of Merredin and beyond.

With the appointment of a new theatre manager in late 2015 there have been some changes to the programming model employed in previous years and a commitment to developing more community engagement with the venue and its offerings. This has seen a greater emphasis on developing community skills in the arts, while also offering high quality professional performances by touring companies.

The rehearsal retreat, implemented in 2014/15, continues as a valuable resource enabling the theatre to employ professional artists for extended periods without elevating the cost of providing accommodation for these artists. The residence has also been a valuable resource for contract negotiations and allowed the theatre to present productions which would normally be outside our budget restrictions.

The theatre's new website is streamlined, easier to navigate, and more aesthetically pleasing than its predecessor. It is hoped the website will continue to be improved enabling the theatre to operate more effectively as an arts and entertainment venue.



### **Cummins Kids**

After its creation in 2014, the Cummins Kids program continues to build in strength and has seen some amazing initiatives for young people aged 7-17 years engaging with professional arts workers and creators. Programs run have included:

- Silent Film Making and Music Video Making - these two programs saw US based Eden Productions attend the theatre for three weeks running skills workshops around film production and creation.
- Singing Workshop - International singer, songwriter, and comedian Jude Perl held singing classes for all members of the community, culminating in a final public concert.
- Fairytale Workshop - Mark Storen attended the theatre for three weeks to run storytelling classes with the final product, written by the participants, presented in a public performance.

### **Main Program**

The main stage program at the theatre has seen a greater variety of performances being presented. The program has become more balanced with greater emphasis on audience development and engagement, offering something for everyone.

In particular the main stage program has been seeking more community feedback holding both in-person feedback sessions, as well as after show feedback forms, and pop vox feedback. From this the theatre has been able to get a better idea of audience demographics and develop new programs for implementation in the coming years. New programs for 2016/17 have already been scheduled based on this feedback including:

- a new live music program showcasing local and visiting artists across contemporary, classical, musical theatre, jazz, rock, and other musical stylings;
- a new education program with a more cohesive curriculum plan for local schools;
- expansion of the Cummins Kids program to incorporate children under the age of 7; and
- expansion of the current workshop program to incorporate the entire community.

As a whole, the main stage program has seen audience numbers increase across most show types with community based performances still performing strongly. An interesting development has been the increase in patrons attending classical music performances with audiences doubling in size, while comedy events have seen a decline of around 20% based on last year's figures prompting a change in direction for these types of programming in the coming year.



### **Technical Upgrade**

In late 2015 the State Government announced new funding to allow for the technical and functional upgrade of regional arts venues. The theatre applied and was successful in securing \$35,000 in funding to upgrade the lighting stock and equipment, and sound desk and equipment. These upgrades have already had a remarkable effect on events at the theatre with audiences and artists commenting on the improvement in the venue.

The upgrade has also opened up the venue to new touring opportunities, particularly in live music, with the theatre becoming a new venue on the Wheatbelt Touring Circuit administered through WAM, allowing local Wheatbelt artists to be supported and receive mentorship through professional industry networks.

### **Funding**

The theatre continues to work towards reducing financial loss and seeks to increase its funding applications which serve to benefit the community through exciting new arts initiatives. Funding bodies have been responding positively to our initiatives and continue to support our projects through guidance, invitations to attend funding feedback sessions, and assisting with future planning.

New funding opportunities continue to arise especially through the Regional Venues Improvement Fund, and the Department of Culture and the Arts. Projects which have gained support in 2015/16 include the:

- Silent Film Making Project - supported by DrugAware through Country Arts WA;
- Music Video Project - supported by Foundation for Rural and Regional Renewal; and
- Main Stage Program - supported by Lotterywest.









## COMMUNITY EVENTS

### 0-4 Play Dates

Spring in the Garden  
Pool Party  
At the Show  
Baby Boot Camp

Each play date has attracted 50 plus young children and their parents or grandparents to interact in fun play while activities focus on physical strength, literacy and numeracy.

### Youth events

Urban Art Wall at Avon Youth  
Skate Park event  
Rock Star Challenge  
Community Consultation workshops

### Seniors

Dinner and Show at Cummins Theatre  
Health Seminar co-hosted with Eastern Wheatbelt Primary Health

### Community

Aboriginal Cultural Experience Day  
Sporting Heroes Luncheon  
Gala Night  
Australia Day – 60<sup>th</sup> birthday of Pool  
Movies at the Pool x3  
Food Festival  
ANZAC Day Commemorations and Variety Show  
Destination Merredin – Music and Memories/Mother's Day Picnic

### Community Work Team job seekers

- Street clean-ups assistance to the outside crew
- Urban Art Wall and Mosaic Tile project
- Community Garden - perimeter fence replacement and vertical structure



## COMMUNITY PROJECTS

### Community Garden

Lots of progress over the last year with another 15 fruit trees and vines planted, vertical structures in place and shade trees/sitting areas.

### Operation Field of Poppies

This project continued throughout 2015/16 with 9,500 now made in total.

### Playgrounds

A cycle training park and nature park are both in the planning stages.

### Merritt Trees

The project involved school children and individuals growing seeds which unfortunately resulted in a very limited success rate. More seeds have been gathered from local trees.

### Toddy the Sheep

An anti-litter/recycling project located at Apex Park. The sheep structure was created by a local engineering firm.

### Beautification of CBD

The “wool bale” planter boxes are branded with sheep farmers’ brandings. The flowers are grown by the community, with businesses watering and keeping watch over them. Stage two is to collate histories of sheep producers and their contribution to the wool industry. This will become a tourism attraction.

### Community Consultation

With the review of the Shire’s IPR suite extensive community consultation was undertaken over a six month period. Over 500 people were consulted on different areas of the Shire’s operations.





### **LIBRARY SERVICES**

As part of the State Library of Western Australia (SLWA) Regional Services program the Merredin Regional Library continued its support of libraries in the Wheatbelt. Shires supported include Bruce Rock, Kellerberrin, Mt Marshall, Mukinbudin, Narembeen, Nungarin, Trayning, Westonia and Yilgarn.

The support offered, partially funded by the SLWA and the participating local governments, included staff training, workshops, meetings and remote assistance with library operations and lending.

The library continued to engage with the local community through a number of activities including:

- Storytime – held in the library on Tuesday mornings throughout the school term, MADCAPS on a monthly basis and on Thursday and Friday mornings at Merredin College;
- Participation in the Family Fun Days held in conjunction with Amity Health;
- Continued support of the Tales of Times Past Senior Storytellers;
- Participation in the National Simultaneous Storytime, this time in conjunction with the Merredin College and St Mary’s Primary School;
- Hosting author Linda Bettenay;
- Providing memorabilia and information for the “Sporting Heroes” event held in the Nukarni Clubrooms;
- Once again hosting a Pink Morning Tea raising money for Cancer Research; and
- School holiday programs run in July and October.

The biggest news for the Merredin Regional Library in 2015/6 was the move to the old North Merredin Primary School site in March/April 2016. The old school was renovated between October 2015 and March 2016, with care being taken to preserve the “feel” of the school with blackboards, fireplaces and coat hooks being left as far as was possible. The library closed its doors in the Queen Street premises on Saturday 19 March 2016. The stock and shelves were removed from the Queen Street premises starting the week of 22 March. Staff had a break over Easter then reassembled the library in the new premises the following week. Many thanks go to the library staff, depot staff and many volunteers whose tireless efforts made the move almost seamless, although not entirely pain free.

The library reopened on Monday 4 April 2016. The overall response from visitors was “wow!” The Merredin Regional Library now has twice the room for stock as well as a large activity area to host library events, or be hired out as a venue. The new Merredin Regional Library was officially opened on Thursday 7 July 2016 by the Hon. Terry Redman, Minister for Regional Development. The opening was attended by over 76 people including Hon Mia Davies, Minister for Sport and Recreation, Ms Elizabeth Spencer, Director of Community, Learning and Discovery SLWA, Shire President Cr Ken Hooper and representatives from many local groups.

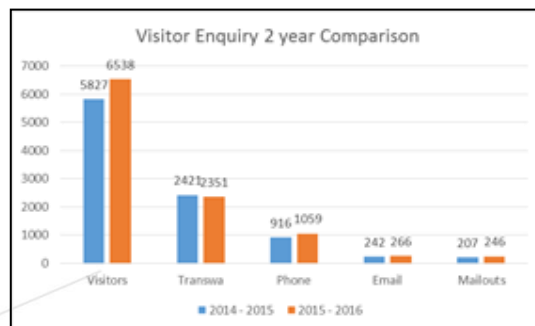
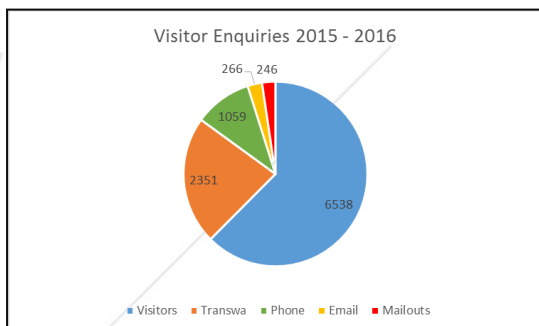
The library continues to offer free access for library members to eBooks, eAudiobooks and eMagazines through the WA Public Library Digital Media Collection and the SLWA.

The library also provides to its members free access to online tutorials through its subscription to “The Computer School”. Members can access over 6,000 tutorials, from the comfort of their own home, covering areas such as Windows10, digital photography, using social media, coding and much more.

The library’s catalogue continues to be available online for members to search or renew their borrowed items. The catalogue can be accessed via [www.merredin.wa.gov.au/library-services.aspx](http://www.merredin.wa.gov.au/library-services.aspx).

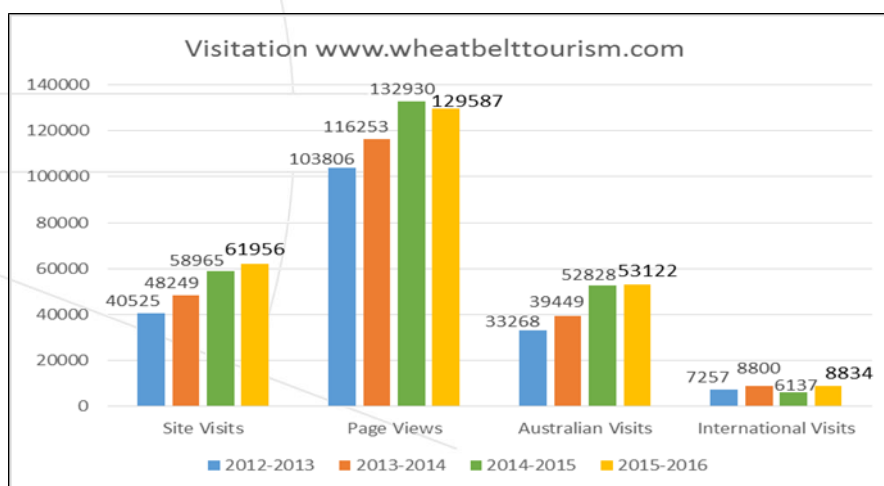
## VISITOR SERVICES

The Central Wheatbelt Visitors Centre (CWVC) continues to be the predominant hub visitor centre and professional servicing point for Merredin and the Eastern Wheatbelt. Staff provide a professional level of visitor servicing and call to action for Australia's Golden Outback (AGO) and Wheatbelt marketing and advertising campaigns. Currently open Monday to Friday 8:30am to 4:30pm, with a trial period opening weekends over September/October 2016.



Graph indicates comparison of the visitor servicing enquiries

## Website visitation over four financial years – [www.wheatbelttourism.com](http://www.wheatbelttourism.com)



## Annual Licence and Membership Renewals

The CWVC is committed to provide a professional accredited level 1 regional visitor centre and with this obligation, a number of annual licences and memberships are required. The Tourism Council WA conducted an onsite Australian Tourism Accreditation Program (ATAP) assessment in June 2016 as part of their requirement for procedures and policies. A certificate of accreditation for 2016/17 awarded.

- ASIC – Australian Business Name – renewal April 2019
- Tourism Council WA – Next renewal June 2017
  - Australian Tourism Accreditation Program
  - VCAWA – Visitor Centre Accreditation & Marketing Levy
  - VCAWA – Level 1 Membership and Marketing Levy
  - Tourism Council WA – Bronze Membership
- AGO – Gold Membership renewal June 2017
- Digital Monopoly - Annual Website Hosting – renewal July 2017





### **AGO/Wheatbelt Cooperative Marketing and Trade Shows**

The CWVC continues to support AGO in regional tourism promotion including:

- 2016 Perth Caravan and Camping Show – Manager, Robyn coordinated and attended this important trade show supported by regional tourism volunteers.
- 2016 NSW Caravan and Camping Super Show, Tourism Officer, Carina attended this 9 day trade event with other 3 other RTO volunteers from the state.
- The CWVC Manager remains the current Wheatbelt Representative on the AGO Board with the two year term expiring at the October 2017 AGM.

### **AGO Cooperative Advertising - Weekend West Australian and Sunday Times Travel**

- Wheatbelt Self Drive Trails – Pioneers Pathway and Golden Pipeline
- Wheatbelt Wildflowers – Pioneers' Pathway
- Merredin Opera Seniors Package November 2015
- Destination Merredin May 2016 Seniors Package

### **Other Advertising – Annual Holiday Planners, Tourism and Community Publications**

CWVC continues to support annual marketing tools for the promotion of Merredin including:

- AGO Holiday Planner 2016
  - Self-drives Pioneers' Pathway and Golden Pipeline Heritage Trail
  - Shire of Merredin full page town and attraction information
- Cooks Tours 'Beautiful South' full page town and attraction information
- Merredin and Districts Community Phone Directory – CWVC Services



### **Regional Tourism Promotion**

- Produced and printed Edition 3 of The Eastern Wheatbelt WA – A Visitors' Guide for 20 Eastern Wheatbelt (EW) Shires. 25,000 copies distributed state wide. Due for reprint November/December 2016.
- The WEROC Shires and Shires of Cunderdin and Tammin continued the CWVC MoU 2016-2017 annual contribution towards regional promotion.
- NewTravel, Roe Tourism, WEROC and member Shires continue to hold quarterly meetings developing regional tourism initiatives that benefit all EW regions under the banner of Eastern Wheatbelt Regional Tourism. This is strengthening the Eastern Wheatbelt tourism.
- The CWVC staff have assisted in the WEROC App business and tourism attraction data collection which has been provided to the WEROC App designers for a September 2016 launch.

### **Central Wheatbelt Visitor Centre Membership Prospectus**

Working towards a more sustainable future the CWVC took the initiative to provide a membership prospectus to all businesses in the Eastern Wheatbelt currently listed on wheatbelttourism.com. Three levels of membership were offered and an affiliate/not-for-profit level 4.

A fairly good response was received from Merredin businesses with some EW businesses seeing the value of regional promotion which the CWVC provides. It is also an opportunity for the CWVC to rethink the direction we want the website to develop and support our members and engage our visitors.

### **Retail and Consignment Stock**

- Continue to increased consignment stock from local and regional arts and crafts suppliers building up a range of unique handmade items.
- Increasing our historical and Wheatbelt themed publications, many of which are sold from the list of publication on our website.

### **Training, Conferences and Familiarisations**

- Tourism Officer attended Tourism Conference, Perth August 2015
- Staff attended all LGIS Wellness Workshops and participated in the Active in April health challenge.
- Manager attended Tourism Council Online Distribution Workshop February 2016

### **Local Initiatives**

- Provided Prospector Rail Senior packages with accommodation, meals and tours for the Merredin Opera in November 2015 and Destination Merredin May 2016 with Sunday Times cooperative advertising with support from AGO and participating Merredin businesses.
- Continue to work collaboratively with the Railway and Military Museums drafting a Merredin Strategic Tourism Plan and working on achievable tourism goals and product development.



### **Regional Visitor Centre Sustainability Grant Application**

Round 1 – Application approved 6 projects to be completed before December 2016:

- Purchase of 2 e-tricycles for hire - completed
- Two town entry statements - completed
- CCTV inside the visitor centre – completed
- Historical images window decal – to be completed
- Eight highway signs depicting key attractions – to be completed
- Shade shelter outside the visitor centre – to be completed

Round 2 – Application submitted June 2016 for a further 5 projects yet to be advised include:

- Signage and seating for the Round 1 funded Shade Shelter
- Information Bays upgrade and relocation of eastern info bay
- Visitor centre staff's work station upgrade and glass display case
- Regional tourism banner for display at visitor centre and trade shows
- Two picnic shelters and information signage at Merredin Peak Reserve





### **RECREATIONAL SERVICES**

It has been another successful sporting year at the Merredin Regional Community and Leisure Centre (MRCLC) with many of Merredin's sporting teams making the finals and some winning championships.

The agreement with our sporting clubs on the fee structure has now been running for a full year. Each club has a plan in place to meet its obligations.

Some of our sports clubs are experiencing an increase in membership with new surfaces proving very popular. Junior hockey numbers are at an all-time high and bowls numbers are gradually increasing with the new bowling surface proving very popular.

The resignation of the MRCLC Manager in April 2016 prompted the appointment of an Acting Manager for the last three months of the financial year. A decision was made to seek tenders for the management of the MRCLC, with a notice of the tender appearing in the West Australian in April 2016.

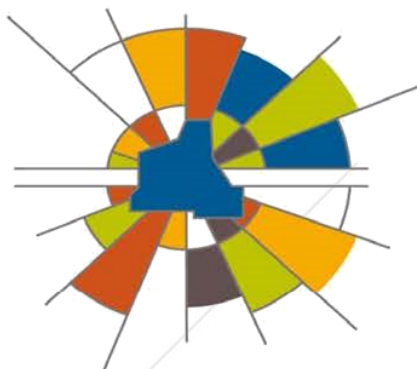
The centre had a big spring clean over April and May 2016 and a general tidy up in all rooms and storage spaces. The maintenance of the building has been reviewed and many actions taken to remediate most issues. Roof leaks caused many issues during the netball season and this prompted a major roof inspection and resealing of different areas.

### **MRCLC PROGRAMS**

Aquafit and infant swim classes have been popular programs this year however most mid-week smaller programmes (volleyball, badminton) and school holiday programmes were not as successful or supported by the community. The early years programme of Tiny Toes held over six weeks started with good support but trailed off after the second week. The MRCLC contributed to the 0-4 years playdate days with other Shire staff and Amity Health and likewise the school holiday events with Avon Youth.

### **GRANDSTAND BAR**

The Bar continues to operate at a profit and Friday night meals provided by the sports groups have been popular over winter and it is hoped the summer months will encourage the use of the BBQ alfresco area. The bar volunteer system was introduced as a further means of fundraising for each of the sporting groups. Not many took up the offer and the bar management unfortunately struggled to encourage participation.



# SHIRE OF MERREDIN

INNOVATING THE WHEATBELT

## FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2016

### TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	9
Independent Audit Report	58
Supplementary Ratio Information	60

Principal place of business:  
Address

Crn King & Barrack Streets  
Merredin WA 6415



SHIRE OF MERREDIN  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016

LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2016 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the Seventh day of November 2016



Greg Powell  
Chief Executive Officer

**SHIRE OF MERREDIN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>				
Rates	23	3,718,811	3,751,768	3,539,281
Operating grants, subsidies and contributions	30	1,595,537	1,607,232	5,294,675
Fees and charges	29	1,869,566	1,862,624	2,199,157
Interest earnings	2(a)	284,293	248,607	185,258
Other revenue	2(a)	362,444	371,055	691,584
		<u>7,830,651</u>	<u>7,841,286</u>	<u>11,909,955</u>
<b>Expenses</b>				
Employee costs		(3,088,438)	(3,060,099)	(2,980,869)
Materials and contracts		(2,672,749)	(3,195,078)	(2,878,210)
Utility charges		(448,656)	(405,850)	(412,641)
Depreciation on non-current assets	2(a)	(3,618,214)	(4,944,149)	(2,939,104)
Interest expenses	2(a)	(76,176)	(72,982)	(79,344)
Insurance expenses		(289,832)	(308,900)	(226,733)
Other expenditure		(343,146)	(154,000)	(241,945)
		<u>(10,537,211)</u>	<u>(12,141,058)</u>	<u>(9,758,846)</u>
		(2,706,560)	(4,299,772)	2,151,109
Non-operating grants, subsidies and contributions	30	24,817,664	5,174,931	691,627
Profit on asset disposals	21	57,490	35,620	35,328
(Loss) on asset disposals	21	(28,045)	(69,249)	(60,741)
Fair value adjustments to financial assets at				
<b>Net result</b>		<u><b>22,140,549</b></u>	<u><b>841,530</b></u>	<u><b>2,817,323</b></u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	1,187,901	0	239,915,084
<b>Total other comprehensive income</b>		<u><b>1,187,901</b></u>	<u><b>0</b></u>	<u><b>239,915,084</b></u>
<b>Total comprehensive income</b>		<u><u><b>23,328,450</b></u></u>	<u><u><b>841,530</b></u></u>	<u><u><b>242,732,407</b></u></u>

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

**SHIRE OF MERREDIN**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>	2(a)			
Governance		76,110	94,000	135,930
General purpose funding		5,121,463	5,141,801	7,214,351
Law, order, public safety		258,818	212,515	226,857
Health		61,409	52,745	51,799
Education and welfare		22,933	24,946	91,016
Housing		159,705	140,066	533,629
Community amenities		543,941	577,000	641,262
Recreation and culture		943,531	1,032,688	1,561,601
Transport		270,425	278,600	592,884
Economic services		227,066	211,925	176,987
Other property and services		145,248	75,000	683,639
		<u>7,830,649</u>	<u>7,841,286</u>	<u>11,909,955</u>
<b>Expenses</b>	2(a)			
Governance		(629,562)	(868,402)	(856,488)
General purpose funding		(136,703)	(129,420)	(132,652)
Law, order, public safety		(537,907)	(536,878)	(573,393)
Health		(246,469)	(259,475)	(224,051)
Education and welfare		(161,893)	(199,000)	(119,001)
Housing		(231,758)	(238,100)	(179,173)
Community amenities		(891,955)	(956,148)	(934,590)
Recreation and culture		(2,842,726)	(3,182,041)	(2,993,947)
Transport		(3,514,536)	(5,086,039)	(2,229,253)
Economic services		(799,338)	(877,512)	(742,058)
Other property and services		(468,189)	264,939	(694,897)
		<u>(10,461,036)</u>	<u>(12,068,076)</u>	<u>(9,679,503)</u>
<b>Finance costs</b>	2(a)			
Governance		(50,645)	(50,000)	(54,210)
Education and welfare		(25,506)	(22,946)	(24,940)
Recreation and culture		(25)	(36)	(194)
		<u>(76,176)</u>	<u>(72,982)</u>	<u>(79,344)</u>
		<u>(2,706,563)</u>	<u>(4,299,772)</u>	<u>2,151,108</u>
Non-operating grants, subsidies and contributions	30	24,817,664	5,174,931	691,627
Profit on disposal of assets	21	57,490	35,620	35,328
(Loss) on disposal of assets	21	(28,045)	(69,249)	(60,741)
Fair value adjustments to financial assets at				
<b>Net result</b>		<u>22,140,546</u>	<u>841,530</u>	<u>2,817,322</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	1,187,901	0	239,915,084
<b>Total other comprehensive income</b>		<u>1,187,901</u>	<u>0</u>	<u>239,915,084</u>
<b>Total comprehensive income</b>		<u>23,328,447</u>	<u>841,530</u>	<u>242,732,406</u>

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

**SHIRE OF MERREDIN**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2016**

	NOTE	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	29,114,242	5,723,597
Trade and other receivables	5	406,429	617,914
Inventories	6	<u>305,722</u>	<u>223,307</u>
<b>TOTAL CURRENT ASSETS</b>		<u>29,826,393</u>	<u>6,564,818</u>
<b>NON-CURRENT ASSETS</b>			
Other receivables	5	511,984	536,433
Inventories	6	1,021,330	1,021,330
Property, plant and equipment	7	39,682,719	38,124,350
Infrastructure	8	<u>287,559,330</u>	<u>286,933,083</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>328,775,363</u>	<u>326,615,196</u>
<b>TOTAL ASSETS</b>		<u>358,601,756</u>	<u>333,180,014</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	2,573,829	173,531
Current portion of long term borrowings	10	158,038	150,410
Provisions	11	<u>481,447</u>	<u>640,251</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>3,213,314</u>	<u>964,192</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	10	942,698	1,100,736
Provisions	11	<u>106,937</u>	<u>104,728</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>1,049,635</u>	<u>1,205,464</u>
<b>TOTAL LIABILITIES</b>		<u>4,262,949</u>	<u>2,169,656</u>
<b>NET ASSETS</b>		<u>354,338,807</u>	<u>331,010,358</u>
<b>EQUITY</b>			
Retained surplus		84,464,066	65,131,730
Reserves - cash backed	12	5,955,135	3,146,925
Revaluation surplus	13	<u>263,919,606</u>	<u>262,731,703</u>
<b>TOTAL EQUITY</b>		<u>354,338,807</u>	<u>331,010,358</u>

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



**SHIRE OF MERREDIN  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2014</b>		<b>63,242,694</b>	<b>2,218,639</b>	<b>22,816,621</b>	<b>88,277,954</b>
Comprehensive income					
Net result		2,817,322	0	0	2,817,322
Changes on revaluation of assets	13	0	0	239,915,084	239,915,084
Total comprehensive income		2,817,322	0	239,915,084	242,732,406
Transfers from/(to) reserves		(928,286)	928,286	0	0
<b>Balance as at 30 June 2015</b>		<b>65,131,730</b>	<b>3,146,925</b>	<b>262,731,705</b>	<b>331,010,360</b>
Comprehensive income					
Net result		22,140,546	0	0	22,140,546
Changes on revaluation of assets	13	0	0	1,187,901	1,187,901
Total comprehensive income		22,140,546	0	1,187,901	23,328,447
Transfers from/(to) reserves		(2,808,210)	2,808,210	0	0
<b>Balance as at 30 June 2016</b>		<b>84,464,066</b>	<b>5,955,135</b>	<b>263,919,606</b>	<b>354,338,807</b>

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

**SHIRE OF MERREDIN  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		3,685,496	3,701,768	3,449,178
Operating grants, subsidies and contributions		1,837,470	1,607,232	6,544,452
Fees and charges		1,869,566	1,799,025	2,199,157
Interest earnings		284,293	161,607	185,258
Goods and services tax		0	0	5,363
Other revenue		362,444	366,054	691,584
		<u>8,039,269</u>	<u>7,635,686</u>	<u>13,074,992</u>
<b>Payments</b>				
Employee costs		(3,195,510)	(2,110,161)	(2,623,530)
Materials and contracts		(403,534)	(4,080,549)	(3,463,740)
Utility charges		(448,656)	(461,150)	(452,199)
Interest expenses		(77,032)	(72,982)	(79,786)
Insurance expenses		(289,832)	(304,340)	(226,733)
Goods and services tax		2,353	0	0
Other expenditure		(343,146)	(173,500)	(241,944)
		<u>(4,755,357)</u>	<u>(7,202,682)</u>	<u>(7,087,932)</u>
<b>Net cash provided by (used in) operating activities</b>	14(b)	<u>3,283,912</u>	<u>433,004</u>	<u>5,987,060</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(2,085,818)	(2,090,165)	(1,752,767)
Payments for construction of infrastructure		(2,864,065)	(3,244,974)	(2,403,561)
Non-operating grants, subsidies and contributions		24,817,664	2,077,627	691,627
Proceeds from sale of fixed assets		364,404	347,500	394,067
Proceeds from disposal of investments		0	0	55,781
<b>Net cash provided by (used in) investment activities</b>		<u>20,232,185</u>	<u>(2,910,012)</u>	<u>(3,014,853)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(150,410)	(150,410)	(143,183)
Proceeds from self supporting loans		24,964	26,213	26,207
<b>Net cash provided by (used in) financing activities</b>		<u>(125,446)</u>	<u>(124,197)</u>	<u>(116,976)</u>
<b>Net increase (decrease) in cash held</b>		23,390,651	(2,601,205)	2,855,231
Cash at beginning of year		5,723,597	1,563,853	2,868,366
<b>Cash and cash equivalents at the end of the year</b>	14(a)	<u><u>29,114,242</u></u>	<u><u>(1,037,352)</u></u>	<u><u>5,723,597</u></u>

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

**SHIRE OF MERREDIN  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>		<u>2,577,896</u> 2,577,896	<u>2,577,895</u> 2,577,895	<u>1,508,306</u> 1,508,306
<b>Revenue from operating activities (excluding rates)</b>				
Governance		87,335	99,366	142,986
General purpose funding		1,402,652	1,424,736	3,675,070
Law, order, public safety		258,818	212,515	226,857
Health		61,409	52,745	51,799
Education and welfare		22,933	24,946	91,016
Housing		159,705	140,066	533,629
Community amenities		543,941	577,000	644,956
Recreation and culture		943,531	1,032,688	1,561,601
Transport		316,690	308,854	617,462
Economic services		227,066	211,925	176,987
Other property and services		145,248	75,000	683,639
		<u>4,169,328</u>	<u>4,159,841</u>	<u>8,406,002</u>
<b>Expenditure from operating activities</b>				
Governance		(689,164)	(927,620)	(919,460)
General purpose funding		(136,703)	(129,420)	(132,652)
Law, order, public safety		(545,836)	(543,275)	(573,393)
Health		(248,414)	(259,603)	(225,168)
Education and welfare		(187,399)	(221,946)	(143,941)
Housing		(231,758)	(238,100)	(179,173)
Community amenities		(891,955)	(956,148)	(934,590)
Recreation and culture		(2,842,751)	(3,182,077)	(3,000,367)
Transport		(3,523,750)	(5,139,545)	(2,273,889)
Economic services		(799,338)	(877,512)	(742,058)
Other property and services		(468,189)	264,939	(694,897)
		<u>(10,565,257)</u>	<u>(12,210,307)</u>	<u>(9,819,588)</u>
<b>Operating activities excluded from budget</b>				
(Profit) on disposal of assets	21	(57,490)	(35,620)	(35,328)
Loss on disposal of assets	21	28,045	69,249	60,741
Movement in deferred pensioner rates (non-current)		(1,785)	0	(5,010)
Movement in employee benefit provisions (non-current)		2,209	0	44,498
Depreciation and amortisation on assets	2(a)	3,618,214	4,944,149	2,939,104
<b>Amount attributable to operating activities</b>		<u>(228,840)</u>	<u>(494,793)</u>	<u>3,098,725</u>
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		24,817,664	5,174,931	691,627
Proceeds from disposal of assets	21	364,404	347,500	394,067
Proceeds from disposal of Land		0	0	55,781
Purchase of property, plant and equipment	7(b)	(2,085,818)	(2,881,228)	(1,752,767)
Purchase and construction of infrastructure	8(b)	(2,864,065)	(3,244,974)	(2,403,561)
<b>Amount attributable to investing activities</b>		<u>20,232,185</u>	<u>(603,771)</u>	<u>(3,014,853)</u>
<b>FINANCING ACTIVITIES</b>				
Repayment of debentures	22(a)	(150,410)	(150,410)	(143,183)
Proceeds from self supporting loans		24,964	26,213	26,207
Transfers to reserves (restricted assets)	12	(3,515,633)	(3,600,933)	(928,286)
Transfers from reserves (restricted assets)	12	707,423	1,081,125	0
<b>Amount attributable to financing activities</b>		<u>(2,933,656)</u>	<u>(2,644,005)</u>	<u>(1,045,262)</u>
<b>Surplus(deficiency) before general rates</b>		<u>17,069,689</u>	<u>(3,742,569)</u>	<u>(961,390)</u>
<b>Total amount raised from general rates</b>	23	<u>3,718,811</u>	<u>3,717,065</u>	<u>3,539,283</u>
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	24	<u><u>20,788,500</u></u>	<u><u>(25,504)</u></u>	<u><u>2,577,893</u></u>

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

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) 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), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise. All amounts are stated in Australian dollars.

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

**Critical accounting estimates**

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

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

**The local government reporting entity**

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 20 to these financial statements.

**(b) 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.

**(c) 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 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.



**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) 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.

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.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

**(e) Inventories**

***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.

***Land held for sale***

Land held for development and sale 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. Finance costs and holding charges incurred after development is completed are expensed.

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 on to the buyer at this point.

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

**(f) Fixed Assets**

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

***Mandatory requirement to revalue non-current assets***

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Land under control***

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

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

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

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

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

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

***Revaluation***

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 asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

***Land under roads***

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

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

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

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

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

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Fixed Assets (Continued)**

***Depreciation***

The depreciable amount of all fixed assets including buildings but excluding freehold 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.

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) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset are:

Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	40 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

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.

***Capitalisation threshold***

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fair Value of Assets and Liabilities**

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

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.

***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.



**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fair Value of Assets and Liabilities (Continued)**

**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 an asset at its current service capacity.

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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

**(h) Financial Instruments**

***Initial recognition and measurement***

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

***Classification and subsequent measurement***

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

***Classification and subsequent measurement (continued)***

*(i) Financial assets at fair value through profit and loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

*(v) Financial liabilities*

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

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

***Impairment***

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

***Derecognition***

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

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.

**(i) Impairment of Assets**

In accordance with Australian Accounting Standards the Shire's 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 assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

**(j) 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.

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Other long-term employee benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other 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. 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.

**(l) 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.

**(m) 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.

**(n) Leases**

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 amounts equal to 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 payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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



**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(o) Investment in Associates**

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

**(p) Interests in Joint Arrangements**

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 17.

**(q) Rates, Grants, Donations and Other Contributions**

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

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

**(r) 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.

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(s) Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

**(t) Rounding Off Figures**

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

**(u) 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 statement, 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.

**(v) 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.

**SHIRE OF MERREDIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods**

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

Management's assessment of the new and amended pronouncements that are relevant to the Shire, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.</p>
(iii) AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.</p>

**SHIRE OF MERREDIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
<p>(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations</p> <p>[AASB 1 &amp; AASB 11]</p>	<p>August 2014</p>	<p>1 January 2016</p>	<p>This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.</p>
<p>(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation</p> <p>[AASB 116 &amp; 138]</p>	<p>August 2014</p>	<p>1 January 2016</p>	<p>This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p> <p>Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.</p>
<p>(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15</p>	<p>December 2014</p>	<p>1 January 2017</p>	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>



**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101  [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.</p>
(viii) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities  [AASB 10, 124 & 1049]	March 2015	1 July 2016	<p>The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.</p>

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(x) Adoption of New and Revised 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.

These new and revised standards were as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

<b>2. REVENUE AND EXPENSES</b>	<b>2016</b>	<b>2015</b>	
	<b>\$</b>	<b>\$</b>	
<b>(a) Net Result</b>			
The Net result includes:			
(i) Charging as an expense:			
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report	10,958	33,935	
Additional Costs Annuals & FM Reviews	6,712	7,563	
<b>Depreciation</b>			
Buildings - non-specialised	0	103,000	
Buildings - specialised	722,204	638,825	
Furniture and equipment	24,481	89,895	
Plant and equipment	472,052	894,003	
Infrastructure - roads	1,679,260	1,011,935	
Infrastructure - footpaths	255,119	34,346	
Infrastructure - drainage	440,336	19,628	
Infrastructure - parks and ovals	24,762	147,472	
	<u>3,618,214</u>	<u>2,939,104</u>	
<b>Interest expenses (finance costs)</b>			
Debentures (refer Note 22 (a))	76,176	79,344	
	<u>76,176</u>	<u>79,344</u>	
<b>Rental charges</b>			
- Operating leases	55,618	42,717	
	<u>55,618</u>	<u>42,717</u>	
(ii) Crediting as revenue:			
<b>Other revenue</b>			
Other	362,444	691,584	
	<u>362,444</u>	<u>691,584</u>	
	<b>2016</b>	<b>2016</b>	
	<b>Actual</b>	<b>Budget</b>	
	<b>\$</b>	<b>\$</b>	
<b>Interest earnings</b>			
- Loans receivable - clubs/institutions	22,921	22,982	24,527
- Reserve funds	121,264	90,000	33,833
- Other funds	75,032	80,000	69,221
Other interest revenue (refer note 28)	65,076	55,625	57,677
	<u>284,293</u>	<u>248,607</u>	<u>185,258</u>

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(b) Statement of Objective**

in order to discharge its responsibilities to the community, the Shire has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs

**COMMUNITY VISION**

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy lifestyle.

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

**GOVERNANCE**

**Objective:**

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

**Activities:**

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

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

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

**Activities:**

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

**HEALTH**

**Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

**EDUCATION AND WELFARE**

**Objective:**

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

**Activities:**

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.

**HOUSING**

**Objective:**

To provide and maintain elderly residents housing.

**Activities:**

Provision and maintenance of elderly residents housing.



**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(b) Statement of Objective (Continued)**

**COMMUNITY AMENITIES**

**Objective:**

To provide services required by the community.

**Activities:**

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

**RECREATION AND CULTURE**

**Objective:**

To establish and effectively manage infrastructure and resource which will help the social well being

**Activities:**

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

**TRANSPORT**

**Objective:**

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

**Activities:**

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

**ECONOMIC SERVICES**

**Objective:**

To help promote the shire and its economic wellbeing.

**Activities:**

Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes and Building Control.

**OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control Shire's overheads operating accounts.

**Activities:**

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

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(c) Conditions Over Grants/Contributions**

Grant/Contribution	Function/ Activity	Opening Balance <sup>(1)</sup> 1/07/14 \$	Received <sup>(2)</sup> 2014/15 \$	Expended <sup>(3)</sup> 2014/15 \$	Closing Balance <sup>(1)</sup> 30/06/15 \$	Received <sup>(2)</sup> 2015/16 \$	Expended <sup>(3)</sup> 2015/16 \$	Closing Balance 30/06/16 \$
Dept of Agriculture	14	1,305	0	(1,305)	0	0	0	0
Dept of Local Government	14	31,058		(31,058)	0	0	0	0
Aged Friendly Communities	08	0	54,600	(19,177)	35,423	0	(35,423)	0
Aged Friendly Communities	08	0	10,000	0	10,000	0	(10,000)	0
CLGF WEROC Housing	09	0	392,950	(392,950)	0	198,986	(198,986)	0
CPRL Pool Grant	11	0	30,000	(30,000)	0	32,000	(32,000)	0
MRCLC Grant	11	0	535,536	(535,536)	0	0	0	0
Kid Sports Grant	11	0	32,518	(32,518)	0	18,000	(18,000)	0
New Shades & Pathways	11	0	29,545	(29,545)	0	0	0	0
Crime Prevention CCTV	11	0	25,000	0	25,000	0	(25,000)	0
MRCLC Grant	11	0	42,721	(42,721)	0	0	0	0
Regional Bicycle Grant	12	0	82,300	(82,300)	0	0	0	0
Black Spot Funding	12	0	0	0	0	91,017	0	91,017
Roads to Recovery	12	0	0	0	0	1,111,629	(1,111,629)	0
WALGA Auto Doors	11	0	0	0		9,964	(9,964)	0
WALGA Auto Doors	11	0	0	0		9,964	(9,964)	0
Tourism WA	13	0	0	0		33,924	(33,924)	0
Department of Culture	11	0	0	0		48,180	(29,867)	18,313
CEACA (Housing)	14	0	0	0	0	2,106,722	0	2,106,722
CEACA (Housing Stage II)	14	0	0	0	0	19,986,439	0	19,986,439
<b>Total</b>		<b>32,363</b>	<b>1,235,170</b>	<b>(1,197,110)</b>	<b>70,423</b>	<b>23,646,825</b>	<b>(1,514,757)</b>	<b>22,202,491</b>

**Notes:**

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

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	Note	2016 \$	2015 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		3,154,354	2,506,249
Restricted		<u>25,959,888</u>	<u>3,217,348</u>
		<u>29,114,242</u>	<u>5,723,597</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	12	473,424	262,710
Plant Replacement reserve	12	1,015,625	731,191
Heritage reserve	12	7,242	7,015
Building reserve	12	694,961	673,186
Land & Development reserve	12	1,113,600	426,146
Recreation Reserve	12	272,029	210,096
Disaster Relief reserve	12	7,706	7,465
Road Reinstatement reserve	12	25,195	24,406
Cummings Street Units reserve	12	49,953	48,388
Waste Management reserve	12	42,139	40,819
Environmental Initiatives Reserve	12	49,489	59,345
Unexpended Capital Works Reserve	12	2,203,773	648,746
Unexpended Grants Reserve	12	0	7,413
CEACA Grant Funds	12	(2,106,722)	0
Unspent grants	2(c)	<u>22,111,474</u>	<u>70,423</u>
		<u>25,959,888</u>	<u>3,217,349</u>

**4. INVESTMENTS**

The following restrictions have been imposed by regulations or other externally imposed requirements:

CEACA Grant Funds	12	<u>2,106,722</u>	<u>0</u>
		<u>2,106,722</u>	<u>0</u>

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>5. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates outstanding	369,817	338,287
Sundry debtors	63,825	310,985
GST receivable	14	2,367
Loans receivable - clubs/institutions	27,485	26,214
Provision for Doubtful Debt	0	(25,591)
Payments in Advance	(54,712)	(34,348)
	<u>406,429</u>	<u>617,914</u>
<b>Non-current</b>		
Rates outstanding - pensioners	98,333	96,548
Loans receivable - clubs/institutions	413,651	439,886
	<u>511,984</u>	<u>536,434</u>
<b>6. INVENTORIES</b>		
<b>Current</b>		
Fuel and materials	305,722	223,307
	<u>305,722</u>	<u>223,307</u>
<b>Non-current</b>		
Land held for resale - cost		
Cost of acquisition	1,021,330	1,021,330
Development costs	0	0
	<u>1,021,330</u>	<u>1,021,330</u>



**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>7 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
Land - freehold at:		
- Independent valuation 2014 - level 2 & 3	<u>2,201,300</u>	<u>2,201,300</u>
	2,201,300	2,201,300
Land - vested in and under the control of Council at:		
- Independent valuation 2014 - level 3	<u>570,000</u>	<u>570,000</u>
	570,000	570,000
	<u>2,771,300</u>	<u>2,771,300</u>
Buildings - non-specialised at:		
- Independent valuation 2014 - level 2	3,320,000	3,320,000
Less: accumulated depreciation	<u>(103,000)</u>	<u>(103,000)</u>
	3,217,000	3,217,000
Buildings - specialised at:		
- Independent valuation 2014 - level 3	29,471,785	29,474,437
- Additions after valuation - cost	1,339,509	0
Less: accumulated depreciation	<u>(1,368,017)</u>	<u>(638,825)</u>
	29,443,277	28,835,612
	<u>32,660,277</u>	<u>32,052,612</u>
Total land and buildings	<u>35,431,577</u>	<u>34,823,912</u>
Furniture and equipment at:		
- Independent valuation 2016 - level 3	250,727	401,969
- Management valuation 2016 - level 3	51,909	0
Less accumulated depreciation	<u>(34,274)</u>	<u>(125,324)</u>
	268,362	276,645
Plant and equipment at:		
- Independent valuation 2016 - level 3	3,607,064	4,204,453
- Management valuation 2016 - level 3	625,840	0
Less accumulated depreciation	<u>(250,124)</u>	<u>(1,180,649)</u>
	3,982,780	3,023,804
	<u>39,682,719</u>	<u>38,124,361</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(b) 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.

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold	2,201,300	0	0	0	0	0	0	0	2,201,300
Land - vested in and under the control of Council	570,000	0	0	0	0	0	0	0	570,000
<b>Total land</b>	<b>2,771,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,771,300</b>
Buildings - non-specialised	3,217,000	0	0	0	0	0	0	0	3,217,000
Buildings - specialised	28,835,612	1,346,937	0	0	0	0	(722,204)	(17,067)	29,443,278
<b>Total buildings</b>	<b>32,052,612</b>	<b>1,346,937</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(722,204)</b>	<b>(17,067)</b>	<b>32,660,278</b>
<b>Total land and buildings</b>	<b>34,823,912</b>	<b>1,346,937</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(722,204)</b>	<b>(17,067)</b>	<b>35,431,578</b>
Furniture and equipment	276,645	106,884	0	41,913	0	0	(24,481)	(132,600)	268,361
Plant and equipment	3,023,804	631,997	(334,959)	1,145,988	0	0	(472,052)	(11,991)	3,982,787
<b>Total property, plant and equipment</b>	<b>38,124,361</b>	<b>2,085,818</b>	<b>(334,959)</b>	<b>1,187,901</b>	<b>0</b>	<b>0</b>	<b>(1,218,737)</b>	<b>(161,658)</b>	<b>39,682,726</b>

161658

0

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(c) 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>Land and buildings</b>					
Land - freehold	2 & 3	Observed open market valuations, adjusted for condition and compareability	Independent Valuation	2014	Price per Hectare / Current Conditions
Land - vested in and under the control of Council	3	Market approach using recent market data/income approach using discounted cash flow methodology	Independent Valuation	2014	Price per Hectare / Current Conditions / Market Discount Rate
Buildings - non-specialised	2	Observed open market valuations, adjusted for conditions and compareability.	Independent Valuation	2014	Price per Hectare
Buildings - specialised	3	Cost approach using depreciated replacement cost.	Independent Valuation	2014	Improvements to land using construction costs and current conditions (Level 2) and remaining usefull life assesments (Level 3)
<b>Furniture and equipment</b>	3	Cost approach using depreciated replacement cost.	Independent Valuation	2016	Purchase costs and current condition (Level 2) and remaining usefull life assessments (Level 3)
<b>Plant and equipment</b>					
- Independent valuation 2016	3	Cost approach using depreciated replacement cost.	Independent Valuation	2016	Purchase costs and current condition (Level 2) and remaining usefull life assessments (Level 3)
- Management valuation 2016	3	Cost approach using depreciated replacement cost.	Management Valuation	2016	Purchase costs and current condition (Level 2) and remaining usefull life assessments (Level 3)

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

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

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>8 (a). INFRASTRUCTURE</b>		
Infrastructure - roads		
- Management valuation 2015 - level 3	272,269,640	272,269,640
- Additions after valuation - cost	2,396,948	0
Less accumulated depreciation	<u>(1,679,259)</u>	<u>0</u>
	<u>272,987,329</u>	<u>272,269,640</u>
Infrastructure - footpaths		
- Management valuation 2015 - level 3	5,806,349	5,806,349
- Additions after valuation - cost	278,245	0
Less accumulated depreciation	<u>(255,119)</u>	<u>0</u>
	<u>5,829,475</u>	<u>5,806,349</u>
Infrastructure - drainage		
- Management valuation 2015 - level 3	4,377,627	4,377,627
Less accumulated depreciation	<u>(440,336)</u>	<u>0</u>
	<u>3,937,291</u>	<u>4,377,627</u>
Infrastructure - parks and ovals		
- Management valuation 2015 - level 3	4,479,467	4,479,467
- Additions after valuation - cost	188,872	0
Transfers - Costs	161,658	0
Less accumulated depreciation	<u>(24,762)</u>	<u>0</u>
	<u>4,805,235</u>	<u>4,479,467</u>
	<u><u>287,559,330</u></u>	<u><u>286,933,083</u></u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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 infrastructure to be shown at fair value.

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**8. INFRASTRUCTURE (Continued)**

**(b) 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.

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - roads	272,269,640	2,396,948	0	0	0	0	(1,679,260)	0	272,987,328
Infrastructure - footpaths	5,806,349	278,245	0	0	0	0	(255,119)	0	5,829,475
Infrastructure - drainage	4,377,627	0	0	0	0	0	(440,336)	0	3,937,291
Infrastructure - parks and ovals	4,479,467	188,872	0	0	0	0	(24,762)	161,658	4,805,235
<b>Total infrastructure</b>	<b><u>286,933,083</u></b>	<b><u>2,864,065</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>(2,399,477)</u></b>	<b><u>161,658</u></b>	<b><u>287,559,329</u></b>



**SHIRE OF MERREDIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**8. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
<b>Infrastructure - roads</b>	3	Cost Approach using depreciated replacement cost.	Management valuation	June 2015	Construction costs and current condition and remaining usefull life assessment
<b>Infrastructure - footpaths</b>	3	Cost Approach using depreciated replacement cost.	Management valuation	June 2015	Construction costs and current condition and remaining usefull life assessment
<b>Infrastructure - drainage</b>	3	Cost Approach using depreciated replacement cost.	Management valuation	June 2015	Construction costs and current condition and remaining usefull life assessment
<b>Infrastructure - parks and ovals</b>	3	Cost Approach using depreciated replacement cost.	Management valuation	June 2015	Construction costs and current condition and remaining usefull life assessment
<b>Infrastructure - other</b>					

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

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

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>9. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	2,412,944	11,478
Accrued interest on debentures	7,729	8,585
Accrued salaries and wages	86,157	39,786
ATO liabilities	275	(2,878)
PAYG Payable	0	52,840
Accrued Expenditure	66,724	63,720
	<u>2,573,829</u>	<u>173,531</u>

**10. LONG-TERM BORROWINGS**

<b>Current</b>		
Secured by floating charge		
Debentures	158,038	150,410
	<u>158,038</u>	<u>150,410</u>
<b>Non-current</b>		
Secured by floating charge		
Debentures	942,698	1,100,736
	<u>942,698</u>	<u>1,100,736</u>

Additional detail on borrowings is provided in Note 22.

**11. PROVISIONS**

	<b>Provision for Annual Leave \$</b>	<b>Provision for Long Service Leave \$</b>	<b>Total \$</b>
<b>Opening balance at 1 July 2015</b>			
Current provisions	456,796	183,456	640,252
Non-current provisions	0	104,728	104,728
	<u>456,796</u>	<u>288,184</u>	<u>744,980</u>
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate			
	(64,505)	(92,091)	(156,596)
<b>Balance at 30 June 2016</b>	<u>392,291</u>	<u>196,093</u>	<u>588,384</u>
<b>Comprises</b>			
Current	392,291	89,156	481,447
Non-current	0	106,937	106,937
	<u>392,291</u>	<u>196,093</u>	<u>588,384</u>

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**12. RESERVES - CASH BACKED**

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
Leave reserve	262,710	210,714		473,424	262,710	213,707	0	476,417	257,866	4,844	0	262,710
Plant Replacement reserve	731,191	323,922	(39,488)	1,015,625	731,191	326,640	(131,500)	926,331	523,203	207,988	0	731,191
Heritage reserve	7,015	227		7,242	7,015	207	0	7,222	6,885	130	0	7,015
Building reserve	673,186	21,775		694,961	673,186	11,898	(270,879)	414,205	318,434	354,752	0	673,186
Land & Development reserve	426,146	687,454		1,113,600	426,146	688,339	0	1,114,485	80,188	345,958	0	426,146
Recreation Reserve	210,096	61,933		272,029	210,096	71,461	0	281,557	206,222	3,874	0	210,096
Disaster Relief reserve	7,465	241		7,706	7,465	216	0	7,681	7,328	137	0	7,465
Road Reinstatement reserve	24,406	789		25,195	24,406	720	0	25,126	23,956	450	0	24,406
Cummings Street Units reserve	48,388	1,565		49,953	48,388	1,422	0	49,810	47,496	892	0	48,388
Waste Management reserve	40,819	1,320		42,139	40,819	1,197	0	42,016	40,066	753	0	40,819
Environmental Initiatives Reserve	59,345	1,920	(11,776)	49,489	59,345	1,746	(30,000)	31,091	58,250	1,095	0	59,345
Unexpended Capital Works Reserve	648,746	2,203,773	(648,746)	2,203,773	648,746	0	(648,746)	0	648,746	0	0	648,746
Unexpended Grants Reserve	7,413	0	(7,413)	0	7,413	2,283,380	0	2,290,793	0	7,413	0	7,413
	<u>3,146,926</u>	<u>3,515,633</u>	<u>(707,423)</u>	<u>5,955,136</u>	<u>3,146,926</u>	<u>3,600,933</u>	<u>(1,081,125)</u>	<u>5,666,734</u>	<u>2,218,640</u>	<u>928,286</u>	<u>0</u>	<u>3,146,926</u>

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

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**13. REVALUATION SURPLUS**

	<b>2016 Opening Balance</b>	<b>2016 Revaluation Increment</b>	<b>2016 Revaluation Decrement</b>	<b>2016 Total Movement on Revaluation</b>	<b>2016 Closing Balance</b>	<b>2015 Opening Balance</b>	<b>2015 Revaluation Increment</b>	<b>2015 Revaluation Decrement</b>	<b>2015 Total Movement on Revaluation</b>	<b>2015 Closing Balance</b>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land and buildings	22,762,838	0	0	0	22,762,838	22,762,838	0	0	0	22,762,838
Furniture and equipment	0	41,913	0	41,913	41,913	0	0	0	0	0
Plant and equipment	53,784	1,145,988	0	1,145,988	1,199,772	53,784	0	0	0	53,784
Infrastructure - roads	206,155,668	0	0	0	206,155,668	0	206,155,668	0	206,155,668	206,155,668
Infrastructure - footpaths	10,356,495	0	0	0	10,356,495	0	10,356,495	0	10,356,495	10,356,495
Infrastructure - drainage	21,303,941	0	0	0	21,303,941	0	21,303,941	0	21,303,941	21,303,941
Infrastructure - parks and ovals	2,098,980	0	0	0	2,098,980	0	2,098,980	0	2,098,980	2,098,980
	<u>262,731,706</u>	<u>1,187,901</u>	<u>0</u>	<u>1,187,901</u>	<u>263,919,607</u>	<u>22,816,622</u>	<u>239,915,084</u>	<u>0</u>	<u>239,915,084</u>	<u>262,731,706</u>

Movements on revaluation of fixed assets 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.

0

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**14. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) 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:

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Cash and cash equivalents	<u>29,114,242</u>	<u>(1,037,352)</u>	<u>5,723,597</u>

**(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result**

Net result	22,140,549	841,530	2,817,323
Non-cash flows in Net result:			
Depreciation	3,618,214	4,944,148	2,939,104
(Profit)/Loss on sale of asset	(29,445)	33,630	25,416
Reversal of loss on revaluation of fixed assets	0		
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	210,971	(197,911)	1,165,037
(Increase)/Decrease in inventories	(82,415)	50,000	(62,989)
Increase/(Decrease) in payables	2,400,298	(5,000)	(308,051)
Increase/(Decrease) in provisions	(156,595)	(58,462)	102,850
Grants contributions for the development of assets	<u>(24,817,664)</u>	<u>(5,174,931)</u>	<u>(691,627)</u>
Net cash from operating activities	<u>3,283,913</u>	<u>433,004</u>	<u>5,987,063</u>

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	143,000	143,000
Bank overdraft at balance date	0	0
Credit card limit	20,000	20,000
Credit card balance at balance date	<u>0</u>	<u>0</u>
<b>Total amount of credit unused</b>	<u>163,000</u>	<u>163,000</u>
<b>Loan facilities</b>		
Loan facilities - current	158,038	150,410
Loan facilities - non-current	<u>942,698</u>	<u>1,100,736</u>
<b>Total facilities in use at balance date</b>	<u>1,100,736</u>	<u>1,251,146</u>
<b>Unused loan facilities at balance date</b>	<u>NIL</u>	<u>NIL</u>



**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**15. CONTINGENT LIABILITIES**

The Shire of Merredin has a contingent Liability for the Reinstatement/Revegetation of the Chandler Road Landfill Site.

The Current Waste Management Reserve Fund Account currently has a balance of \$42,139.00 and this is considered to be adequate for 2016/2017.

Additional funds will need to be transferred over future years to fulfil councils commitment, however it should be noted that some rehabilitation occurs on an annual basis and is funded from the operating budget.

<b>16. CAPITAL AND LEASING COMMITMENTS</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>

**(a) Operating Lease Commitments**

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

**(b) Capital & Operating Expenditure Commitments**

The Shire did not have any future capital expenditure commitments at the reporting date. However there was an amount of \$27,254.16 Committed by Purchase Order to Operating Accounts.

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**17. JOINT VENTURE ARRANGEMENTS**

The Shire is not involved in any joint venture arrangements.

**18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Governance	3,609,964	3,683,360
Law, order, public safety	557,729	675,705
Health	1,305,440	1,133,480
Education and welfare	2,985,060	3,064,301
Housing	1,718,758	1,772,282
Community amenities	3,003,684	3,294,253
Recreation and culture	20,209,260	21,413,586
Transport	67,676,945	105,624,810
Economic services	897,112	991,402
Other property and services	2,219,176	2,668,025
Unallocated	254,418,628	188,858,812
	<u>358,601,756</u>	<u>333,180,016</u>

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

19. FINANCIAL RATIOS	2016	2015	2014
Current ratio	0.64	4.77	2.42
Asset sustainability ratio	1.27	1.28	1.87
Debt service cover ratio	4.49	23.12	4.91
Operating surplus ratio	(0.45)	0.36	(0.20)
Own source revenue coverage ratio	0.56	0.61	0.69

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 sustainability ratio 
$$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$$

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

**Notes:**

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 59 of this document.

Two of the 2016 and 2015 ratios disclosed above are distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$1,112,939.

	2016	2015
Debt service cover ratio	9.36	9.94
Operating surplus ratio	(0.26)	0.03

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**20. TRUST FUNDS**

Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
BCTIF Levy	25	2,271	(2,296)	0
BRB Levy	324	4,962	(5,286)	0
Housing Bonds	9,462	5,920	(6,170)	9,212
Nonination Deposits	0	480	(480)	0
Community Bus Fund	1,312	0	0	1,312
SBS Transmitter	2,220	0	0	2,220
Overpayment of Rates	3,805	0	(3,805)	0
Other Bonds	6,853	0	(6,853)	0
Youth Advisory Council	154	0	0	154
Hall/Gym Bonds	4,590	4,100	(7,000)	1,690
Sundry		16,305	(13,005)	3,300
Retention Monies		8,974	0	8,974
	<u>28,745</u>	<u>43,012</u>	<u>(44,895)</u>	<u>26,862</u>

**21. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
<b>Plant and Equipment</b>								
<b>Governance</b>								
CEO Vehicle (1)	42,844	38,636	0	(4,208)	43,701	40,500	0	(3,201)
CEO Vehicle (2)	36,791	41,830	5,039	0	43,701	40,500	0	(3,201)
DCEO Vehicle	16,606	19,682	3,076	0	18,134	23,500	5,366	0
EMEC Vehicle	22,667	17,918	0	(4,749)	19,908	18,500	0	(1,408)
Pool Vehicle	18,295	21,405	3,110	0	19,908	18,500	0	(1,408)
<b>Law, order, public safety</b>								
Ranger Vehicle	22,474	14,545	0	(7,929)	28,397	22,000	0	(6,397)
<b>Health</b>								
EMDS Vehicle	23,927	21,982	0	(1,945)	26,128	26,000	0	(128)
<b>Transport</b>								
Mitsubishi Truck 13 Tonne	32,301	77,273	44,972	0	55,246	80,000	24,754	0
John Deere Tractor	52,303	50,000	0	(2,303)	56,360	30,000	0	(26,360)
EMES Vehicle	26,998	23,835	0	(3,163)	29,482	25,500	0	(3,982)
All Terrain Vehicle	13,748	10,000	0	(3,748)	0	5,500	5,500	0
Construction Super Vehicle	26,005	27,298	1,293	0	40,164	17,000	0	(23,164)
	<u>334,959</u>	<u>364,404</u>	<u>57,490</u>	<u>(28,045)</u>	<u>381,129</u>	<u>347,500</u>	<u>35,620</u>	<u>(69,249)</u>

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**22. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal	New	Principal		Principal		Interest	
	1 July		Loans	Repayments	Repayments	30 June 2016	Repayments	Repayments
	2015		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Governance</b>								
Loan 214 Amalgamated	785,047		124,197	124,197	660,850	660,850	50,645	50,000
<b>Other property and services</b>								
	785,047	0	124,197	124,197	660,850	660,850	50,645	50,000
<b><u>Self Supporting Loans</u></b>								
<b>Education and welfare</b>								
Loan 215 Merretville	464,815		24,929	24,929	439,886	439,886	25,506	22,946
<b>Housing</b>								
<b>Recreation and culture</b>								
Loan 212 Burracoppin Sports	1,284		1,284	1,284	0	0	25	36
	466,099	0	26,213	26,213	439,886	439,886	25,531	22,982
	1,251,146	0	150,410	150,410	1,100,736	1,100,736	76,176	72,982

Self supporting loan financed by payments from third parties.  
All other loan repayments were financed by general purpose revenue.



**SHIRE OF MERREDIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

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

(b) New Debentures - 2015/16

The Shire did not take up any new debentures during the year ended 30 June 2016.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2016.

(d) Overdraft

Council established an overdraft facility of \$143,000 in 2007 to assist with short term liquidity requirements  
The balance of the overdraft at 1st July 2015 and 30 June 2016 was Nil.

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**23. RATING INFORMATION - 2015/16 FINANCIAL YEAR**

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
<b>Differential general rate / general rate</b>											
<b>Gross rental value valuations</b>											
Gross Rental Value	0.0959	1,231	17,565,907	1,683,956	(3,430)	(264)	1,680,262	1,767,534			1,767,534
<b>Unimproved value valuations</b>											
UV1 Rural	0.0192	315	72,505,005	1,395,214	1,159	2,526	1,398,899	1,370,085			1,370,085
UV2 Urban Rural	0.0256	52	4,395,500	112,613	(980)	0	111,633	110,661			110,661
UV3 Mining	0.0384	2	13,198	507	320		827	775			775
UV4 Special Use Wind Farm	0.0384	14	3,565,000	137,003			137,003	134,629			134,629
UV5 Special Use Airstrip	0.0384	1	136,000	5,226			5,226	5,136			5,136
UV6 Special Use Merredin Power	0.0384	1	53,000	2,037			2,037	2,001			2,001
<b>Sub-Total</b>		1,616	98,233,610	3,336,556	(2,931)	2,262	3,335,887	3,390,821	0	0	3,390,821
<b>Minimum payment</b>	<b>Minimum \$</b>										
<b>Gross rental value valuations</b>											
Gross Rental Value	790	252		199,080			199,080	181,700			181,700
<b>Unimproved value valuations</b>											
UV1 Rural	980	119		116,620			116,620	114,660			114,660
UV2 Urban Rural	980	32		31,360			31,360	31,360			31,360
UV3 Mining	156	4		624			624	624			624
UV4 Special Use Wind Farm	1,306	0		0			0	0			0
UV5 Special Use Airstrip	1,306	0		0			0	0			0
UV6 Special Use Merredin Power	980	0		0			0	0			0
<b>Sub-Total</b>		407	0	347,684	0	0	347,684	328,344	0	0	328,344
		<b>2,023</b>	<b>98,233,610</b>	<b>3,684,240</b>	<b>(2,931)</b>	<b>2,262</b>	<b>3,683,571</b>	<b>3,719,165</b>	<b>0</b>	<b>0</b>	<b>3,719,165</b>
Discounts/concessions (refer note 27)							(3,592)				(2,100)
<b>Total amount raised from general rate</b>							<b>3,679,979</b>				<b>3,717,065</b>
Ex-gratia rates							38,832				34,703
<b>Totals</b>							<b>3,718,811</b>				<b>3,751,768</b>

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**24. NET CURRENT ASSETS**

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 15 brought forward</b>	<u>20,788,496</u>	<u>2,577,896</u>	<u>2,577,896</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	3,154,354	2,506,249	2,506,249
Restricted	25,959,888	3,217,348	3,217,348
Receivables			
Rates outstanding	369,817	338,287	338,287
Sundry debtors	63,825	310,985	310,985
GST receivable	14	2,367	2,367
Loans receivable - clubs/institutions	27,485	26,214	26,214
Provision for Doubtful Debt	0	(25,591)	(25,591)
Payments in Advance	(54,712)	(34,348)	(34,348)
Inventories			
Fuel and materials	305,722	223,307	223,307
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(2,412,944)	(11,478)	(11,478)
Accrued interest on debentures	(7,729)	(8,585)	(8,585)
Accrued salaries and wages	(86,157)	(39,786)	(39,786)
ATO liabilities	(275)	2,878	2,878
PAYG Payable	0	(52,840)	(52,840)
Accrued Expenditure	(66,724)	(63,720)	(63,720)
Current portion of long term borrowings			
Secured by floating charge	(158,038)	(150,410)	(150,410)
Provisions			
Provision for annual leave	(392,291)	(456,796)	(456,796)
Provision for long service leave	(89,156)	(183,456)	(183,456)
<b>Unadjusted net current assets</b>	<u><b>26,613,079</b></u>	<u><b>5,600,625</b></u>	<u><b>5,600,625</b></u>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(5,955,136)	(3,146,925)	(3,146,925)
Less: Loans receivable - clubs/institutions	(27,485)	(26,214)	(26,214)
Add: Secured by floating charge	158,038	150,410	150,410
<b>Adjusted net current assets - surplus/(deficit)</b>	<u><b>20,788,496</b></u>	<u><b>2,577,896</b></u>	<u><b>2,577,896</b></u>

**Difference**

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.

**SHIRE OF MERREDIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**25. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR**

	Budget	Budget	Budget
	0	0	0

**26. SERVICE CHARGES - 2015/16 FINANCIAL YEAR**

The Shire did not impose any service charges.

**SHIRE OF MERREDIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2015/16 FINANCIAL YEAR**

**Rates Discounts**

Rate or Fee Discount Granted	Discount % or \$	Actual	Budget	Circumstances in which Discount is Granted
		\$	\$	
		0	0	

**Waivers or Concessions**

Rate or Fee and Charge to which the Waiver or Concession is Granted Rates	Type	Discount % or \$	Actual	Budget
			\$	\$
	W/Off		3,592	2,000
			<u>3,592</u>	<u>2,000</u>

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession



**SHIRE OF MERREDIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**28. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAF**

	<b>Date Due</b>	<b>Instalment Plan Admin Charge \$</b>	<b>Instalment Plan Interest Rate %</b>	<b>Unpaid Rates Interest Rate %</b>
<b>Instalment Options</b>				
<b>Option One</b>				
Single full payment	4/09/2015	0		11.00%
<b>Option Two</b>				
<b>Option Three</b>				
First Instalment	4/09/2015	12	5.50%	11.00%
Second Instalment	6/11/2015	12	5.50%	11.00%
Third Instalment	8/01/2016	12	5.50%	11.00%
Fourth Instalment	11/03/2016	12	5.50%	11.00%
			<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on unpaid rates			48,143	38,625
Interest on instalment plan			16,933	17,000
			<u>65,076</u>	<u>55,625</u>

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

<b>29. FEES &amp; CHARGES</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Governance	13,031	20,256
General purpose funding	19,198	(48,664)
Law, order, public safety	206,431	181,731
Health	61,011	51,619
Education and welfare	131	0
Housing	154,868	76,935
Community amenities	541,068	468,189
Recreation and culture	650,322	674,284
Transport	17,648	0
Economic services	169,365	165,713
Other property and services	36,493	609,094
	<u>1,869,566</u>	<u>2,199,157</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

**30. GRANT REVENUE**

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

<b>By Nature or Type:</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>		
General purpose funding	1,112,939	3,493,439
Law, order, public safety	48,138	44,899
Health		66,600
Housing		444,554
Community amenities		16,233
Recreation and culture	200,359	705,653
Transport	176,400	513,900
Economic services	57,701	9,397
	<u>1,595,537</u>	<u>5,294,675</u>
<b>Non-operating grants, subsidies and contributions</b>		
Law, order, public safety	0	25,808
Housing	198,986	0
Recreation and culture	864,155	43,721
Transport	1,658,360	622,098
Economic services	33,924	0
Other property and services	22,062,239	0
	<u>24,817,664</u>	<u>691,627</u>
	<u>26,413,201</u>	<u>5,986,302</u>

**31. EMPLOYEE NUMBERS**

The number of full-time equivalent	<u>53</u>	<u>53</u>
------------------------------------	-----------	-----------

**32. ELECTED MEMBERS REMUNERATION**

	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	67,792	71,055	65,775
President's allowance	13,158	13,158	12,875
Deputy President's allowance	3,290	3,290	3,219
Councillor Wardrobe	1,995	2,000	177

**SHIRE OF MERREDIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**33. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2015/16 financial year.

**34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

**35. FINANCIAL RISK MANAGEMENT**

The Shire's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Shire's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Shire.

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 Shire held the following financial instruments at balance date:*

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>				
Cash and cash equivalents	29,114,242	5,723,597	29,114,242	5,723,597
Receivables	918,413	1,154,347	918,413	1,154,347
	<u>30,032,655</u>	<u>6,877,944</u>	<u>30,032,655</u>	<u>6,877,944</u>
<b>Financial liabilities</b>				
Payables	2,573,829	173,531	2,573,829	173,531
Borrowings	1,100,736	1,251,146	1,100,736	1,251,146
	<u>3,674,565</u>	<u>1,424,677</u>	<u>3,674,565</u>	<u>1,424,677</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(a) Cash and Cash Equivalents**

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

**Available-for-sale financial assets**

**Held-to-maturity investments**

The Shire's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Impact of a 10% <sup>(1)</sup> movement in price of investments		
- Equity	0	
- Statement of Comprehensive Income	0	
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	291,142	
- Statement of Comprehensive Income	291,142	

*Notes:*

<sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible market movements.

**SHIRE OF MERREDIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

**35. FINANCIAL RISK MANAGEMENT (Continued)**  
**(b) Receivables**

The Shire's major receivables comprise rates and annual charges and user charges and fees. 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 makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Shire's credit risk at balance date was:

	<b>2016</b>	<b>2015</b>
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	39%	81%
- Overdue	61%	19%



**SHIRE OF MERREDIN**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(c) Payables**  
**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.

The contractual undiscounted cash flows of the Shire's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2016</u></b>					
Payables	2,573,829	0	0	2,573,829	2,573,829
Borrowings	218,667	789,273	359,068	1,367,008	1,100,736
	<u>2,792,496</u>	<u>789,273</u>	<u>359,068</u>	<u>3,940,837</u>	<u>3,674,565</u>
<b><u>2015</u></b>					
Payables	173,531	0	0	173,531	173,531
Borrowings	219,993	874,668	492,340	1,587,001	1,251,146
	<u>393,524</u>	<u>874,668</u>	<u>492,340</u>	<u>1,760,532</u>	<u>1,424,677</u>

**SHIRE OF MERREDIN  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2016**

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

**(c) Payables  
Borrowings (continued)**

Borrowings are also 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 following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<b>&lt;1 year</b>	<b>&gt;1&lt;2 years</b>	<b>&gt;2&lt;3 years</b>	<b>&gt;3&lt;4 years</b>	<b>&gt;4&lt;5 years</b>	<b>&gt;5 years</b>	<b>Total</b>	<b>Weighted Average Effective Interest Rate</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
<b><u>Year ended 30 June 2016</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	0	0	0	0	(1,100,736)	(1,100,736)	5.62%
Weighted average Effective interest rate	0.00%	0.00%	0.00%	0.00%	0.00%	5.62%		
<b><u>Year ended 30 June 2015</u></b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	(1,284)	0	0	0	0	(1,249,862)	(1,251,146)	5.66%
Weighted average Effective interest rate	5.62%	0.00%	0.00%	0.00%	0.00%	5.66%		

**SHIRE OF MERREDIN  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2016**

**RATIO INFORMATION**

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Asset consumption ratio	0.99	0.73	0.56
Asset renewal funding ratio	1.00	0.82	0.82

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

## INDEPENDENT AUDITOR'S REPORT TO THE SHIRE OF MERREDIN

### Report on the Financial Report

We have audited the accompanying financial report of Shire of Merredin, which comprises the statement of financial position as at 30 June 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by chief executive officer.

### Council's Responsibility for the Financial Report

Council is responsible for the preparation of the financial report which gives a true and fair view in accordance with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as the Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation of the financial report which gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

## **Auditor's Opinion**

In our opinion, the financial report of Shire of Merredin is in accordance with the underlying records of the Shire, including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

## **Emphasis of Matter**

Without modifying our opinion, we draw attention to page 60 of the financial report "Supplementary Ratio Information", which describes certain ratio information relating to the financial report. Management's calculation of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on these ratios.

However, we have reviewed the calculations as presented and in our opinion these are based on verifiable information and appear reasonable.

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

We did not, during the course of our audit, become aware of any instances where the Shire did not comply with the statutory requirements of the Local Government Act (1995) (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

In accordance with the Local Government (audit) Regulations 1996, we also report that:

- a) Apart from the current ratio and operating surplus ratio that do not meet the minimum benchmark, there are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- c) All information and explanations required were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA  
Director  
Date: 7 November 2016