

Annual Report

2022-2023

The Shire of Nannup was founded in 1834. It covers an area of 2,953 square km and embraces the town and localities of Nannup, Donnelly River, Biddelia, Carlotta, Cundinup, Scott River East, Lake Jasper, Darradup, Barrabup, Peerabeelup, Jalbarragup and East Nannup.

The Shire of Nannup is bounded by the Shires of Augusta-Margaret River to the west, Manjimup to the south-east, Bridgetown-Greenbushes to the north-east, Donnybrook-Balingup to the north and Busselton to the north-west. The Southern Ocean defines the southern boundary.



Shire of
Nannup
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ACKNOWLEDGEMENT OF COUNTRY

The Shire of Nannup acknowledges the Wardandi and Bibbulum people as the native title holders of the lands and waters in and around Nannup together with all native title holders throughout the Shire.

We pay respect to the Elders, past, present and emerging, of the Wardandi and Bibbulmun people and extend that respect to all Aboriginal Australians.

OUR VISION, MISSION AND VALUES

Vision

"To foster a community that acknowledges its heritage, values and lifestyles whilst encouraging sustainable development."

Mission Statement

"The Shire of Nannup will deliver quality services, facilities and representation in order to achieve our Vision."

Values

"We promote and enhance the following values in all our relationships with our community"

Honesty in our dealings

Integrity in our actions

Consistency in decision making

Teamwork in our operations

Respect for others and their decisions

Caring for people in our community

Commitment to decisions and roles

Responsive to the needs of other

Effective communication with all



OUR COMMUNITY STATEMENT

Our Community

We are a unique town that role models sustainability, friendliness, take the time to celebrate our heritage and festivals

- *We will retain our pride in being a small, friendly town that is a nice place to live and full of wonderful people*
- *We role model self-sufficiency and sustainability as a community*
- *We respect and value our aged*
- *Our youth are important and we will focus our energy to give them reasons to stay in Nannup (or come back)*

Our Economy

"Sustainability is the key to Nannup's future"

- *We will have a sustainable, innovative and equitable economy*
- *Working together to attract people to our amazing Shire*

Our Built Environment

Keep the charm and fabric of Nannup

- *Keep the charm and fabric of our unique shire and upgrade the amenity*
- *Providing a quality planning outcome for community benefit through good consultation*
- *Increase coverage of our communication systems*

Our Natural Environment

We are surrounded by amazing nature, from our magnificent forests and bush land, to our pristine coastlines

- *We will protect our amazing nature, magnificent forests, managed bushland, rivers, agriculture and our pristine coastline*
- *Keep our beautiful combination of natural landscapes and built environments to retain our community and amenity*
- *To achieve a green clean future*

Our Community leadership

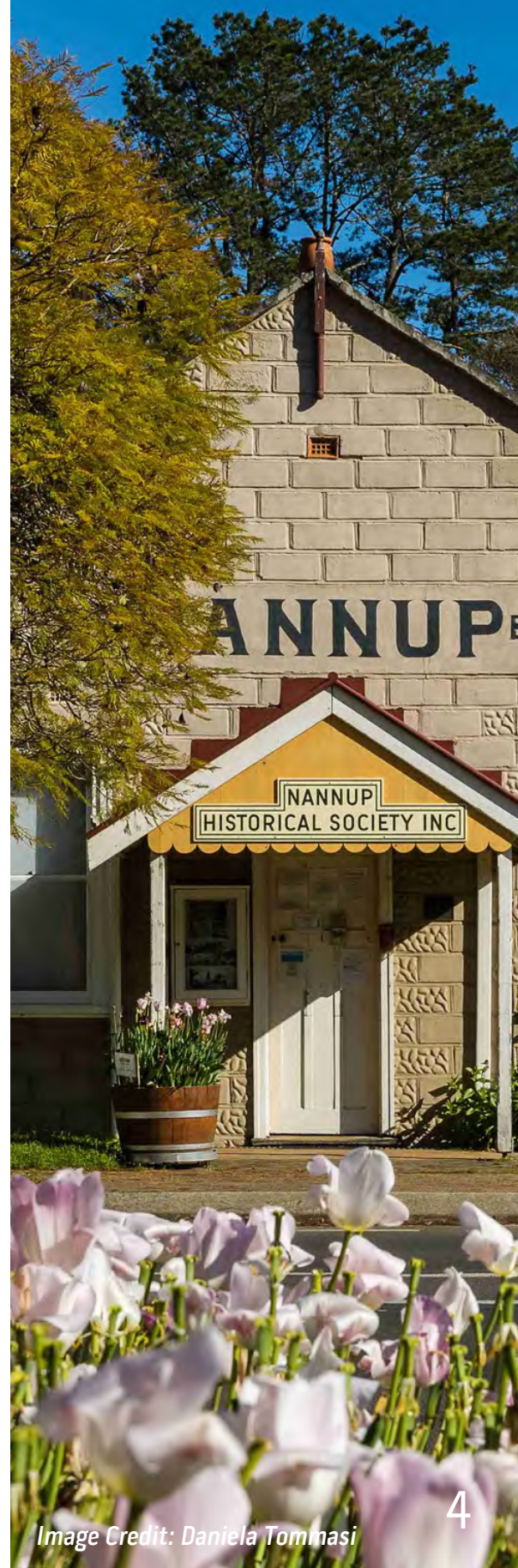
We listen to our community leaders

- *To listen and partner with our community leaders and all our diverse groups*
- *To have united community groups working together*

Our Council Leadership

A listening leadership that provides for and represents all

- *A listening leadership that provides and represents all*
- *To do what is right and fair for the people*



OUR COUNCIL

The Council comprises of eight Councillors elected from three wards, North, Central and South. The North and Central wards have three Council representatives and the South ward two; this is in line with the number of electors in each Ward. Council elects the Shire President.

Council is the decision making body on all policy matters. It meets monthly, with Ordinary Meetings of Council being held on the fourth Thursday of every month commencing at 4.30 pm. Members of the public are welcome to attend all meetings of Council and public question time of at least 15 minutes' duration is scheduled at the commencement of all public meetings. In the interest of ensuring that questions are reported correctly within the minutes of the meeting, Council requests, wherever possible, a written copy of questions asked by members of the public be handed to Council once questions have been presented. Agendas for Ordinary Council Meetings are available to members of the public four days prior to meetings. Minutes are published on the Shire of Nannup website within ten working days after each meeting.

A number of Acts of Parliament give the Shire of Nannup the necessary powers to make decisions regarding the natural, built and legal environments which it administers. The Local Government Act 1995 enables the Shire to administer its local government area. Local authorities operate strictly within this act and are not able to undertake actions, activities or services that are not specifically provided for in this or other legislation.

Local laws may be adopted by Council to regulate and govern local issues. Council has adopted local laws relating to:

- Cemeteries
- Refuse Disposal
- Health
- Parking
- Standing Orders
- Dogs

The work of Council is informed by a number of Advisory committees as listed below:

- Audit Advisory Committee (8 councillors)
- Risk Management Advisory Committee (1 councillor)
- Bush Fire Advisory Committee (2 councillors)
- Local Emergency Management Advisory Committee (2 councillors)
- Australia Day Advisory Committee (5 councillors)
- Local Drug Action Group (1 councillor)
- Tourism Committee (8 councillors)



SHIRE OF NANNUP

ANNUAL REPORT 2022-23



Shire of
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Shire President: Tony Dean

WARD: Central

EXPIRES: 2023

PHONE: 0409 371 151

EMAIL: Shire.President@nannup.wa.gov.au

Deputy Shire President: Vicki Hansen

WARD: North

EXPIRES: 2025

PHONE: 9756 0165

EMAIL: Vicki.Hansen@nannup.wa.gov.au

Councillor: Cheryle Brown

WARD: North

EXPIRES: 2023

PHONE: 0428 526 598

EMAIL: Cheryle.Brown@nannup.wa.gov.au

Councillor: Chris Buckland

WARD: Central

EXPIRES: 2025

PHONE: 0411 752 761

EMAIL: Chris.Buckland@nannup.wa.gov.au

Councillor: Patricia Fraser

WARD: South

EXPIRES: 2023

PHONE: 9756 1112

EMAIL: Patricia.Fraser@nannup.wa.gov.au

Councillor: Ian Gibb

WARD: South

EXPIRES: 2025

PHONE: 0488 110 496

EMAIL: Ian.Gibb@nannup.wa.gov.au

Councillor: Charles Gilbert

WARD: Central

EXPIRES: 2023

PHONE: 9756 1184

EMAIL: Charles.Gilbert@nannup.wa.gov.au

Councillor: Bob Longmore

WARD: North

EXPIRES: 2025

PHONE: 0427 560 303

EMAIL: Robert.Longmore@nannup.wa.gov.au

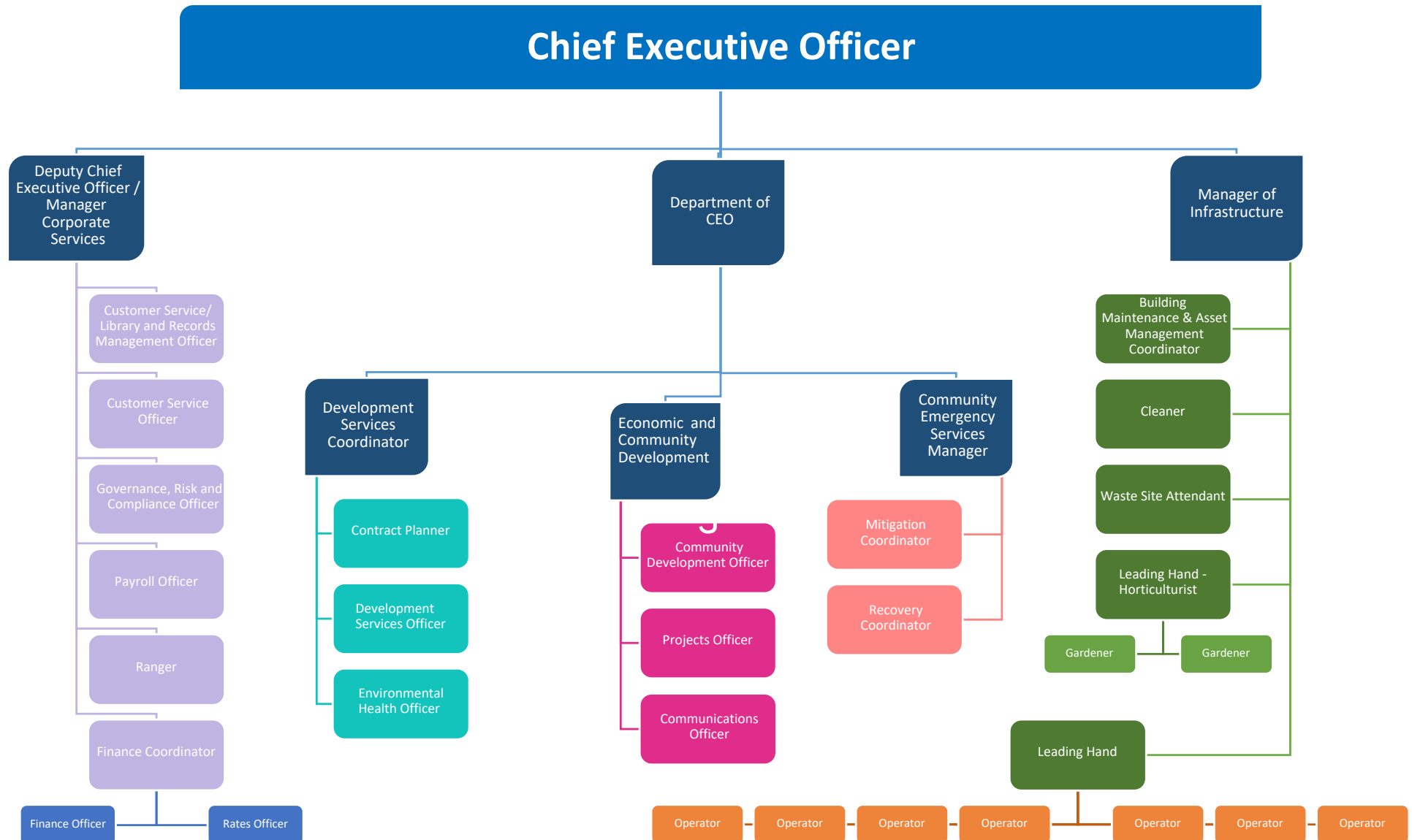
COUNCILLORS



COUNCILLOR ATTENDANCE - 1 JULY 2022 TO 30 JUNE 2023

Councillors	Ordinary Council Meetings (11)	Special Council Meetings (5)	Electors' Meeting (1)	Audit Committee (1)	Bush Fire Advisory Committee (5)	Local Emergency Management Committee (3)	Tourism Committee (0)	Nannup Local Drug Action Group (5)	Australia Day Committee (3)	Risk Committee (0)
Cr Tony Dean (Shire President)	10	4	1	1	0	2	0	0	0	0
Cr Vicki Hansen (Deputy Shire President)	10	5	1	1	0	0	0	4	3	0
Cr Cheryle Brown	10	5	1	1	5	0	0	3	0	0
Cr Chris Buckland	10	5	1	1	0	0	0	0	3	0
Cr Patricia Fraser	11	5	1	1	5	0	0	0	3	0
Cr Ian Gibb	11	5	1	1	0	2	0	0	3	0
Cr Charles Gilbert	11	4	1	1	0	0	0	0	0	0
Cr Bob Longmore	11	5	1	1	0	0	0	0	0	0

ORGANISATIONAL STRUCTURE



MESSAGE FROM THE SHIRE PRESIDENT

As Shire President I am pleased to present the Annual Report, outlining the activities of the Shire of Nannup during the 2022-2023 financial year.

During the year the Corporate Business Plan 2022-2028 was published. This sets out the priorities and activities that the Shire will undertake in response to the aspirations and objectives stated in the Strategic Community Plan.

The history of the Nannup Timber Mill was captured in a video and can be accessed via the Latest News item 'Nannup Timber Mill Project' on the Shire of Nannup website. It is a wonderful documentation of the long history at the mill and includes interviews with some of the mills longest workers. This year, the timber industry closed, sparking considerations on how to keep the Nannup community strong, now and into the future.

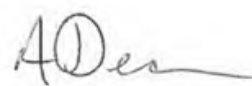
With the timber industry closing, the State Government announced the Native Forest Transition: Community Small Grants. Sustainable projects that aimed to create jobs, expand and diversify the local economy, and create liveable communities through services, infrastructure, tourism and events could apply for up to \$100,000. This funding aimed to create new economic benefit for the Native Forestry Region.

In March 2023, the Shire of Nannup received news of matched funding of \$50,000 from the South West Development Commission for the Nannup Arts, Recreation, Tourism and Liveability Master Plan. The Master Plan concept will explore all the possibilities to enhance the arts, recreation, tourism and liveability in Nannup.

An event I delighted in speaking at was the Australia Day ceremony. More than 300 community members congregated at Foreshore Park and shared a meal to celebrate community spirit. The theme for the day was that we are all 'part of the story; reflect, respect, celebrate.' The day also saw the 27th Citizen of the Year Award ceremony for the Shire of Nannup. I extend my congratulations once again to the awardees.

I would like to thank my fellow Councillors for their support during the year. There are always challenging issues and Council faced them with a consultative approach. The desired outcomes have been achieved in the long run.

I would also like to thank the hard-working employees of the Shire of Nannup, the volunteers that tirelessly serve our community, and all community members. Your continued support and trust allow myself and my fellow Councillors to govern and lead, into, what I believe, is a vibrant and exciting future.



Tony Dean
Shire President



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

In opening, I would like to thank the Shire President and Councillors for their hard work and dedication to serving the community of Nannup. I would also like to thank all Shire of Nannup staff for continuing to strive to serve the Nannup community as best as possible.

This year, the Shire of Nannup participated in organisational training with the Small Business Approvals Program. The Small Business Friendly Approvals Program ran over a period of five weeks and enabled the Shire of Nannup to change systems and processes through human-centred design thinking.

Participating in the program resulted in reforms such as establishing a dedicated business support team and creating a Small Business Portal on the Shire of Nannup website. The Shire of Nannup was recognised for its reform achievements and collective commitment to make it easier for small business to start, relocate, grow and thrive in the Streamline WA March 2023 report.

The Nannup Investment Prospectus was created, along with a series of short films for the 'Liveable Nannup' project, and officially launched in February 2023. The focus of these assets, and guiding document, is to diversify Nannup's economy for sustainable residential growth, attracting extra visitors, workers, and businesses.

Once again, the events calendar within the Shire of Nannup has been busy, with new mountain bike events being drawn to the Nannup Tank 7 MTB Park. The feedback from these events is that Nannup Tank 7 MTB Park has some of the best trails in the country.

This feedback was repeated in the Nannup Trail Town survey, designed to directly influence the next stage of trail development as Nannup aspires towards Trail Town accreditation.

It was wonderful to see the Nannup Tank 7 MTB Park recognised with the Local Government Professional Honour award for Partnerships and Collaboration, for a population less than 15,000.

The Shire of Nannup is proud of the success of the annual Nannup Family Fun Day with the 2023 event doubling in size to extend to 700 attendees. The event was full with water activities, art and craft sessions and entertainment and, as always, was a fantastic day for all involved. The Shire would like to extend thanks to all community groups and members that were involved.

Our employees are key to our success as an organisation and I would like to thank them all, as well as make a special thankyou to the following long-term employees.

- David McKirdy (27 years)
- Stephen Winfield (19 years)
- Michael Merritt (15 years)
- Matthew Humble (11 years)
- Heath Pickett (10 years)

Thank you for your service and commitment to the Shire of Nannup and the Nannup community.

In closing, I would like to thank all the community members that work tirelessly to make Nannup such a special place. We have a significant volunteer base and many community groups and organisations who do fantastic work in making Nannup the warm, welcoming community it is.



David Taylor
Chief Executive Officer



ACTIVITIES THROUGH THE YEAR

The Shire of Nannup is committed to making our community a great place for people to rest, connect and grow. Over the last year, we have many key achievements and major projects that resonate with our Nannup Strategic Community Plan 2021-2036.

Our Community

A new Community Action Plan (CAP) was submitted to the Alcohol and Drug Foundation to support youth programs in the Shire of Nannup. The new CAP was called 'Continuing Opportunities for Young People,' and carries on the great work of the Nannup Local Drug Action Group (LDAG) from previous years.

The main portion of the CAP is the Nannup Youth Zone program. This year, the program attracted more community sponsorship, enabling the delivery of additional programs for our local youth. The Nannup Youth Zone, now in its third year, focuses on skill development, resilience building and social interaction in a safe and inclusive space.

In December 2022, as part of the summer School Holiday program, Nannup youth had the opportunity to go to the Perth Police Academy. The excursion was supported by the Shire of Nannup, the Nannup Local Drug Action Group and the Nannup Police. Fundraising events held throughout the year, enabled 12 lucky youths to attend the career education day at the Perth Police Academy for free.

The Shire of Nannup received funding through the National Australia Day council for the 'Spirit of the Heart-Djanga Koornt,' Wardandi Song Project. The project launched at the Nannup Go for 2 & 5 Family Fun Day with hip hop artists, Optamus Downsyde and Flewnt, before being developed further at a workshop at the iconic Nannup Music Festival.

The project utilised hip hop to explore the art of song and rhyme to tell a story. Proud local Wardandi traditional custodian Mitchella Hutchins with cultural leader for the Yamitji Region, Richard Nelson and proud spokesperson for the Indigenous groups, singer /songwriter Dianna Gee developed the project through each of its stages. After filming and recording took place with Nannup youth, the project was completed in June 2023.

The Shire of Nannup is thrilled to have supported the 'Spirit of the Heart-Djanga Koornt,' Wardandi Song Project. It was an incredible project for Nannup Youth to be part of, with the project connecting Indigenous and Non-Indigenous communities together through song writing, detailing a brighter future as we walk together.



ACTIVITIES THROUGH THE YEAR

Our Economy

The Nannup Investment Prospectus was launched at The Liveable Nannup Business After 5 event held in February 2023. This event had more than 70 interested members of the Nannup community attend and highlighted Nannup's strategy to support sustainable growth within the Shire. Informed through the Nannup Strategic Community Plan and supported through the Shire of Nannup's Business Support Team, the strategy aims to work together with the community to attract people, investment, and innovation to our Shire.

The Shire of Nannup was acknowledged in three awards for the 'Living with Emus' Project. In September 2022, the project was recognised as Highly Commendable in the 2022 Resilient Australia Awards Local Government Category at the Gidgegannup Men's Shed. Then in October 2022, the Shire received the 2022 Local Government Road Safety Award for the Safe System Approach Complementary Initiatives at the Western Australian Local Government Association (WALGA) Awards. The Living with Emus project also took the trophy for the Insurance Commission of Western Australia Regional Safety Award at the Community Achievement Awards, Celebrating Regional Communities. Celebrated together with the Nannup District High School and local artist, Lewis Horne, officers from the Shire of Nannup were thrilled to be honoured with the highest achievement in its category.

The 'Living with Emus' project focused on community art, enabled through the Road Safety Commission Community Grant, and worked together with pre-learner drivers at Nannup District High School to create a three-meter tall, 650kg Emu sculpture. The project aimed to bring attention to the risk of driving regional roads and the reality of wildlife fatalities. It has strength in its message, and community engagement, and is now a landmark for the Nannup Tank 7 MTB Park. This is an outstanding achievement for everyone involved.

The Nannup Tank 7 MTB Park received the Local Government Professional Honour awards for Partnerships and Collaboration, with a population of less than 15,000 in November 2022. The hard work behind the scenes undertaken by the team was commended. It demonstrated best practice with regards to the partnerships with stakeholders, and the community, in delivering the outstanding trail network for the region.

A series of short films were created to capture community assets and values. The series was called the Liveable Nannup project and aimed to support the Nannup Investment Prospectus by highlighting the opportunities, and lifestyle, available in Nannup. Community features, businesses, the Experience Nannup App, local industry, and Nannup District Highschool were included in the series.



ACTIVITIES THROUGH THE YEAR

Our Economy Continued

Another project that was documented on film was the Nannup Timber Mill story, which aimed to capture Nannup's mill history. The filming was coordinated on two separate dates in December 2022 and January 2023, and included interviews with the Mill managers and some of the longest standing employees. As Nannup transitions out of the timber industry, the mill site presents an opportunity for redevelopment.

On Friday 3 March 2023, as part of the iconic Nannup Music Festival weekend, the Honourable Don Punch, Representative for the City of Bunbury and Minister for Regional Development, announced \$50,000 of funding to assist the Shire of Nannup in creating a Master Plan to shape the town's development into the future. The \$50,000 from the South West Development Commission, along with matched funds provided by the Shire of Nannup, will be utilised to build the Arts, Recreation, Tourism and Liveability Master Plan. The master plan will focus on identifying future development opportunities for Nannup. With the closure of the timber industry, this project is key to the future prosperity of Nannup and attracting more investment, relocations and visitors alike to our community.

The Shire of Nannup also supported many events throughout the year including the Nannup Music Festival - returning after the cancellation of the 2022 event, South West Food Bowl Community Education Day, Nannup Flower and Garden Festival, QUIT Forest Rally, SEVEN Australia's Premier Gravel Race and the Tour of Margaret River. The Shire of Nannup is thrilled to see more events being drawn to Nannup as we become recognised as a cycling destination. It was wonderful to welcome the XCO WA State MTB Championships to Nannup for the first time.

This year the Shire of Nannup heard the news that Nannup was the chosen location for the 2026 Gravel UCI World Championships. The SEVEN Gravel Race now forms part of the UCI Gravel World Series. Support from the WA State Government through Tourism WA's Regional Events Program enabled the event to participate in the TREK UCI Gravel World Series (GWS) and showcase Nannup to the international gravel cycling community.

Licences to operate commercial shuttles and associated services at the Nannup Tank 7 MTB Park was offered to four businesses. The licence includes key access to the shuttle road network, access to the Experience Nannup and Tank 7 Brands, trail name icons and media assets. The maintenance contract for the Nannup Tank 7 MTB Park was awarded to contractor Woodland Trails and Landscape with maintenance work commencing in January 2023.



ACTIVITIES THROUGH THE YEAR

Our Economy Continued

Connecting the Nannup Tank 7 MTB Park to town was a priority, and the asphalt seal pathway known as Town to Tank was completed. This followed the extensive Road Safety Improvement Program that allowed widening of the Brockman Highway (Bridgetown Nannup Road) and Mowen Road.

The sentiment towards the Nannup Tank 7 MTB Park, within the Mountain Biking community has been high. Feedback from users presents the Nannup Tank 7 MTB Park as a world class experience for mountain biking. It has been attracting day visits from within the southwest community, as well as up to 2 nights stay for visitors to the region. Many of the users travelled more than 200km to experience what the park has to offer, supporting businesses within town with a share of the economic spend per day averaging \$101.

The trail counters installed at the Nannup Tank 7 MTB Park have indicated that 35% of the users attend the park over the weekends with Fridays also indicating high usage. During the months between May and June, Fun Guy was the most used trail, followed by Easy Tiger and The Local. This data demonstrates the users at the park as moderate to advanced riders.

Three Chillies Design were awarded the contract for the Freestyle Mountain Bike Jump Park, with mobilisation of the contract commencing on 29 May 2023. The Freestyle Mountain Bike Park will include one intermediate (Blue) Jump Trail of 160m in length and an advanced (Black) Jump Trail of 160m in length, with a return trail that will see upgrades to existing tracks and roads along Miller Road including the Old Timberline Trail alignment.

Trail Towns TV returned to Nannup to film the WA mountain biking experiences with the Department of Biodiversity, Conservation and Attractions (DBCA) trail team. Dwellingup and Collie also featured in the segment. This will be part of Trail Towns Season 3 and will be aired in August 2023. Gravel riding was featured with reference to the UCI champions in 2026 as well as specific trails at the Tank 7 MTB Park aimed at all levels of riding.

The Trail Town project is federally funded through the Regional Recovery Partnership Program. It aims to support the tourism offering within the Shire, while offering a healthy recreational pursuit with an intent to connect the community with nature.

The Experience Nannup App continues to support mobile visitor information. The trail listings have increased with new and existing businesses using the application to share their services. The Visitor Information 'Business After 5' event was held in May 2023. It helped share the capabilities of the App as the focus point for the visitor information for the Shire of Nannup.



ACTIVITIES THROUGH THE YEAR

Our Health

Family Fun Day had over 700 people attend in 2023. The event was packed with water activities, art and craft sessions and entertainment. The rock climbing wall was popular, as was the Nearer to Nature display by the Department of Biodiversity Conservation and Attractions (DBCA). With Discover Deadly back again, the snake handling helped educate future leaders about the importance of the local environment, and respecting the habitat and the creatures that live within it.

The Toddler Territory was increased, allowing our youngest community members to enjoy playing in the sand and through the sprinklers, whilst older youths experienced the thrill of height on the rock-climbing wall, climbing through the emergency service vehicles, and participating in art and education stations.

With thanks to the Road Safety Commission, Nannup Mountain Bike Club, Nannup Police, Nannup Lion's Club and Fat Duck Cycles, a Road Safety Education Station was created. It simulated a road set-up for participants to learn the bike safe rules on the road, whilst gaining confidence and understanding in a safe and encouraging environment.

The Shire of Nannup, in partnership with the Nannup Mountain Bike Club, were awarded funding for the 'Push to Pedal' program through the Department of Local Government, Sport and Cultural Industries through the Outdoor Active Recreation Participation Program. The program aligned around mountain biking at Nannup Tank 7 MTB Park, encouraging riders to push themselves mentally with the aim to participate in a mountain bike event. The program offered a range of activities such as coaching, mentoring, training programs - including first aid, as well as supporting coaching accreditation for the local mountain bike club. Other workshops included basic bike maintenance.



ACTIVITIES THROUGH THE YEAR

Our Built Environment

The Local Planning Scheme 4 was approved in the financial year, allowing higher density zoning to occur in Nannup town centre.

The Shire of Nannup commenced the Seniors Housing Precinct project, hosting a community engagement workshop on Monday 17 April 2023. The preferred location for the precinct was identified as the area bound by Cross Street, Adam Street and Walter Street. This strategic project seeks to provide a much-needed service for the ageing population in Nannup, with the goal to develop independent senior housing, specifically for Nannup residents who wish to downsize due to their age. Since the initial consultation, a working party has been implemented for this project and further investigations have been undertaken.

The Shire Works Team has been kept busy this year with general maintenance. General maintenance includes buildings, footpaths, litter and waste management, cleaning, parks and gardens, road patching, clearing fallen trees and debris and grading. On top of this general, ongoing maintenance, many projects were also completed in the financial year.

The town oval stalker pump was refurbished, installed, and reconnected to oval irrigation in September 2022. The construction of the skate park shade shelter was completed, and seating was added. The Marinko Tomas Emu Nature Playground had a flying fox installed in April 2023. The Foreshore Barbeque Shelter was relocated to the Bicycle Repair Station and mounted on concrete footings. A new structure was erected over the BBQ as well.

The Shire Works Team completed the upgrade of Centenary Drive. These works included widening, sealing, and curbing to accommodate heavy traffic during events. The widening of this road allows three-way traffic and reduces road congestion during heavy trafficable times. The project was successfully completed prior to the 2023 Nannup Music Festival held on the March long weekend.

The Town to Tank link was sealed with bitumen, connecting town to the Nannup Tank 7 MTB Park. The new Freestyle Jump Park, started with the Shire Works Team carting tonnes of gravel and sand to the site.



ACTIVITIES THROUGH THE YEAR

Our Built Environment Continued

The Shire of Nannup worked on a number of road improvement projects. Roads to Recovery is a federally funded program that supports the construction and maintenance of Australia's local road infrastructure assets, which facilitates greater accessibility and improves safety. Funding allowed the Shire of Nannup to complete the safety improvement work on Stacey Road in Jalbarragup. The works included widening the road from 4.5metres to 6.2metres as well as adding seal shoulders and drainage improvement.

As well as working on road safety on a federal level, the Shire of Nannup partnered with the State Government through Main Roads to deliver the Roads Program Grant. This program works on a five-year road improvement schedule, and contributed to more than \$400,000 in road improvements including sections of Fouracres Road and Governor Broome Road in Scott River and the resealing of Cundinup South Road and Brockman Highway (Bridgetown Road). These roads are heavily utilised by the agricultural sector, logging haulage and are part of the school bus routes.

The Shire Works department also completed work on the first 500 metres of Guthridge Road. These works aim to improve road safety by adding gravel to improve the road structure and reduce corrugating that has previously occurred. The work also saw a drain cleaned up. Similar works are planned for Guthridge Road in the next financial year.

At the Nannup Tank 7 MTB Park, sections of slippery road were reformed and gravel sheeted. Drainage crossings were improved with additional culvert pipes. Roads were infilled and access roads were graded.

Other improvements included the construction of a new Cundinup Fire Shed with state-of-the-art stand-alone solar system and improvements to the Scott River Bush Fire Shed.



ACTIVITIES THROUGH THE YEAR

Our Natural Environment

The Shire of Nannup sponsored free community firewise garden presentations and discussions as part of the 2022 Nannup Flower and Garden Festival. Chris Ferreira from The Forever Project set up a 'firewise landscape' on the village green, where people could walk through and learn. This project was initiated as fire risk is increasing and as a result, fire resilience and adaptation are a key management priority for rural areas.

The team from The Forever Project also presented a workshop at the Nannup Bowling Club focusing on the principles of:

- Fire retardant plants
- Fire wise mulch
- Fire safe management of existing trees
- Fuel load separation
- Deliberate breaks (paths, access tracks)

The Nannup Family Fun Day 2023 were supported by the South West Catchments Council to raise awareness for the endangered Numbat found in the South West region. The South West Catchments Council funding allowed event goers to create numbat place mats and coasters to take home and use into the future. It also funded the Department of Biodiversity, Conservation and Attractions taxidermy display trailer, where children and their families could gain a broader depth of knowledge of the endangered species of our local area.

With numbat information magnets in the take-home activity and information packs, youth got the opportunity to better understand the local environment in which they live, and how native flora and fauna can be affected. The children were given the opportunity to pledge their care to their local environment onto a canvas, which proudly hangs in the Nannup Public Library as a reminder of the nurturing, caring community in which we live.



ACTIVITIES THROUGH THE YEAR

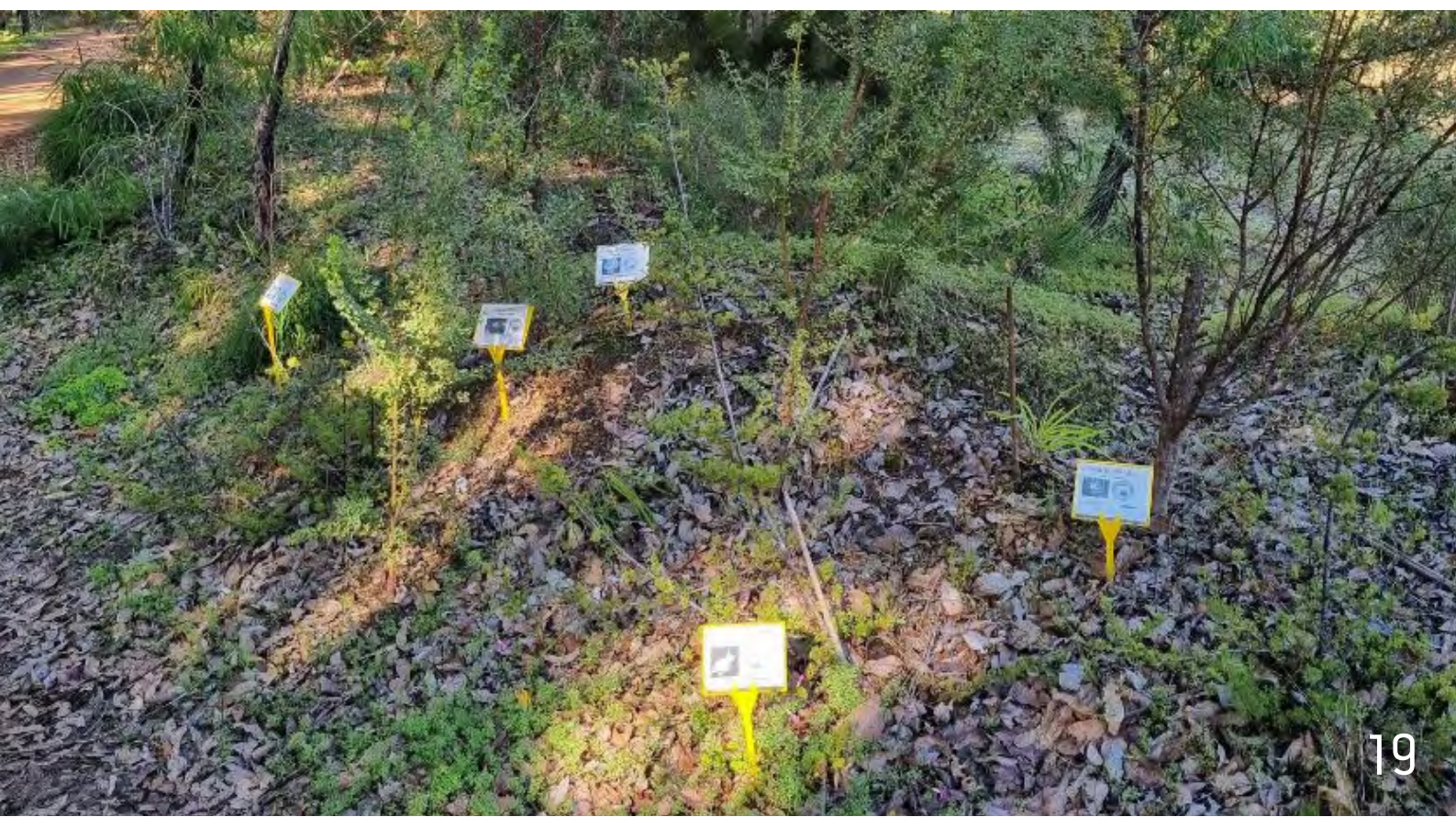
Our Natural Environment Continued

The Shire of Nannup supports the work done by the Friends of the Foreshore through the community grants scheme. The Friends of the Foreshore removes pest weeds and revegetates reserves along the foreshore with native species endemic to our area.

The Lower Blackwood Land Conservation District Committee, who works to promote a sustainable agriculture community in the Blackwood region, were also supported through the community grants scheme. The funds supported one community workshop in Nannup, as well as help identify and train landholders in pig control in priority locations within the Shire. This was supported further through funding the Lower Blackwood Land Conservation District Committee and partners received from the WA State Natural Resource Management Program for a three-year feral pig control program in the Scott Coastal Plain.

The Shire of Nannup has shared regular communications regarding bushfire safety initiatives to encourage the community to prepare for bushfire. These communications have been in the monthly Nannup Telegraph Shire Notes, the Shire website and Shire of Nannup Facebook page. Information has included awareness about the new Australian Fire Danger Rating System, firebreak compliance information, how to stay informed, and how to be bushfire ready.

Flora and Fauna surveys and Aboriginal Cultural Heritage Surveys were undertaken for both the Freestyle Mountain Bike Jump Park and the Southern Entrance to Town Project. These surveys informed the development of each project. The Freestyle Mountain Bike Jump Park footprint altered from the survey report, limiting the construction footprint to within the highlight degraded existing track alignments with minimal additional disturbance to the native bush.



ACTIVITIES THROUGH THE YEAR

Our Shire

The Shire of Nannup participated in organisational training with the Small Business Friendly Approvals Program. The program ran over a period of five weeks and enabled the Shire of Nannup to change systems and processes. Working from the customer point of view and within compliance requirements, the program guided the organisation in developing a series of reforms that provide connection, clarity and consistency when dealing with small business throughout their small business approvals process journey.

After completing the program in July 2022, the Shire of Nannup immediately instituted reforms such as establishing dedicated business support team to oversee approvals. This team helps to streamline event application processes, distribute information to the community through strategic communications and provide face-to-face assistance to small businesses. Another outcome of the program was the inclusion of the Small Business Portal on the Shire website. This portal provides resources and information for anyone interested in starting a small business in Nannup. The information provided includes a zoning map, steps for approvals and a business -self-assessment tool.

The Shire of Nannup was recognised for its reform achievements and collective commitment to make it easier for small business to start, relocate, grow and thrive in the Streamline WA March 2023 report.

The Shire of Nannup started distributing a corporate newsletter, Nannup Connect Grow, as a quarterly community newsletter. This newsletter is part of new communications from the Shire of Nannup, along with the fortnightly business e-newsletter and the monthly Nannup Telegraph Shire Notes. The first quarterly newsletter was distributed in April 2023. This newsletter aims to share, and celebrate, all the major projects being completed by the Shire of Nannup, as well as showcase and celebrate the amazing work being done in the wider community.

The Shire of Nannup Community Grants Program supported the investment of projects that build community vibrancy and align with the Nannup Strategic Community Plan. The 2022/2023 Community Grants Program funding was awarded to the following groups:

- Auskick
- South West Food Bowl
- Nannup Garden Village Inc.
- Nannup Markets
- Nannup Men's Shed
- Nannup Chamber of Commerce and Industry
- Nannup Community Cinema Inc.
- Nannup Lions Club
- St Thomas More Catholic Church
- Friends of the Foreshore
- Nannup Teeball and Baseball Association
- Nannup Badminton Group
- Nannup RSL Sub Branch
- Blackwood River Arts Trail
- Lower Blackwood Land Conservation District Committee

DISABILITY ACCESS AND INCLUSION PLAN

Under the Western Australian Disability Services Act (1993 amended 2004), all local government authorities must develop and implement a Disability Access and Inclusion Plan (DAIP), or Access and Inclusion Plan (AIP). Acting as a framework, the Shire of Nannup's Access and Inclusion Plan allows for the implementation of strategies and actions to ensure people with disability and additional needs are supported to have the same opportunities as others to access services, events, facilities, information, customer service and employment.

The Shire of Nannup's Access and Inclusion Plan 2021-2026 was developed in collaboration with the community, emergency services and local health care stakeholders, and has a particular focus on nurturing a community where diversity, difference and a sense of identity is respected and valued. These values are underpinned by a commitment from the Shire of Nannup to the creation of fair and equitable access for all residents and visitors to the Shire. The AIP is reviewed annually, and subject to amendments and advancements.

Key Achievements include:

- All Shire of Nannup run events included a staff member trained with Key Word Sign, and carrying Aided Language Displays for communication, and additional ACROD bays close to the event space.
- Shire of Nannup implemented Aided Language Displays at the front Service Counter and in the Nannup Public Library.
- Improved street marking for lowered kerb crossings on Warren Road.
- The new Cundinup Bush Fire Brigade Shed was made to Accessible Building Standard 1428.
- The Nannup State Emergency Services building was upgraded to improve accessible ablution facilities.



EMPLOYEE SALARIES

The Shire of Nannup employs 35 people in a diverse range of roles to serve the community. The number of Shire employees earning an annual salary of \$100,000 or more is set out below, in bands of \$10,000.

Salary range \$	2022/23
100,000 - 109,999	0
110,000 - 119,999	0
120,000 - 129,999	2
130,000 – 139,999	1
140,000 – 149,999	0

OFFICIAL CONDUCT REPORT

In accordance with Section 5.53(2)(hb) of the Local Government Act 1995, the Shire is required to include in its Annual Report details of complaints alleging minor breaches by Council Members during the financial year including:

1. The number of complaints recorded in the register of complaints;
2. How the complaints were dealt with; and
3. Any other details that the regulations may require.

The Shire received no complaints for the 2022/23 financial year.



STATUTORY COMPLIANCE REPORT

Freedom of Information Act 1992 – Information Statement

The Freedom of Information Act 1992 gives applicants the right to apply for access to documents held by the Shire of Nannup. The Shire of Nannup's Freedom of Information (FOI) Statement was prepared in accordance with the Freedom of Information Act 1992, and associated guidelines. To read the FOI Statement and further information regarding Freedom of Information please see our website.

No Freedom of Information applications were received in the 2022/23 financial year.

Public Interest Disclosure

A local government is required to appoint one of its officers to act as the Public Interest Disclosure Officer under the Public Interest Disclosures Act 2003. The Chief Executive Officer has appointed the Governance Risk and Assurance Officer to fulfil this role. The legislation requires the reporting of serious wrongdoing to State Public Sector and Local Government as well as providing a mechanism for responding to reports.

No disclosures were received in relation to the Shire of Nannup during 2022/23.

Record Keeping Plan (State Records Act 2000)

In line with Section 19 of the State Records Act 2000, local governments are required to have a Record Keeping Plan approved by the State Records Commission. The plan applies to employees, Elected Members and contractors.

The Record Keeping Plan is the primary means of providing evidence of compliance with the Act and the implementation of best practice record keeping in the organisation. In line with Section 17 of the Act, the Shire of Nannup and all its employees are legally required to comply with the contents of the Record Keeping Plan.

The Shire of Nannup is committed to the management of records in accordance with legislative requirements and best practice. The State Records Commission approved the Shire's revised Record Keeping Plan 2023 for a five-year period in August 2023. The next review is due in August 2028.



SHIRE OF NANNUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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The Shire of Nannup conducts the operations of a local government with the following community vision:

To foster a community that acknowledges its heritage, values and lifestyles whilst encouraging sustainable development.

Principal place of business:
15 Adam Street
Nannup WA 6275

**SHIRE OF NANNUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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

STATEMENT BY CEO

The accompanying financial report of the Shire of Nannup has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the

11

day of

December

2023



Chief Executive Officer

DAVID TAYLOR

Name of Chief Executive Officer



SHIRE OF NANNUP
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

		2023	2023	2022
	NOTE	Actual	Budget	Actual *Restated
		\$	\$	\$
Revenue				
Rates	2(a),24	2,043,753	1,974,413	1,868,487
Grants, subsidies and contributions	2(a)	2,600,824	889,028	2,373,881
Fees and charges	2(a)	479,950	565,101	559,694
Interest revenue	2(a)	49,944	41,743	25,213
Other revenue	2(a)	63,536	31,601	49,917
		5,238,007	3,501,886	4,877,192
Expenses				
Employee costs	2(b)	(2,236,236)	(2,463,211)	(2,147,595)
Materials and contracts		(1,785,280)	(2,352,019)	(1,754,773)
Utility charges		(71,495)	(50,500)	(130,240)
Depreciation		(1,287,107)	(1,476,440)	(1,326,228)
Finance costs	2(b)	(9,950)	(22,138)	(10,146)
Insurance		(231,511)	(175,443)	(197,539)
Other expenditure	2(b)	(193,973)	(254,917)	(32,855)
		(5,815,552)	(6,794,668)	(5,599,376)
		(577,545)	(3,292,782)	(722,184)
Capital grants, subsidies and contributions	2(a)	881,598	3,180,240	5,441,582
Profit on asset disposals		29,600	61,499	54,000
Loss on asset disposals		0	(3,404)	(43,913)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	2,855	0	0
		914,053	3,238,335	5,451,669
Net result for the period		336,508	(54,447)	4,729,485
Total comprehensive income for the period		336,508	(54,447)	4,729,485

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

* Refer to Note 28 for correction of prior period error.

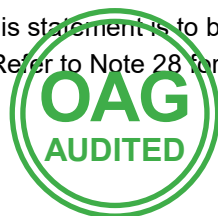


SHIRE OF NANNUP
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	NOTE	2023 \$	2022 *Restated \$
CURRENT ASSETS			
Cash and cash equivalents	3	3,383,880	3,730,849
Trade and other receivables	5	447,275	453,574
Other financial assets	4(a)	2,665,490	2,653,818
Inventories	6	4,164	4,164
Other assets	7	285,558	799,476
TOTAL CURRENT ASSETS		6,786,367	7,641,881
NON-CURRENT ASSETS			
Trade and other receivables	5	83,735	76,080
Other financial assets	4(b)	473,734	181,577
Property, plant and equipment	8	12,601,974	12,793,823
Infrastructure	9	100,957,611	100,707,176
Right-of-use assets	11(a)	12,767	29,768
TOTAL NON-CURRENT ASSETS		114,129,821	113,788,424
TOTAL ASSETS		120,916,188	121,430,305
CURRENT LIABILITIES			
Trade and other payables	12	494,138	1,449,764
Other liabilities	13	452,864	549,645
Lease liabilities	11(b)	12,753	17,002
Borrowings	14	93,027	64,878
Employee related provisions	15	407,038	448,482
TOTAL CURRENT LIABILITIES		1,459,820	2,529,771
NON-CURRENT LIABILITIES			
Lease liabilities	11(b)	0	12,752
Borrowings	14	664,796	427,823
Employee related provisions	15	37,662	42,557
TOTAL NON-CURRENT LIABILITIES		702,458	483,132
TOTAL LIABILITIES		2,162,278	3,012,903
NET ASSETS		118,753,910	118,417,402
EQUITY			
Retained surplus		37,078,865	36,719,613
Reserve accounts	27	3,186,770	3,209,514
Revaluation surplus	16	78,488,275	78,488,275
TOTAL EQUITY		118,753,910	118,417,402

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

* Refer to Note 28 for correction of prior period error.



SHIRE OF NANNUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	RETAINED SURPLUS	RESERVE ACCOUNTS	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2021		31,878,019	3,321,623	78,488,275	113,687,917
Comprehensive income for the period					
Net result for the period*		4,729,485	0	0	4,729,485
Total comprehensive income for the period		4,729,485	0	0	4,729,485
Transfers from reserve accounts	27	204,204	(204,204)	0	0
Transfers to reserve accounts	27	(92,095)	92,095	0	0
Balance as at 30 June 2022*		36,719,613	3,209,514	78,488,275	118,417,402
Comprehensive income for the period					
Net result for the period		336,508	0	0	336,508
Total comprehensive income for the period		336,508	0	0	336,508
Transfers from reserve accounts	27	33,020	(33,020)	0	0
Transfers to reserve accounts	27	(10,276)	10,276	0	0
Balance as at 30 June 2023		37,078,865	3,186,770	78,488,275	118,753,910

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

* Refer to Note 28 for correction of prior period error.

**SHIRE OF NANNUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2022 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		1,840,557	1,852,817
Grants, subsidies and contributions		2,624,648	1,238,669
Fees and charges		479,950	559,694
Interest revenue		49,944	25,213
Goods and services tax received		204,018	722,990
Other revenue		63,536	49,917
		5,262,653	4,449,300
Payments			
Employee costs		(2,449,018)	(2,038,983)
Materials and contracts		(1,588,315)	(1,019,633)
Utility charges		(71,495)	(130,240)
Finance costs		(9,950)	7,602
Insurance paid		(231,511)	(197,539)
Goods and services tax paid		(498,232)	(787,549)
Other expenditure		(193,973)	(32,855)
		(5,042,494)	(4,199,197)
Net cash provided by (used in) operating activities		220,159	250,103
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for financial assets at amortised cost - self supporting loans		(330,000)	(6,009)
Payments for purchase of property, plant & equipment	8(a)	(186,120)	(526,642)
Payments for construction of infrastructure	9(a)	(1,164,529)	(5,212,026)
Capital grants, subsidies and contributions		784,817	5,991,227
Proceeds from financial assets at amortised cost - self supporting loans		29,026	28,179
Proceeds from sale of property, plant & equipment		51,557	263,091
Net cash provided by (used in) investing activities		(815,249)	537,820
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	26(a)	(64,878)	(63,592)
Payments for principal portion of lease liabilities	26(c)	(17,001)	(17,002)
Proceeds from new borrowings	26(a)	330,000	0
Net cash provided by (used in) financing activities		248,121	(80,594)
Net increase (decrease) in cash held		(346,969)	707,329
Cash at beginning of year		3,730,849	3,023,520
Cash and cash equivalents at the end of the year	3	3,383,880	3,730,849

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

SHIRE OF NANNUP
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates		1,981,669	1,974,413	1,868,487
Rates excluding general rates		62,084	0	0
Grants, subsidies and contributions		2,600,824	889,028	2,373,881
Fees and charges		479,950	565,101	559,694
Interest revenue		49,944	41,743	25,213
Other revenue		63,536	31,601	49,917
Profit on asset disposals		29,600	61,499	54,000
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	2,855	0	0
		5,270,462	3,563,385	4,931,192
Expenditure from operating activities				
Employee costs		(2,236,236)	(2,463,211)	(2,147,595)
Materials and contracts		(1,785,280)	(2,352,019)	(1,754,773)
Utility charges		(71,495)	(50,500)	(130,240)
Depreciation		(1,287,107)	(1,476,440)	(1,326,228)
Finance costs		(9,950)	(22,138)	(10,146)
Insurance		(231,511)	(175,443)	(197,539)
Other expenditure		(193,973)	(254,917)	(32,855)
Loss on asset disposals		0	(3,404)	(43,913)
		(5,815,552)	(6,798,072)	(5,643,289)
Non-cash amounts excluded from operating activities	25(a)	1,242,820	1,419,393	1,316,748
Amount attributable to operating activities		697,730	(1,815,294)	604,651
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions*		881,598	3,180,240	5,441,582
Proceeds from disposal of assets		51,557	220,000	263,091
Proceeds from financial assets at amortised cost - self supporting loans	26(a)	29,026	50,699	28,179
		962,181	3,450,939	5,732,852
Outflows from investing activities				
Payments for financial assets at amortised cost - self supporting loans		(330,000)	(330,000)	0
Purchase of property, plant and equipment	8(a)	(186,120)	(1,249,454)	(526,642)
Purchase and construction of infrastructure	9(a)	(1,164,529)	(3,543,494)	(5,212,026)
		(1,680,649)	(5,122,948)	(5,738,668)
Amount attributable to investing activities*		(718,468)	(1,672,009)	(5,816)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	26(a)	330,000	630,000	0
Transfers from reserve accounts	27	33,020	715,000	204,204
		363,020	1,345,000	204,204
Outflows from financing activities				
Repayment of borrowings	26(a)	(64,878)	(90,558)	(63,592)
Payments for principal portion of lease liabilities	26(c)	(17,001)	(17,002)	(17,002)
Transfers to reserve accounts	27	(10,276)	(115,000)	(92,095)
		(92,155)	(222,560)	(172,689)
Amount attributable to financing activities		270,865	1,122,440	31,515
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	25(b)	2,179,675	2,386,002	1,549,325
Amount attributable to operating activities		697,730	(1,815,294)	604,651
Amount attributable to investing activities		(718,468)	(1,672,009)	(5,816)
Amount attributable to financing activities		270,865	1,122,440	31,515
Surplus or deficit after imposition of general rates*	25(b)	2,429,802	21,139	2,179,675

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

* Refer to Note 28 for correction of prior period error.

SHIRE OF NANNUP
FOR THE YEAR ENDED 30 JUNE 2023
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SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

1. BASIS OF PREPARATION

The financial report of the Shire of Nannup which is a class 4 local government comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied except for disclosure requirements of:

- AASB 7 Financial Instruments Disclosures
- AASB 16 Leases paragraph 58
- AASB 101 Presentation of Financial Statements paragraph 61
- AASB 107 Statement of Cash Flows paragraphs 43 and 45
- AASB 116 Property, Plant and Equipment paragraph 79
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets paragraph 85
- AASB 140 Investment Property paragraph 75(f)
- AASB 1052 Disaggregated Disclosures paragraph 11
- AASB 1054 Australian Additional Disclosures paragraph 16.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

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

The local government reporting entity

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

Judgements and estimates

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

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

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure
- estimation uncertainties made in relation to lease accounting.

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date
- AASB 2021-7a Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]
- AASB 2022-3 Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

These amendments have no material impact on the current annual financial report.

New accounting standards for application in future years

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

- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
- AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified. Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Grants, subsidies and contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Capital Grants, subsidies and contributions	Construction or acquisition of recognisable non-financial assets to be controlled by the local government.	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Output method based on regular weekly and fortnightly period as proportionate to collection service
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - facility hire and entry	Use of halls and facilities	Single point in time	Full payment in advance	Refund is event cancelled within 7 days	On entry or at conclusion of hire
Fees and charges - other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Full payment in advance	None	Output method based on provision of service or completion of works
Other revenue - reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	when claim is agreed

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

Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	2,043,753	0	2,043,753
Grants, subsidies and contributions	2,600,824	0	0	0	2,600,824
Fees and charges	381,903	0	51,369	46,678	479,950
Interest revenue	30,312	0	19,632	0	49,944
Other revenue	23,386	0	0	40,150	63,536
Capital grants, subsidies and contributions	0	881,598	0	0	881,598
Total	3,036,425	881,598	2,114,754	86,828	6,119,605

For the year ended 30 June 2022

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	1,868,487	0	1,868,487
Grants, subsidies and contributions	2,373,881	0	0	0	2,373,881
Fees and charges	559,694	0	0	0	559,694
Interest revenue	12,282	0	12,931	0	25,213
Other revenue	0	0	0	49,917	49,917
Capital grants, subsidies and contributions	0	5,441,582	0	0	5,441,582
Total	2,945,857	5,441,582	1,881,418	49,917	10,318,774

SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

	2023	2022
Note	Actual	Actual
	\$	\$
Interest revenue		
Financial assets at amortised cost - self supporting loans	5,325	6,101
Interest on reserve account funds	13,751	6,077
Other interest revenue	30,868	13,035
	49,944	25,213
The 2023 original budget estimate in relation to: Trade and other receivables overdue interest was \$41,743.		
Fees and charges relating to rates receivable		
Charges on instalment plan	2,680	2,895
The 2023 original budget estimate in relation to: Charges on instalment plan was \$3,000.		

(b) Expenses

Auditors remuneration		
- Audit of the Annual Financial Report	32,700	30,000
- Other services – grant acquittals	5,350	0
	38,050	30,000
Employee Costs		
Employee benefit costs	2,181,184	2,111,145
Other employee costs	55,052	36,450
	2,236,236	2,147,595
Finance costs		
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	9,950	10,146
	9,950	10,146
Other expenditure		
Sundry expenses	193,973	32,855
	193,973	32,855

SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

3. CASH AND CASH EQUIVALENTS

Note	2023	2022
	\$	\$
Cash at bank and on hand	3,383,880	3,730,849
Total cash and cash equivalents	3,383,880	3,730,849
Held as		
- Unrestricted cash and cash equivalents	2,369,035	2,596,479
- Restricted cash and cash equivalents	1,014,845	1,134,370
17	3,383,880	3,730,849

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Self supporting loans receivable

Term deposits

Held as

- Unrestricted other financial assets at amortised cost

- Restricted other financial assets at amortised cost

	2023	2022
	\$	\$
	2,665,490	2,653,818
	2,665,490	2,653,818
25(b)	40,701	29,029
	2,624,789	2,624,789
	2,665,490	2,653,818
17	40,701	29,029
	2,624,789	2,624,789
	2,665,490	2,653,818
(b) Non-current assets		
Financial assets at amortised cost	453,362	164,060
Financial assets at fair value through profit or loss	20,372	17,517
	473,734	181,577
Financial assets at amortised cost		
Self supporting loans receivable	453,362	164,060
	453,362	164,060
Financial assets at fair value through profit or loss		
Units in Local Government House Trust - opening balance	17,517	17,517
Movement attributable to fair value increment	2,855	0
Units in Local Government House Trust - closing balance	20,372	17,517

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 26(a) as self supporting loans. Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 23 (i)) due to the observable market rates).

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

Financial assets at fair value through profit or loss

The Shire has elected to classify the following financial assets at fair value through profit or loss:

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

SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

5. TRADE AND OTHER RECEIVABLES

Note	2023	2022
	\$	\$
Current		
Rates and statutory receivables	378,370	170,170
Trade receivables	32,523	58,007
Other receivables	1,660	0
GST receivable	34,722	225,397
	447,275	453,574
Non-current		
Rates and statutory receivables	83,735	76,080
	83,735	76,080

SIGNIFICANT ACCOUNTING POLICIES

Rates and statutory receivables

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations as part of the ordinary course of business.

Other receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers including grants for the construction of recognisable non financial assets.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

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

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

SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

6. INVENTORIES

	Note	2023	2022
Current		\$	\$
Fuel and materials		4,164	4,164
		4,164	4,164
The following movements in inventories occurred during the year:			
Balance at beginning of year		4,164	4,164
Balance at end of year		4,164	4,164

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

7. OTHER ASSETS

	2023	2022
	\$	\$
Other assets - current		
Accrued income	285,558	799,476
	285,558	799,476

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Buildings - work in progress	Total property, plant and equipment
	\$	\$		\$	\$	\$	\$
Balance at 1 July 2021	1,765,000	8,720,424	10,485,424	33,688	2,751,057	0	13,270,169
Additions	0	354,046	354,046	0	172,596	0	526,642
Disposals	(150,000)	0	(150,000)	0	(103,004)	0	(253,004)
Depreciation	0	(40,680)	(40,680)	(7,106)	(357,450)	0	(405,236)
Transfers	0	(376,559)	(376,559)	0	31,811	0	(344,748)
Balance at 30 June 2022	1,615,000	8,657,231	10,272,231	26,582	2,495,010	0	12,793,823
Comprises:							
Gross balance amount at 30 June 2022	1,615,000	8,837,164	10,452,164	43,478	3,403,538	0	13,899,180
Accumulated depreciation at 30 June 2022	0	(179,933)	(179,933)	(16,896)	(908,528)	0	(1,105,357)
Balance at 30 June 2022	1,615,000	8,657,231	10,272,231	26,582	2,495,010	0	12,793,823
Additions	0	127,727	127,727	0	44,100	14,293	186,120
Disposals	0	0	0	0	(21,957)	0	(21,957)
Depreciation	0	(47,523)	(47,523)	(11,241)	(297,248)	0	(356,012)
Balance at 30 June 2023	1,615,000	8,737,435	10,352,435	15,341	2,219,905	14,293	12,601,974
Comprises:							
Gross balance amount at 30 June 2023	1,615,000	8,964,891	10,579,891	43,478	3,408,714	14,293	14,046,376
Accumulated depreciation at 30 June 2023	0	(227,456)	(227,456)	(28,137)	(1,188,809)	0	(1,444,402)
Balance at 30 June 2023	1,615,000	8,737,435	10,352,435	15,341	2,219,905	14,293	12,601,974

SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent Registered Valuer	June 2018	Price per hectare / market borrowing rate
Buildings	2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent Registered Valuer	June 2018	Price per square metre / market borrowing rate
Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.					
During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.					
(ii) Cost					
Furniture and equipment		Cost	At cost	N/A	N/A
Plant and equipment		Cost	At Cost	N/A	N/A

SHIRE OF NANNUP
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FOR THE YEAR ENDED 30 JUNE 2023

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Infrastructure - footpaths & cyclepaths	Infrastructure - drainage	Infrastructure - bridges	Infrastructure - parks and ovals	Infrastructure - work in progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	71,566,892	1,031,509	8,382,068	14,966,078	473,606	0	96,420,153
Additions	4,128,942	915,967	0	0	167,117	0	5,212,026
Depreciation	(343,993)	(320,036)	(72,097)	(158,032)	(9,834)	0	(903,992)
Transfers	(23,118,556)	23,097,545	0	0	0	0	(21,011)
Balance at 30 June 2022	52,233,285	24,724,985	8,309,971	14,808,046	630,889	0	100,707,176
Comprises:							
Gross balance at 30 June 2022	55,966,034	26,525,284	8,731,676	15,777,707	661,625	0	107,662,326
Accumulated depreciation at 30 June 2022	(3,732,749)	(1,800,299)	(421,705)	(969,661)	(30,736)	0	(6,955,150)
Balance at 30 June 2022	52,233,285	24,724,985	8,309,971	14,808,046	630,889	0	100,707,176
Additions	803,818	145,797	0	0	80,981	133,933	1,164,529
Depreciation	(659,442)	(42,185)	(72,097)	(126,249)	(14,121)	0	(914,094)
Transfers	24,168,518	(24,168,518)	0	0	0	0	0
Balance at 30 June 2023	76,546,179	660,079	8,237,874	14,681,797	697,749	133,933	100,957,611
Comprises:							
Gross balance at 30 June 2023	80,938,370	2,502,563	8,731,676	15,777,707	742,608	133,933	108,826,857
Accumulated depreciation at 30 June 2023	(6,091,851)	(142,824)	(493,802)	(1,095,910)	(44,859)	0	(7,869,246)
Balance at 30 June 2023	74,846,519	2,359,739	8,237,874	14,681,797	697,749	133,933	100,957,611

**SHIRE OF NANNUP
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FOR THE YEAR ENDED 30 JUNE 2023**

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - roads	3	Cost approach using current replacement cost	Management valuation	June 2017	Construction costs and current condition residual values and remaining useful life assessment inputs.
Infrastructure - footpaths & cyclepaths	3	Cost approach using current replacement cost	Management valuation	June 2017	Construction costs and current condition residual values and remaining useful life assessment inputs.
Infrastructure - drainage	3	Cost approach using current replacement cost	Management valuation	June 2017	Construction costs and current condition residual values and remaining useful life assessment inputs.
Infrastructure - bridges	3	Cost approach using current replacement cost	Management valuation	June 2017	Construction costs and current condition residual values and remaining useful life assessment inputs.
Infrastructure - parks and ovals	3	Cost approach using current replacement cost	Management valuation	June 2017	Construction costs and current condition residual values and remaining useful life assessment inputs.

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

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

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10. FIXED ASSETS

(a) Depreciation

Depreciation rates

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

Asset Class	Useful life
Land - freehold land	not depreciated
Buildings	20-100 years
Furniture and equipment	4-20 years
Plant and equipment	4-20 years
Infrastructure - roads	up to 80 years
Infrastructure - footpaths & cyclepaths	up to 80 years
Infrastructure - drainage	70-150 years
Infrastructure - bridges	95-125 years
Infrastructure - parks and ovals	70-75 years

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10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

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

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

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

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

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair. They are subject to subsequent revaluation at the next revaluation date consistent with *Financial Management Regulation 17A(4)*.

Revaluation

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

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

Revaluation (continued)

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

Depreciation on revaluation

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

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset.
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

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

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

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 10(a).

Impairment

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 or losses on disposal

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.

SHIRE OF NANNUP
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FOR THE YEAR ENDED 30 JUNE 2023

11. LEASES

(a) Right-of-Use Assets

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

	Right-of-use assets - plant and equipment	Right-of-use assets Total
Note		
	\$	\$
Balance at 1 July 2021	46,768	46,768
Depreciation	(17,000)	(17,000)
Balance at 30 June 2022	29,768	29,768
Depreciation	(17,001)	(17,001)
Balance at 30 June 2023	12,767	12,767

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

	2023 Actual	2022 Actual
	\$	\$
Depreciation on right-of-use assets	(17,001)	(17,000)
Finance charge on lease liabilities	(1,021)	0
Total amount recognised in the statement of comprehensive income	(18,022)	(17,000)
Total cash outflow from leases	(18,022)	(17,002)

(b) Lease Liabilities

Current	12,753	17,002
Non-current	0	12,752
	26(c) 12,753	29,754

Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

Details of individual lease liabilities required by regulations are provided at Note 26(c).

Right-of-use assets - measurement

Right-of-use assets are measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 under revaluation for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

SHIRE OF NANNUP
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12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Accrued payroll liabilities
 ATO liabilities
 Bonds and deposits held
 Accrued expenses

	2023	2022
	\$	\$
	242,070	1,077,390
	37,852	25,193
	40,260	35,122
	47,751	219,332
	91,186	74,353
	35,019	18,374
	494,138	1,449,764

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates

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

SHIRE OF NANNUP
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FOR THE YEAR ENDED 30 JUNE 2023

13. OTHER LIABILITIES

Current

Capital grant/contributions liabilities

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

Reconciliation of changes in capital grant/contribution liabilities

Opening balance

Additions

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

	2023	2022
	\$	\$
	452,864	549,645
	452,864	549,645
	549,645	427,637
	51,904	549,645
	(148,685)	(427,637)
	452,864	549,645

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

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

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

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

SHIRE OF NANNUP
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FOR THE YEAR ENDED 30 JUNE 2023

14. BORROWINGS

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
WA Treasury Corporation		93,027	664,796	757,823	64,878	427,823	492,701
Total secured borrowings	26(a)	93,027	664,796	757,823	64,878	427,823	492,701

Secured liabilities and assets pledged as security

Debentures and bank loans are secured by a floating charge over the assets of the Shire of Nannup.

The Shire of Nannup has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 years.

SIGNIFICANT ACCOUNTING POLICIES

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.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

Details of individual borrowings required by regulations are provided at Note 26(a).

SHIRE OF NANNUP
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15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2023	2022
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	222,723	243,375
Long service leave	184,315	205,107
	407,038	448,482
Total current employee related provisions	407,038	448,482
Non-current provisions		
Employee benefit provisions		
Long service leave	37,662	42,557
	37,662	42,557
Total non-current employee related provisions	37,662	42,557
Total employee related provisions	444,700	491,039

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

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

Short-term employee benefits

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

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

Other long-term employee benefits

Long-term employee benefits provisions 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.

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16. REVALUATION SURPLUS

	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance	2022 Opening Balance	2022 Closing Balance
	\$	\$	\$	\$	\$
Revaluation surplus - Buildings	4,812,147	0	4,812,147	4,812,147	4,812,147
Revaluation surplus - Furniture and equipment	163	0	163	163	163
Revaluation surplus - Plant and equipment	472,474	0	472,474	472,474	472,474
Revaluation surplus - Infrastructure - roads	50,190,704	0	50,190,704	50,190,704	50,190,704
Revaluation surplus - Infrastructure - footpaths & cyclepaths	794,838	0	794,838	794,838	794,838
Revaluation surplus - Infrastructure - drainage	6,776,704	0	6,776,704	6,776,704	6,776,704
Revaluation surplus - Infrastructure - bridges	15,441,245	0	15,441,245	15,441,245	15,441,245
	78,488,275	0	78,488,275	78,488,275	78,488,275

SHIRE OF NANNUP
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FOR THE YEAR ENDED 30 JUNE 2023

17. RESTRICTIONS OVER FINANCIAL ASSETS

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

- Cash and cash equivalents	3	1,014,845	1,134,370
- Financial assets at amortised cost	4	2,624,789	2,624,789
		3,639,634	3,759,159

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

Restricted reserve accounts	27	3,186,770	3,209,514
Capital grant liabilities	13	452,864	549,645
Total restricted financial assets		3,639,634	3,759,159

18. UNDRAWN BORROWING FACILITIES AND CREDIT STANDBY ARRANGEMENTS

Credit card limit		10,000	10,000
Credit card balance at balance date		0	0
Total amount of credit unused		10,000	10,000

Loan facilities

Loan facilities - current		93,027	64,878
Loan facilities - non-current		664,796	427,823
Total facilities in use at balance date		757,823	492,701

Unused loan facilities at balance date		0	0
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SHIRE OF NANNUP
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19. CONTINGENT LIABILITIES

The Shire has a refuse site located at Reserve number: 38737 - Lot 13219 on deposited plan 214941 - Beggars Road, Nannup. This site has been classified by the Department of Water and Environmental Regulation (DWER) as 'possibly contaminated - investigation required.'

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk and agree with the DWER on the need and criteria for remediation on a risk based approach, the Shire is unable to estimate the potential costs associated with remediation of this site. This approach is consistent with the DWER Guidelines.

20. CAPITAL COMMITMENTS

Contracted for:

- capital expenditure projects
- plant & equipment purchases

Payable:

- not later than one year

2023	2022
\$	\$
66,833	80,290
144,563	0
211,396	80,290
211,396	80,290

SHIRE OF NANNUP
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21. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

Fees, expenses and allowances to be paid or reimbursed to elected council members.

	Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
President's annual allowance		12,000	12,000	12,000
President's meeting attendance fees		12,000	12,000	12,000
President's annual allowance for ICT expenses		1,100	1,100	1,100
President's travel and accommodation expenses		3,576	375	1,416
		28,676	25,475	26,516
Deputy President's annual allowance		3,000	3,000	3,000
Deputy President's meeting attendance fees		6,000	6,000	6,000
Deputy President's annual allowance for ICT expenses		1,100	1,100	1,100
Deputy President's travel and accommodation expenses		1,076	375	631
		11,176	10,475	10,731
All other council member's meeting attendance fees		30,000	36,000	27,484
All other council member's annual allowance for ICT expenses		5,500	6,600	6,138
All other council member's travel and accommodation expenses		0	2,250	144
		35,500	44,850	33,766
	21(b)	75,352	80,800	71,013

(b) Key Management Personnel (KMP) Compensation

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

	Note	2023 Actual \$	2022 Actual \$
Short-term employee benefits		414,112	355,590
Post-employment benefits		56,450	50,793
Employee - other long-term benefits		41,712	40,238
Council member costs	21(a)	75,352	71,013
		587,626	517,634

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

These amounts are the current-year's cost of the Shire's superannuation contributions made during the year.

Other long-term benefits

These amounts represent annual leave and long service leave entitlements accruing during the year.

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

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21. RELATED PARTY TRANSACTIONS

Transactions with related parties

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

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

In addition to KMP compensation above the following transactions occurred with related parties:

	2023	2022
	Actual	Actual
	\$	\$
Purchase of goods and services	1,800	1,770

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 21(a) and 21(b)

ii. Other Related Parties

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Shire.

iii. Entities subject to significant influence by the Shire

There were no such entities requiring disclosure during the current or previous year.

**SHIRE OF NANNUP
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22. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

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

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23. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) 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.

SHIRE OF NANNUP
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24. RATING INFORMATION

(a) General Rates

RATE TYPE Rate Description	Basis of valuation	Rate in \$	Number of Properties	2022/23 Actual Rateable Value*	2022/23 Actual Rate Revenue	2022/23 Actual Interim Rates	2022/23 Actual Total Revenue	2022/23 Budget Rate Revenue	2022/23 Budget Interim Rate	2022/23 Budget Total Revenue	2021/22 Actual Total Revenue
General	Gross rental valuation	0.093450	389	6,657,483	622,142	(19)	622,123	622,142	0	622,142	635,073
Industrial	Gross rental valuation	0.100125	11	459,235	45,981	(1,158)	44,823	45,981	0	45,981	0
Short term	Gross rental valuation	0.100125	20	433,940	43,448	0	43,448	43,448	0	43,448	0
General	Unimproved valuation	0.004529	187	118,088,000	534,821	2,734	537,555	534,821	0	534,821	608,791
Mining	Unimproved valuation	0.004529	0	0	0	(912)	(912)	0	0	0	0
Plantations	Unimproved valuation	0.004794	40	38,770,000	185,863	(5,717)	180,146	185,863	0	185,863	0
Total general rates			647	164,408,658	1,432,255	(5,072)	1,427,183	1,432,255	0	1,432,255	1,243,864
Minimum payment											
General	Gross rental valuation	1,118	308	2,354,274	344,344	0	344,344	344,344	0	344,344	359,970
Industrial	Gross rental valuation	1,198	4	31,900	4,792	0	4,792	4,792	0	4,792	0
Short term	Gross rental valuation	1,198	8	63,380	9,584	0	9,584	9,584	0	9,584	0
General	Unimproved valuation	1,050	164	20,892,700	172,200	0	172,200	172,200	0	172,200	264,653
Mining	Unimproved valuation	1,050	17	526,840	17,850	0	17,850	17,850	0	17,850	0
Plantations	Unimproved valuation	1,398	6	1,347,000	8,388	0	8,388	8,388	0	8,388	0
Total minimum payments			507	25,216,094	557,158	0	557,158	557,158	0	557,158	624,623
Total general rates and minimum payments			1,154	189,624,752	1,989,413	(5,072)	1,984,341	1,989,413	0	1,989,413	1,868,487
Ex-gratia Rates											
Department of Biodiversity, Conservation & Attractions		N/A	1	N/A	62,084	0	62,084	0	0	0	0
Total amount raised from rates (excluding general rates)			1	0	62,084	0	62,084	0	0	0	0
Concessions							(2,672)			(15,000)	0
Total Rates							2,043,753			1,974,413	1,868,487
Rate instalment interest							5,185			5,500	5,233
Rate overdue interest							14,447			8,000	7,698

The rate revenue was recognised from the rate record as soon as practicable after the Shire resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

*Rateable Value at time of raising of rate.

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25. DETERMINATION OF SURPLUS OR DEFICIT

		2022/23	2022/23	2021/22
		Budget	Budget	
		(30 June 2023	(30 June 2023	(30 June 2022
		Carried	Carried	Carried
Note		Forward)	Forward)	Forward)
		\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
		(29,600)	(61,499)	(54,000)
	Less: Profit on asset disposals	718	1,048	426
	Less: Movement in liabilities associated with restricted cash			
	Less: Fair value adjustments to financial assets at fair value through profit or loss	(2,855)	0	0
	Add: Loss on disposal of assets	0	3,404	43,913
	Add: Depreciation	1,287,107	1,476,440	1,326,228
	Non-cash movements in non-current assets and liabilities:			
	Pensioner deferred rates	(7,655)	0	(5,283)
	Assets held for sale	0	0	5,464
	Non-cash amounts excluded from operating activities	1,242,820	1,419,393	1,316,748
(b) Surplus or deficit after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
	Less: Reserve accounts	(3,186,770)	(2,609,514)	(3,209,514)
	Less: Financial assets at amortised cost - self supporting loans	(40,701)	(42,479)	(29,029)
	Add: Current liabilities not expected to be cleared at end of year			
	- Current portion of borrowings	93,027	122,468	64,878
	- Current portion of lease liabilities	12,753	12,752	17,002
	- Employee benefit provisions	224,946	225,276	224,228
	Total adjustments to net current assets	(2,896,745)	(2,291,497)	(2,932,435)
Net current assets used in the Statement of Financial Activity				
	Total current assets	6,786,367	3,494,369	7,641,881
	Less: Total current liabilities	(1,459,820)	(1,181,733)	(2,529,771)
	Less: Total adjustments to net current assets	(2,896,745)	(2,291,497)	(2,932,435)
	Surplus or deficit after imposition of general rates	2,429,802	21,139	2,179,675

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26. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual							Budget			
		Principal		Principal		Principal		Principal		Principal		
		Principal at 1 July 2021	New Loans During 2021-22	Repayments During 2021-22	Principal at 30 June 2022	New Loans During 2022-23	Repayments During 2022-23	Principal at 30 June 2023	Principal at 1 July 2022	New Loans During 2022-23	Repayments During 2022-23	Principal at 30 June 2023
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Waste Facility Machine		335,024	0	(35,411)	299,613	0	(35,852)	263,761	299,613	0	(35,851)	263,762
Enterprise Resource Training System		0	0	0	0	0	0	0	0	300,000	(12,229)	287,771
Total		335,024	0	(35,411)	299,613	0	(35,852)	263,761	299,613	300,000	(48,080)	551,533
Self Supporting Loans												
Nannup Music Club		221,269	0	(28,181)	193,088	0	(29,026)	164,062	193,088	0	(29,027)	164,061
Nannup Music Club		0	0	0	0	330,000	0	330,000	0	330,000	(13,451)	316,549
Total Self Supporting Loans		221,269	0	(28,181)	193,088	330,000	(29,026)	494,062	193,088	330,000	(42,478)	480,610
Total Borrowings	14	556,293	0	(63,592)	492,701	330,000	(64,878)	757,823	492,701	630,000	(90,558)	1,032,143

Self supporting loans are financed by payments from third parties. These are shown in Note 4 as other financial assets at amortised cost.

All other loan repayments were financed by general purpose revenue.

Borrowing Finance Cost Payments

Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022
						\$	\$	\$
Waste Facility Machine		40	WATC	2.48%	13/05/2030	(3,604)	(3,605)	(4,045)
Enterprise Resource Training System		42	WATC	N/A	N/A	0	(6,290)	0
Total						(3,604)	(9,895)	(4,045)
Self Supporting Loans Finance Cost Payments								
Nannup Music Club		39a	WATC	2.96%	28/09/2028	(5,325)	(5,324)	(6,101)
Nannup Music Club		41	WATC	4.47%	2/03/2033	0	(6,919)	0
Total Self Supporting Loans Finance Cost Payments						(5,325)	(12,243)	(6,101)
Total Finance Cost Payments						(8,929)	(22,138)	(10,146)

* WA Treasury Corporation

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26. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2022/23

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2023 Actual	2023 Budget	2023 Actual	2023 Budget		
				%	\$	\$	\$	\$	\$	\$
Nannup Music Club	WATC	Fixed	10	4.47%	330,000	330,000	(330,000)	(330,000)	70,375	0
					330,000	330,000	(330,000)	(330,000)	70,375	0

* WA Treasury Corporation

(c) Lease Liabilities

Purpose	Note	Actual							Budget			
		Principal at 1 July 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	Principal at 1 July 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023
CESM Vehicle		46,756	0	(17,002)	29,754	0	(17,001)	12,753	29,754	0	(17,002)	12,752
Total Lease Liabilities	11(b)	46,756	0	(17,002)	29,754	0	(17,001)	12,753	29,754	0	(17,002)	12,752

Lease Finance Cost Payments

Purpose	Note	Lease Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022	Lease Term
						\$	\$	\$	
CESM Vehicle		979823	SG Fleet	0.00%	14/03/2024	(1,021)	0	0	36 Months
Total Finance Cost Payments						(1,021)	0	0	

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FOR THE YEAR ENDED 30 JUNE 2023

27. RESERVE ACCOUNTS

	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance	2023 Budget Opening Balance	2023 Budget Transfer to	2023 Budget Transfer (from)	2023 Budget Closing Balance	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Employee entitlement (leave) reserve	224,228	718	0	224,946	224,228	1,048	0	225,276	223,802	426	0	224,228
(b) Plant replacement reserve	456,981	1,463	(29,409)	429,035	456,981	52,136	(290,000)	219,117	608,534	867	(152,420)	456,981
(c) Recreation centre reserve	578	2	0	580	578	3	0	581	577	1	0	578
(d) Office equipment reserve	166,115	532	0	166,647	166,115	776	0	166,891	165,800	315	0	166,115
(e) Asset management reserve	849,381	2,720	0	852,101	849,381	3,967	(375,000)	478,348	899,552	1,613	(51,784)	849,381
(f) Main street upgrade reserve	60	0	0	60	60	1	0	61	60	0	0	60
(g) Landfill reserve	180,586	525	0	181,111	180,586	844	0	181,430	180,243	343	0	180,586
(h) Emergency management reserve	63,742	204	0	63,946	63,742	298	0	64,040	61,621	2,121	0	63,742
(i) Aged housing reserve	400,423	1,282	0	401,705	400,423	1,871	0	402,294	399,663	760	0	400,423
(j) Gravel pit reserve	164,084	578	0	164,662	164,084	767	0	164,851	163,772	312	0	164,084
(k) Community bus reserve	30,930	99	0	31,029	30,930	145	0	31,075	30,871	59	0	30,930
(l) Infrastructure reserve	201,279	645	0	201,924	201,279	941	0	202,220	180,897	20,382	0	201,279
(m) Statigic initiatives reserves	364,367	1,167	(3,611)	361,923	364,367	1,703	(50,000)	316,070	309,675	54,692	0	364,367
(n) Youth reserve	16,370	52	0	16,422	16,370	77	0	16,447	16,339	31	0	16,370
(o) Footpath reserve	30,112	96	0	30,208	30,112	141	0	30,253	20,054	10,058	0	30,112
(p) Trails reserve	60,278	193	0	60,471	60,278	50,282	0	110,560	60,163	115	0	60,278
	3,209,514	10,276	(33,020)	3,186,770	3,209,514	115,000	(715,000)	2,609,514	3,321,623	92,095	(204,204)	3,209,514

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

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

Name of reserve account	Purpose of the reserve account
Restricted by council	
(a) Employee entitlement (leave) reserve	An accounting requirement to fund leave accumulated by employees.
(b) Plant replacement reserve	To fund replacement or new acquisition of plant and associated equipment.
(c) Recreation centre reserve	To be used for future enhancements to recreation facility.
(d) Office equipment reserve	To be used to ensure the equipment required for Council administration and the supporting computer system is maintained.
(e) Asset management reserve	To fund the improvement or development of buildings.
(f) Main street upgrade reserve	To be used for works to support the main street upgrade project.
(g) Landfill reserve	To provide funding for the rehabilitation of the refuse disposal site once it reaches the end of useful life.
(h) Emergency management reserve	To provide funding for costs associated with local emergencies, where the costs cannot be recovered from another party.
(i) Aged housing reserve	To be used to facilitate the development of aged housing within the Shire of Nannup.
(j) Gravel pit reserve	To be used for the rehabilitation of gravel pits at the end of their useful lives.
(k) Community bus reserve	To be used to cover future capital upgrades.
(l) Infrastructure reserve	To fund the improvement or development of infrastructure.
(m) Statigic initiatives reserves	To fund strategic projects identified by Council not included within original budgets.
(n) Youth reserve	To be used for future youth asset purchases.
(o) Footpath reserve	To be used for preservation of footpaths.
(p) Trails reserve	To be used for trail upgrade project.

SHIRE OF NANNUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

28. CORRECTION OF PRIOR PERIOD ERROR

The correction of prior period error relates to the Local Roads and Community Infrastructure (LRCI) Program grant income and Department of Transport (DoT) grant income, which had been fully recognised as revenue at the end of 30 June 2022. A portion of the LRCI grant income (\$485,416) and DoT grant income (\$64,229) should have been recognised as capital grant liability at the end of 30 June 2022, as the Shire had not fully satisfied its obligations under the grant agreement.

Statement of Financial Position (Extract)	30 June 2022 \$	Increase/ (Decrease) \$	30 June 2022 (Restated) \$
Other liabilities	0	549,645	549,645
Net assets	118,967,047	(549,645)	118,417,402
Retained earnings	37,269,258	(549,645)	36,719,613
Total equity	118,967,047	(549,645)	118,417,402

Statement of Comprehensive Income (Extract)	30 June 2022 \$	Increase/ (Decrease) \$	30 June 2022 (Restated) \$
Capital grants,subsubsidies and contributions	5,991,227	(549,645)	5,441,582
Net result for the period	5,279,130	(549,645)	4,729,485
Total comprehensive income for the period	5,279,130	(549,645)	4,729,485

Statement of Changes in Equity (Extract)	30 June 2022 \$	Increase/ (Decrease) \$	30 June 2022 (Restated) \$
Net result for the period	5,279,130	(549,645)	4,729,485
Reained surplus	37,269,258	(549,645)	36,719,613

Statement of Financial Activity (Extract)	30 June 2022 \$	Increase/ (Decrease) \$	30 June 2022 (Restated) \$
Capital grants, subsidies and contibutions	5,991,227	(549,645)	5,441,582
Amount attributable to investing activities	543,829	(549,645)	(5,816)
Surplus or deficit after imposition of general rates	2,729,320	(549,645)	2,179,675



Auditor General

INDEPENDENT AUDITOR'S REPORT

2023

Shire of Nannup

To the Council of the Shire of Nannup

Qualified Opinion

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

- the Statement of Financial Position as at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Activity for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of my report, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2023 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Basis for qualified opinion

Infrastructure

Infrastructure reported at the carrying values of \$100,957,611 and \$100,707,176 in the financial report as at 30 June 2023 and 30 June 2022 respectively have not been revalued with sufficient regularity, as required by Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996, since 2016-17. Consequently, I was unable to determine the extent to which the carrying amounts of Infrastructure are misstated, as it was impracticable to do so.

Additionally, I am unable to determine whether there may be any consequential impact on Revaluation Surplus as at 30 June 2023 and 30 June 2022, as well as Depreciation, Net Result for the Period and Retained Surplus as at 30 June 2023.

Land and Buildings

Land and Buildings reported at the carrying values of \$1,615,000 and \$8,737,435 respectively in Note 8(a) of the financial report as at 30 June 2023 have not been revalued with sufficient regularity, as required by Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996, since 2017-18. Consequently, I was unable to determine the extent to which the carrying amounts of Land and Buildings are misstated, as it was impracticable to do so.

Additionally, I am unable to determine whether there may be any consequential impact on Revaluation Surplus as at 30 June 2023.

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

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

Emphasis of Matter – Restatement of comparative balances

I draw attention to Note 28 to the financial report which states that the amounts reported in the previously issued 30 June 2022 financial report have been restated and disclosed as comparatives in this financial report. My opinion is not modified in respect of this matter.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2023, but not the financial report and my auditor's report.

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

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

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

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

The Chief Executive Officer (CEO) of the Shire is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

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

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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

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

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

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Nannup for the year ended 30 June 2023 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

Jordan Langford-Smith
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
12 December 2023