



2018 / 19

ANNUAL REPORT

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The Shire of Denmark acknowledges the Noongar people who are the traditional custodians of this land and pay our respects to Elders, past, present and emerging. We acknowledge and respect their continuing culture and the contribution they make to this region.

Electronic copies of the Annual Report are available for download from the Shire of Denmark website [www.denmark.wa.gov.au](http://www.denmark.wa.gov.au)

*Copies of these documents are also available to people with disability in alternative formats upon request.*

## Community Profile

The Shire of Denmark has an estimated resident population of approximately 6,128 and is located on the south coast of Western Australia, bordered by the Southern Ocean and is approximately 400kms south of Perth. The Shire has an area of 1,860sq kms and is home to a passionate, diverse community who reside across the three gazetted townsites of Denmark, Peaceful Bay and Nornalup.



### Local Attractions and Activities

Wilderness Ocean Walk; William Bay National Park; Greens Pool; Madfish Bay; Waterfall Beach; Lights Beach; Ocean Beach; Peaceful Bay; Mt. Lindesay Wildflowers; Frankland River; National Parks; Valley of the Giants Tree Top Walk; Bibbulmun Track; Munda Biddi Trail; Cycle and Four Wheel Drive Trails; Boutique Breweries and Wineries; Art Galleries and Studios; Surfing; Canoeing and Boating; Recreational Fishing; Restaurants and Cafés; Animal and Exotic Bird Farms; Nature Based Adventure Park; Historical Museum; Locally Made Produce Stalls.

### Honorary Freemen of the Shire of Denmark

Mr. Percy Berridge (Dec) (17/11/1973)

Mrs. Eileen Lunan (10/02/2006)

### Local Industries

Tourism; Viticulture; Hospitality; Artisans and Crafts; Cottage Industries; Agriculture; Organics; Aquaculture; Fishing; Environmental Research and Sustainability; Education; Health Services; Healing and Wellbeing Services; Building and Trades; Mechanical Services; Earthmoving and Construction.



### Major Local Events

Denmark Arts Markets - December, January and Easter; Dreams of the Bay Art Exhibition Peaceful Bay - January; Denmark Village Theatre Pantomime - January; Australia Day Breakfast Featuring Citizenship Awards Presentations and Naturalisation Ceremony; Annual Excellence in Woodcraft Exhibition - March; Taste Great Southern - March; Southern Ocean Classic Mile - Easter; Denmark Festival of Voice - June; Great Southern Art and Craft Trail - September; Brave New Works - November; Community Christmas Parade – December.



## Message from the Shire President

I am pleased to present the Shire of Denmark's Annual Report for 2018/19.

The Annual Report provides an overview of the Shire's achievements during the year and aligns these achievements to the aspirations in the Shire's Strategic Community Plan, Denmark 2027.

This year's Annual Report places significant focus on the delivery on the projects and activities outlined in the Corporate Business Plan and incorporates the results of the second iteration of the MARKYT Community Scorecard.

I am pleased to report that the Shire has made significant gains over the past twelve months across all strategic themes of Denmark 2027, which has been reflected in community satisfaction scores within the 2018/19 survey. Importantly staff satisfaction and employee commitment has also increased over the same period. Working within the Integrated Planning and Reporting Framework has given the Shire the ability to focus its resources and efforts towards one common vision.

The year has been a busy one for Council and Shire of Denmark employees, with a number of key projects underway and improvements made across the organisation.

2018/19 saw a significant body of work undertaken in relation to the Shire's management and understanding of its asset base and associated costs. This work has helped inform the Shire's Asset Management Plan and Long Term Financial Plan, both of which were finalised during 2018/19 and adopted in early 2019/20.

A number of internal improvements and efficiencies were made across all teams in the organisation to bring policies and procedures up to contemporary standards, minimise duplication and better align to the vision of Denmark 2027. The impact of this work will be realised for years to come.

A greater focus on integration between business units and multi-team projects took place, with sustainability aspects incorporated into Shire events, access and inclusion principles at the forefront of asset renewal decisions and economic development

opportunities provided for local businesses across the directorates.

Fire preparedness and mitigation was also a strong focus, with the Shire's draft Bushfire Risk Mitigation Plan prepared following significant research and engagement with stakeholders.

During 2018/19 the Shire completed the McLean Park redevelopment project to improve the playing surface. The upgraded facility will provide long-term sustainability to the many sporting clubs that use the playing surface. A large majority of the works were completed by local contractors, in addition to the employment of multiple local casual staff. Community involvement in the project was significant, with key stakeholders from sporting clubs contributing to working groups and committees to ensure the project was delivered with community needs as a priority.

The Shire continued to partner with other Local Governments in the region during the year, through the South Coast Alliance Inc. (formerly the Lower Great Southern Alliance), Great Southern Peer Support Program and other networks to share knowledge, resources and achieve common objectives.

The Shire and Council will continue to focus on improving practices and aligning actions to the community's vision over the following years, with a minor review of Denmark 2027 occurring in 2019/20.

In closing I would like to acknowledge the Shire's Councillors, past and present, and employees who work very hard each year to provide services and facilities for our community. In particular I would like to acknowledge former CEO Bill Parker, who led the organisation during 2018/19 and former Deputy Shire President Peter Caron and Rob Whooley who served as Councillors during the year. I would also like to acknowledge the wonderful volunteers in our community that help make Denmark the special place it is.



**Cr Ceinwen Gearon**  
Shire President

# 2018/19 Elected Members

## Town Ward



Cr Ceinwen Gearon  
Shire President  
Term Expires  
October 2019



Cr Ian Osborne  
Term Expires  
October 2021



Cr Rob Whooley  
Term Expires  
October 2019

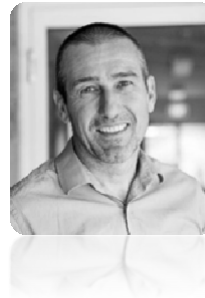
## Scotsdale/Shadforth Ward



Cr Jan Lewis  
Term Expires  
October 2019



Cr Mark Allen  
Term Expires  
October 2021



Cr Peter Caron  
Deputy Shire President  
Term Expires  
October 2021



Cr Kingsley Gibson  
Term Expires  
October 2019

## Kent/Nornalup Ward



Cr Janine Phillips  
Term Expires  
October 2019



Cr Roger Seeney  
Term Expires  
October 2021

### Our Vision

A happy, healthy and eclectic community that embraces creativity, celebrates the natural environment and is invested in a strong local economy.

## Council Meeting Attendance

Ordinary Council meetings are held every third Tuesday, commencing at 4.00pm. Members of the public are welcome to attend.

In addition to the Council Meetings scheduled each month and Electors Meetings, Councillors are required to attend Concept Forums on the 2nd Tuesday of each month and Strategic Briefings on the 3rd Tuesday of each month.

Prior to adopting the Annual Budget, Councillors also attend 2 - 3 extensive budget workshops.

<b>Elected Members</b>	<b>Ordinary Council</b>	<b>Special Council</b>	<b>Electors AGM</b>
<i>No. of meetings held</i>	[11]	[1]	[1]
<b>Cr Ceinwen Gearon</b>	10	1	1
<b>Cr Peter Caron</b>	10	1	0
<b>Cr Jan Lewis</b>	10	1	1
<b>Cr Mark Allen</b>	10	1	1
<b>Cr Rob Whooley</b>	10	1	1
<b>Cr Ian Osborne</b>	10	1	1
<b>Cr Roger Seeney</b>	9	1	1
<b>Cr Kingsley Gibson</b>	11	1	1
<b>Cr Janine Phillips</b>	10	1	1

# Council Meeting Statistics

Meeting Type and Date	Agenda Published	Minutes Published	Length of Meeting (minutes)	No. Persons addressing Council at PQT	No. Questions Taken on Notice	No. Items (Ex. Admin. Items)	No. Items Closed to the Public
<b>Ordinary Council</b>							
17 July 2018	10 July 2018	19 July 2018	195	20	2	7	0
21 August 2018	14 August 2018	27 August 2018	136	6	0	9	0
18 September 2018	12 September 2018	21 September 2018	179	10	0	12	1
16 October 2018	11 October 2018	22 October 2018	175	4	0	8	3
20 November 2018	13 November 2018	27 November 2018	155	11	1	7	1
18 December 2018	12 December 2018	21 December 2018	217	13	0	6	1
19 February 2019	12 February 2019	26 February 2019	272	18	0	15	0
19 March 2019	12 March 2019	21 March 2019	68	5	1	6	0
16 April 2019	9 April 2019	18 April 2019	69	4	0	4	0
21 May 2019	14 May 2019	24 May 2019	107	9	0	6	0
18 June 2019	11 June 2019	20 June 2019	168	12	0	12	0
<b>Special Council</b>							
29 January 2019	24 January 2019	6 February 2019	38	2	0	2	0
<b>Electors AGM</b>							
19 March 2019	11 March 2019	22 March 2019	25	0	0	9	0

72.73% of Ordinary Council Meeting Agendas were published within 7 days prior the meeting

100% of Ordinary Council Meeting Minutes were published within 10 days after the meeting

100% of Special Meeting Agendas published prior to the meeting

100% of Electors General Meeting Agendas were published prior to the meeting

100% of Electors General Meeting Minutes were published prior to the Council meeting where the decisions made were considered by Council

## Council Committees

Council has a number of Advisory Committees which guide and provide recommendations to the Council on particular matters, pursuant to their Terms of Reference. The table below shows who the Councillor member was for each Committee.

Following the October 2017 Election, some of the delegates to Committees were amended and some of the Committees were disbanded.

Committee	Cr Gearon	Cr Caron	Cr Phillips	Cr Whooley	Cr Lewis	Cr Allen	Cr Gibson	Cr Seeney	Cr Osborne
Audit Advisory Committee	✓	✓	✓	✓			✓		✓
Bush Fire Advisory Committee						✓		✓	
Cemetery Advisory Committee			✓					✓	
Disability Advisory Committee						✓			
Local Emergency Management Committee	✓							✓	
Roadwise Advisory Committee							✓	✓	
Waste Management Advisory Committee		✓	✓		✓		✓		

✓ indicates current member as at 30 June 2019

✓ indicates current deputy member as at 30 June 2019



## Council Working Groups

Council has a number of Working Groups which are tasked with a specific project or objective. Meetings are held as and when required and the Working Groups exists until the project or task is completed.

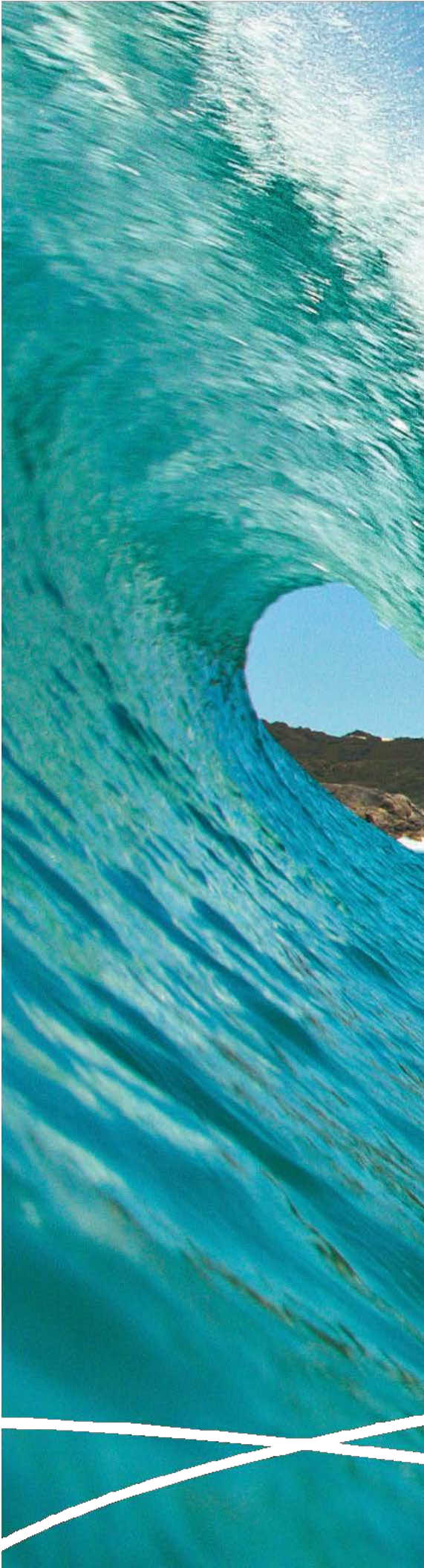
The table below shows who the Councillor member was for each Working Group as at 30 June 2019.

Working Group	Cr Gearon	Cr Caron	Cr Osborne	Cr Whooley	Cr Lewis	Cr Allen	Cr Gibson	Cr Phillips	Cr Seeney
Denmark Bushfire Mitigation Working Group	✓							✓	✓
Heritage Precinct Building Proposal Working Group				✓					✓
Laing Park Dog Exercise Area Development Concept Plan Working Group			✓		✓				
Lights Beach Concept Plan Working Group				✓	✓				
McLean Park Overflow Camping Group Working Group			✓						
Paths and Trails Development Plan Working Group					✓	✓	✓		
Sustainability Strategy Working Group	✓				✓		✓		

## Council Delegates

Council Members represent Council or provide a conduit on a number of external organisations, agencies and committees.

Organisation, Agency or Organisation	Councillor Delegate
Amazing South Coast Inc. Board	Cr Gearon
Denmark Chamber of Commerce Inc	Cr Gibson
Denmark High School Oval Management Committee	Cr Lewis
Denmark Tourism Inc. Board	Cr Allen
Equestrian Club Working Group	Cr Phillips
Great Southern Regional Road Group	Cr Whooley Cr Seeney (Deputy)
South Coast Alliance Inc.	Cr Gearon Cr Lewis Cr Caron Cr Whooley (Deputy)
Southern Joint Development Assessment Panel	Cr Phillips (Member) Cr Whooley (Member) Cr Gearon (Alternate Member) Cr Osborne (Alternate Member)
South Coast Management Group	Cr Caron Cr Phillips (Deputy)
WA Local Government Association (WALGA) – Great Southern Zone	Cr Gearon Cr Phillips
Denmark Aquatic Centre Committee Inc	Cr Gibson Cr Whooley
Denmark Arts Inc.	Cr Caron
Denmark Community Resource Centre Inc. Committee	Cr Whooley
Denmark Historical Society Inc.	Cr Caron
Denmark Residents and Ratepayers Association	Cr Gibson
Denmark Tidy Towns Committee Inc.	Cr Osborne
Great Southern Recreation Advisory Group	Cr Whooley
Lake Muir/Denbarker Community Feral Pig Eradication Group	Cr Allen
Nornalup Ratepayers and Residents Association Inc. (NRRA)	Cr Seeney Cr Phillips (Deputy)
Parry's Beach Voluntary Management Group Inc.	Cr Lewis
Peaceful Bay Progress Association Inc. (PBPA)	Cr Phillips Cr Lewis (Deputy)
WA Agricultural College – Denmark Agricultural Advisory Committee	Cr Osborne
WA Agricultural College – Denmark Decision Making Committee	Cr Osborne
Walpole Work Camp Committee (Department of Corrective Services)	Cr Seeney
Wilson Inlet Catchment Committee Inc. (WICC)	Cr Caron



## Message from the CEO

The 2018/19 financial year has been both a challenging and rewarding year. I would like to acknowledge former Chief Executive Officer, Mr. Bill Parker, for his dedication and service over the past 3 years.

The Shire team continues to build on a positive foundation with the development on a number of key business planning documents that help drive the Shire to become a contemporary leader in Local Government service delivery.

In addition to the improvement of corporate practices and the development of a Long Term Financial Plan and Asset Management Plan in 2018/19, the Shire undertook a significant body of work to define and promote the type of organisational culture necessary to achieve the vision and aspirations of Denmark 2027.

The Shire's Workforce Plan and People Strategy captures the values and commitments that we will seek, encourage and promote within our workforce and was endorsed by Council and the Management Team in early 2019/20. I look forward to bringing these values and commitments to life during my time as Acting Chief Executive Officer.

I would like to thank the staff and Councillors for their dedication and hard work over the last twelve months and for their ongoing support as I serve in this role.

I look forward to the opportunities ahead for the Shire and community of Denmark and acknowledge the vital role that our community groups and volunteers play in delivering the community's aspirations for a better Denmark.

**David Schober**  
Acting Chief Executive Officer

## Executive Team



David commenced in the role of Chief Executive Officer (Acting) in October 2019, following his two years as Community Services Manager with the Shire of Denmark. He has over 20 years management experience across Local Government, Not for Profit and the private sector.

David holds a Bachelor of Applied Science as well as other post-graduate qualifications in Management. His previous roles include Regional Manager, Great Southern, with St John Ambulance and Executive Manager of Community Services with the City of Albany.



Cary Green commenced with the Shire as Director Corporate and Community Services in February 2017, having a previous background in Local and State Government.

Cary holds a Bachelor of Business (Accountancy), and other qualifications in Management and Local Government. His previous roles include Director of Corporate and Community Services at the Shire of Augusta Margaret River and Regional Manager at the Department of Sport and Recreation.



David King commenced in the role of Director Assets and Sustainable Development in March 2019 and brings with him eight years of regional Local Government experience in the field. He has a strong customer focus and recognises the importance of delivering against community needs and aspirations.

David holds a Masters Degree in Engineering, is a Chartered Professional Engineer with the Institute of Engineers Australia, and graduated the Australian Institute of Company Directors course.

The Shire of Denmark wishes to thank former Chief Executive Officer, Bill Parker, for his service and contribution during 2018/19.

### Our Mission

We will protect and improve the quality of life for our community by:

- Providing quality services and infrastructure that meet community needs;
- Carefully managing our natural environment;
- Empowering our community to make positive change;
- Embracing innovation and opportunities.

### Our Values

Consistency  
Sustainability  
Honesty  
Integrity  
Teamwork  
Transparency  
Respect

# Our Economy

We are an attractive location to live, invest, study, visit and work

## **E1.1.1: Regional Price Preference**

The Shire continued to provide a regional price preference for local businesses (up to 10%) on tenders to maximise the use of local goods, services and works during 2018/19.

## **E1.1.4: Regional Economic Development Strategy**

The South Coast Alliance Inc. (formerly the Lower Great Southern Alliance), of which the Shire of Denmark is a member, have adopted a Regional Economic Development Strategy. The strategy provides a regional approach to economic development opportunities across four neighbouring Local Governments.

## **E1.1.6: Business After Hours and Procurement Information Sessions**

The Shire hosted a Business After Hours at the Denmark Recreation Centre to support local business owners. In addition, the Shire has continued to host procurement information sessions to assist local contractors.

## **E1.1.7: Business Owners and Investors**

During the year the Shire continued to meet with business owners and investors to discuss their proposals and provide advice on legislative approvals that are required.

## **E1.1.8: LGIS WA 2018 Inter Municipal Golf Tournament**

The Shire hosted the two-day LGIS WA 2018 Inter Municipal Golf Tournament at the Denmark Country Club during 2018/19. The competition provided an economic benefit and revenue raising opportunity for the town, with members from 23 Shires and Councils travelling to Denmark for the competition.

## **E1.2.1 – E1.2.12: Tourism Development Strategy**

The Amazing South Coast Inc. carried out a number of tourism campaigns during 2018/19 including:

- Winter and Whale Seasonal Campaign
- Wildflower Seasonal Campaign
- Field of Light Campaign
- Summer Seasonal Campaign
- Food and Wine Campaign
- Nature and Adventure Campaign

A number of resources were developed to assist with marketing across the region to support the tourism objectives identified by neighbouring Local Governments.

The Amazing South Coast Inc. also partnered with tourism operators across the State to leverage opportunities to promote the Great Southern within similar tourism related initiatives.

Story boards and marketing campaigns unique to local towns and cities were also developed that reflected the individual offerings and unique differences on display within the region. This aimed to embrace the commercial and community opportunities identified by each participating Local Government.

## **E1.3.1: Southern Regional Tafe Award Prize**

The Shire continued to support the Southern Regional Tafe Awards, with sponsorship of \$100 provided for student achievement.

## **E1.3.2: Denmark Primary School Awards**

The Shire continued to support the student awards at the Denmark Primary School, providing sponsorship of a student book award.

### E1.3.3: Denmark Agricultural College Scholarship and Youth Leadership Award

The Shire continued to recognise and support the educational achievements of students through the Denmark Agricultural College Scholarship and Shire of Denmark Youth Leadership Award.



*Photo: President Gearon with Amy Riddiough*

During 2018/19, Amy Riddiough was awarded the Denmark Agricultural College Scholarship and Chai Robertson was awarded the Youth Leadership Award.



*Photo: President Gearon with Chai Robertson*

### E1.3.4: Outward-Bound Leadership Camp

Due to camp availability, the Outward-Bound Leadership Camp was rescheduled to take place in the 2019/20 financial year. The Camp aims to support youth development and was held in November 2019.

### E1.3.5: Denmark RSL Youth Achievement Award

The Shire continued to support the Denmark RSL Youth Achievement Award through a contribution to a student travel scholarship.

### E1.3.6: Youth Careers Expo

The Shire of Denmark partnered with the Chamber of Commerce to deliver a Youth Careers Expo at the Denmark Recreation Centre. The expo aimed to promote education and employment opportunities for youth.

### E1.3.7: Spirit of Play Community School

During 2018/19 the Shire negotiated a new lease with the Spirit of Play Community School to support the continued delivery of education. The Spirit of Play was granted a new 15-year lease in February 2019 to support their ongoing operations.

### E1.3.8: Wi-Fi within the Library

The Library provided free Wi-Fi access and free access to public computers to support education, employment and research opportunities for community members and visitors.

### E1.4.2 Fermival Festival

The Shire was unsuccessful in receiving grant funding to progress the Fermival Festival and as such it did not occur.

## Corporate Business Plan Measures

Things we measure	Source	2018/19
Local businesses	Profile ID	731
Local jobs	Profile ID	2,260
Employed residents	Profile ID	2,874
Unemployment rate (%)	Profile ID	3.76%
Number of Shire FTEs (actual)	Internal - Human Resources	69.89
Value of Gross Regional Product (\$)	Profile ID	\$294M
Dollar value paid to local businesses as a percentage of total spend (%)	Internal - Creditors	21%
Number of visitor nights in the region	Tourism WA	563,900
Percentage of land zoned industrial that has been developed within the Shire (%)	Internal - Rates	38%
Value of development applications (\$)	Internal - Planning	\$16,913,700
Percentage of hectares used for agricultural land use within the Shire (%)	Internal - Rates	15.3%
Value of annual Shire tourism funding (\$)	Internal - Finance	\$140,450

## Community satisfaction with Our Economy



Performance Measure	2017/18	2018/19	Average Score	High Score	Average Score	High Score
The Shire of Denmark as a place to live	82	84	79	84	75	95
The Shire of Denmark as a place to visit	83	87	76	87	64	87
Agricultural development - what the Shire is doing to grow and develop agriculture and protect prime agricultural land	39	46	48	64	48	64
Economic development - what the Shire is doing to attract investors, attract and retain businesses, grow tourism and create more job opportunities	37	42	40	43	43	63
Tourism attractions and marketing	51	56	55	60	46	60
How Denmark town centre is being developed	43	47	49	54	51	69
Access to goods and services in the local area	51	55	50	56	48	61
Access to education, training and personal development opportunities	48	56	56	59	49	63



## Our Natural Environment

Our natural environment is highly valued and carefully managed to meet the needs of our community, now and in the future

### N2.1.1: No Spray Register

The Shire continued to manage the verge No Spray Register to provide options for landholders to undertake their own chemical free weed management. The No Spray Register had 101 applications during the financial year.

### N2.1.2: Nursery and seed bank

The Shire continued to manage a nursery and seed bank to revegetate disturbed areas with local plants during 2018/19. The staff specialise in localised planting which involves collecting a variety of seeds from an area and returning to revegetate that area with plants that will thrive and feel at home. The localised approach means plant material is genetically suited to the environment. The Shire partners with the Denmark Agricultural College to help expand the knowledge and skills of the students.



Photo: Revegetation Officer, Mark

### N2.1.3: Alternative weed removal trial

The Shire investigated and trialled alternative weed removal options to reduce the need for glyphosate in public areas during 2018/19.

The trial used an organic spray herbicide made from nonanoic acid derived from plant oils to control weeds on Kwoorabup Park. The Works team are continuing to monitor its effectiveness and usage in other areas. A further trial comparing the effectiveness of two other products will be completed during 2019/20.

In bush reserves and other sensitive areas, manual weed control is carried out by the Denmark Weed Action Group (DWAG) in collaboration with the Shire of Denmark.

The Shire's Works and Gardens team purchased 200 litres of the certified organic weed spray to trial around the community park. Once the supply is exhausted the Shire will review the product's effectiveness and will make a decision regarding continued use.

### N2.1.5: Coastal rehabilitation

The Shire received a specialised consultant report and recommendations during 2018/19, with a number of works to undertake coastal rehabilitation to improve and repair the coastline proposed for inclusion in the 2019/20 Annual Budget.

### N2.1.6: Weed control and Dieback management

The Shire continued to undertake weed control and Dieback management activities on road, bushland, coastal and foreshore reserves during 2018/19.

Weeds targeted in the 2018/19 year included: Blackberry (*Rubus anglocandicans*), African Love Grass (*Eragrostis curvula*), Sydney Golden Wattle (*Acacia Longifolia*), Taylorina (*Psoralea pinnata*), Asparagus Fern (*Asparagus scandens*), Dolichos Pea (*Dipogon lignosus*), Arum Lilly (*Zantedeschia aethiopica*), Sweet Pittosporum (*Pittosporum undulatum*) and Watsonia species. The Shire has continued to engage the Denmark Weed Action Group to perform manual weed control on 19 reserves in and around Denmark.

The actions undertaken in relation to the Mitigation of Dieback on Priority Reserves project in 2018/19 included the assessment of two Shire managed reserves for the presence of Dieback;

and two Dieback boot cleaning stations on the Mt Hallowell reserve were upgraded to ensure continued protection of the upper reaches of the reserve from Dieback infestation.

\$6,148 has been received for actions for this project under the State NRM program 2018/19 Community Stewardship grants with project activities continuing into the 2019/20 financial year.

The Shire continues to improve practices regarding Dieback mitigation, including the assessment and conditioning of events held in the Shire that pose Dieback risks, and consideration of Dieback risks for construction work. The McLean Oval Redevelopment Project included a Dieback assessment of the surrounding reserve and a report to outline actions to mitigate the risk of Dieback infestation at the site.

The Shire continues to persist in the control of invasive weeds over its reserves and road reserves.



*Photo: Upgraded Dieback boot cleaning station in the Mt Hallowell Reserve*

### **N2.1.7: Street Tree Strategy**

The development of a Street Tree Strategy has been postponed, waiting for the development of the Sustainability Strategy to be completed.

### **N2.1.9: Sustainability Strategy**

The Sustainability Strategy Working Group was formed and the group commenced work on a Sustainability Strategy to guide the Shire's future environmental objectives and operations. The

Sustainability Strategy utilises the One Planet Living Framework and seeks to acknowledge the community's desire to follow a best practice approach, with the aim of the Shire to become a leading organisation in sustainability. The group will continue working on the strategy in the 2019/20 financial year.

### **N2.1.11: Unauthorised Vegetation Clearing**

The Shire continued to investigate instances of unauthorised vegetation clearing during 2018/19. Eight instances of unauthorised clearing of native vegetation on private property and Shire managed land were investigated during the year, with two instances subsequently referred to the Department of Water and Environmental Regulation for assessment and enforcement.

### **N2.1.12: Lake Muir Denbarker Feral Pig Eradication Project**

The Shire continued to support the Lake Muir-Denbarker Feral Pig Eradication Project, with \$2,000 provided in funding. The group continues to eradicate feral pigs from the region with 47 days of on ground activities including trapping and surveillance.

### **N2.1.13: South Coast Management Group**

The Shire continued to support the South Coast Management Group, with a donation of \$2,000 to support ongoing coastal management work.

### **N2.1.14: Natural resource management staff training program**

This project has been placed on hold pending the completion of the Sustainability Strategy. The training program will focus on natural resource management and sustainability best practice.

### **N2.1.15: Tree Planting**

The Shire of Denmark planted 500+ trees to revegetate our community spaces during 2018/19, with revegetation projects taking place on Turner Road, East River Road and the Lime Quarry.

The Shire also held a national tree planting event, with a group of volunteers helping the Shire to

plant natives in the reserve area in front of the Denmark Arts building and Over 50s Association, as part of the Shire's Millars Creek revegetation project.



*Photo: Denmark's National Tree Planting Day*

The project will improve stormwater flow, stabilise banks, retain nutrients, provide a nature corridor and improve the aesthetics of this creek close to town.

#### **N2.3.1: Audit of irrigation systems**

The Shire conducted an audit of irrigation systems to identify poorly performing irrigation hardware during 2018/19. Several problem areas were identified and plans are underway to improve these systems.

#### **N2.3.4: Renewable energy options**

The Shire identified and undertook a number of renewable energy options for the Recreation Centre during 2018/19 including the completion of the upgrade of Sports Court lighting to LED lamps. This has resulted in a 66% reduction in energy costs when compared to the same period last year.

#### **N2.3.5: Energy and water performance**

The Shire continued to monitor energy and water performance across the Shire's assets via the One Planet Footprint subscription. Further information regarding the Shire's energy and water performance is listed on page 22.

#### **N2.3.6: Water audit**

To maintain the Shire's Waterwise Council status the Shire is required to conduct one water audit per year, prioritising top water using sites. This

year the Shire conducted a water audit on Berridge Park. The audit will inform future water saving practices at this site.

#### **N2.3.9: Water Corporation Water Efficiency Training**

The Shire's gardening team completed the Water Corporation Water Efficient Landscape training during 2018/19. This training will help improve water saving practices when designing and maintaining Shire gardens.

#### **N2.3.14: Soft plastic, battery and light bulb recycling schemes**

The Shire continued to administer the soft plastic, battery and light bulb recycling schemes at Shire locations to support the reduction of waste.

#### **N2.3.15: Garage Sale Trail**

The Shire continued to host the annual Garage Sale Trail event to encourage reuse and recycling. The event seeks to educate Australians on the importance of reuse whilst also building stronger, more connected and resilient communities. 31 garage sales registered in the Shire of Denmark, and nationally the Trail brought in on average \$309 per household, participants connected with 46 local people and more than 500kgs of goods were sold and re-distributed at each garage sale.

#### **N2.3.16: Electric Vehicle Charging Station**

The Shire continue to provide access to, and promote, the free use of Electric Vehicle Charging Station to encourage the use of electric and hybrid vehicles in and around the Shire.

#### **N2.3.17: Strategic Waste Management Plan**

The Shire commenced a review of the Strategic Waste Management Plan to guide future landfill and collection services. This project will continue in 2019/20.

#### **N2.3.19: eWaste collection point**

During 2018/19 the Shire established an eWaste collection point at the Denmark Waste Management Reuse Facility.

### **N2.3.20: Food waste drop off point for Shire events**

Preliminary investigations regarding a food waste drop off point for Shire events in order to divert waste from landfill commenced in 2018/19. The Shire has implemented a service within the Shire Administration building for staff only as a trial, with further research to be completed on this project during 2019/20.

### **N2.3.21: Public recycling bin scheme**

During 2018/19 the Shire has been investigating a public recycling bin scheme to reduce waste. A Cleanaway recycling trailer has been implemented for public events (such as the Denmark Arts Markets) with positive feedback received. Further research is required on the cost and viability of permanent recycling bins within the community.

### **N2.3.22: MOU with Green Skills**

Discussion commenced during 2018/19 to review the Memorandum of Understanding with Green Skills to operate the Tip Shop site as a reuse facility. The MOU will be revised in 2019/20.

### **N2.4.1: Undertake coastal monitoring, investigation and adaptation work**

Following the recommendations of the Coastal Hazard Risk Management and Adaptation Plan (CHRMAP) for Ocean Beach and Peaceful Bay, Consultants Cardno WA Ltd. were engaged to develop a Coastal Monitoring Action Plan. The aim of this document is to inform the Shire on methods to monitor our coast to inform decision making for ongoing coastal adaptation and management at Ocean Beach and Peaceful Bay.

From this report, a structured monitoring program has been implemented as recommended in the CHRMAP. The Shire is now undertaking manual photo imagery, aerial monitoring and sand sampling on a regular basis to better understand coastal processes effecting erosion and accretion at these two beaches.

### **Bin Tagging**

During 2018/19 the Shire worked with Sustainable Waste Alliance Partners, City of

Albany and Shire of Plantagenet, to successfully implement a bin tagging program funded by the Waste Authority and administered by the WA Local Government Association.

This program was designed to educate residents on how to recycle correctly and keep valuable resources out of landfill. 98 households' rubbish and recycle bins were audited over an eight-week period. Informational tags were placed on bins to inform residents if they had utilised their bins correctly and included information of any problem items found during the audit.

An improvement was seen following the program regarding the correct utilisation of bins. The Shire will look at continuing the program with the Sustainable Waste Alliance Partners in 2019/20.

### **Plastic Free July**

The Shire continued to promote Plastic Free July in 2018/19, with the promotion encouraging people to give up single use plastics during July in order to increase awareness of the use of plastics. The Shire held a Low Waste Living Workshop on the 15th July. Residents were invited to the free event to learn step by step advice on how to reduce household waste.

### **Wilson Inlet Catchment Committee**

\$6,000 in funding was provided by the Shire to the Wilson Inlet Catchment Committee during 2018/19 to support the implementation of the Wilson Inlet Management Strategy. The funding was used to support strategy recommendations relating to weed control in riparian zones of Wilson Inlet.

### **Shore Birds**

The Shire continued to support the Denmark Bird Group to install temporary fencing and signage for Red-Capped Plovers and Pied Oystercatchers breeding on Prawn Rock Island and the Wilson inlet sand bar. The works were an attempt to keep dogs and people separate from the nests. The birds nest in the open and therefore are highly vulnerable to disturbance or direct destruction of eggs.

## Corporate Business Plan Measures

Things we measure	Source	2018/19
Number of trees planted by the Shire	Internal - Sustainability	500+
Number of incidents regarding unauthorised native vegetation clearing	Internal - Sustainability	8
Number of Shire managed reserves where weed control has been conducted	Internal - Sustainability	19
Number of Shire managed road reserves where weed control has been conducted	Internal - Sustainability	20
Number of pest plant notices issued	Internal - Rangers	27

## Key Statistics

### Electricity Performance Top 10 Shire Assets 2018/19

Asset Name	Electricity Usage (kWh)	Electricity Cost (\$)
Recreation Centre	35,990	\$9,935
Shire Administration Centre	24,885	\$6,100
McLean Park	23,821	\$6,785
Civic Centre, Library & Old CRC	20,987	\$5,925
Depot	17,082	\$4,651
CEO's House	9,241	\$2,594
Denmark No. 3 Railway Station	6,514	\$2,030
Denmark High School Oval Bore	6,389	\$2,048
Water Supply Pump Peaceful Bay	6,131	\$1,957
Berridge Park	3,903	\$1,436

**\$61,870 spent over the 2018/19 year on Shire buildings (including leased), with 189,283 kWh consumed. This represents a 20.8% decrease in consumption and 18.78% decrease in cost.**

### Water Performance Top 10 Shire Assets 2018/19

Asset Name	Water Usage (kL)	Water Cost (\$)
Zimmerman Street Standpipe	4,711	\$12,996
Old Saleyards	2,041	\$4,977
Depot	1,429	\$3,235
Berridge Park	1,383	\$3,907
Surf Life Saving Club	1,212	\$2,680
Civic Centre, Library & Old CRC	556	\$2,800
Recreation Centre	394	\$1,109
Shire Administration Centre	322	\$995
Thornton Park	289	\$1,288
McLean Park	263	\$562

**Total water consumption was 14,827 kL over the 2018/19 year at a total cost of \$45,046. This represents a 7.8% decrease in consumption and an 11.6% increase in cost due to increased fees.**

## Community satisfaction with Our Natural Environment



Performance Measure	2017/18	2018/19	Average Score	High Score	Average Score	High Score
Conservation and environmental management	54	57	56	73	58	76
Managing responsible growth and development	43	49	50	58	48	58
Promoting and adopting sustainable practices	49	53	55	62	54	68
Efforts to adapt to climate change	47	48	50	54	48	54
Efforts to reduce waste	53	53	56	66	53	66
Efforts to promote and use renewable energy	54	52	N/A	N/A	N/A	N/A
Efforts to maintain and enhance local rivers and inlets	43	46	N/A	N/A	59	76
Management of local beaches and coastline	51	58	N/A	N/A	N/A	N/A
Management of bushland and forests	55	55	N/A	N/A	N/A	N/A
Waste collection services	56	58	63	76	69	85

*Note: Performance measures in grey are unique to the Shire of Denmark*

## Our Built Environment

We have a functional built environment that reflects our rural and village character and supports a connected, creative and active community

### **B3.1.2: CCTV cameras**

The Shire continued the CCTV camera project during 2018/19 to improve safety outcomes. Planning commenced for the installation of cameras and associated hardware at the McIntosh Tip and Shire Offices which will be delivered during 2019/20.

### **B3.1.6: New and upgrade program of works**

The Asset team have been working throughout the year on the Shire's sealed road network to provide guidance on specific roads that have reached their intervention level. This information helps the Infrastructure department target specific roads for future funding as part of new and upgraded works. Further work will continue during 2019/20 to include all asset portfolios.

### **B3.1.8: Remediation work**

The Shire of Denmark had an abnormal storm event during 25-26 September 2017 which caused over \$1M worth of damage to 23 local roads. The Shire created a tender panel of pre-qualified contractors which created opportunities for local contractors to complete the repair work caused during this event. The remediation works were finalised during 2018/19 and the Shire is the process of claiming the reimbursement in costs from the WANDRRA fund.

### **B3.1.9: Lights Beach Precinct Concept Plan**

The Lights Beach Precinct Concept Plan Working Group met frequently to discuss ideas around the development of the Lights Beach precinct. The proposed suggestions and ideas have been drafted into a concept plan which will be advertised for public feedback in 2019/20 prior to adoption of Council.

### **B3.1.11: Composters for dog waste**

Research commenced into the viability of composters for dog waste at Lights Beach, Laing Park and Prawn Rock Channel Exercise area. This will be considered as part of the Dog Park Concept Plan.

### **B3.1.12: Dog Park Concept Plan**

This project was postponed and work will commence on the development of a Dog Park Concept Plan in 2019/20.

### **B3.1.15: Horsley Road Bridge**

Funding was provided through the State Government to remove the aging old timber bridge located on Horsley Road and convert it into a culvert to improve safety and extend useability. The works also included the upgrade of the old pedestrian access bridge and include a new bridge to the north. This was completed during 2018/19.

### **B3.1.16: Berridge Park playground**

An equal access playground with a wheelchair ramp, safety stairs and room for carers to move around the equipment was installed at Berridge Park during 2018/19.

The Parks and Gardens team, as part of their playground and play equipment update program, identified the opportunity to install the equal access equipment when considering the renewal of this space.

### **B3.1.17: Kernutts Road intersection**

The reconstruction of Kernutts Road intersection to improve the safety of the identified blackspot was partially completed during 2018/19. Sealing the road will be carried over to 2019/20 due to inclement weather.

### **B3.1.18: McLeod Road**

McLeod Road has been identified as a regional road of significance for the Shire of Denmark and



the Shire applied for funding through the Regional Road Group to widen the road to improve safety and useability. Three of the five stages have been completed. Stage four has been approved for funding and will commence in the 2019/20 financial year, which includes a further two kilometres.

### **B3.1.19: Kordabup, Fernley, Scotsdale Road intersection**

Work commenced on the reconstruction of the Kordabup, Fernley and Scotsdale Road intersection to improve the safety of the identified blackspot. The reconstruction was partially completed during 2018/19, with sealing carried over to 2019/20 due to inclement weather.

### **B3.1.20: Denmark East Development Project**

The Shire completed civil road works for the Denmark East Development Project to facilitate RAV5 access to the industrial area during 2018/19 works completed to a high standard. The rehabilitation of batters and a link to the Mount Barker Road will commence in 2019/20.

### **B3.1.21-24 Happy Valley, Kordabup, Parker and Scotsdale Road**

During 2018/19 the Shire undertook resheeting on Happy Valley, Kordabup, Parker and Scotsdale Roads to improve safety and to extend the useful life of these roads. The completion of the work ensures an improved, hard-wearing road surface to these sections and will reduce the long-term cost of maintaining these roads.

### **B3.1.30: Parry's Beach toilet upgrade**

This project was rescheduled to take place in 2019/20 due to an increase in the scope of works. The upgrade will now include improvements to the toilets, showers and laundry.

### **B3.1.31: Ocean Beach Fire Shed**

The Shire received grant funding of \$285,000 to demolish and re-construct a new fire shed for the Ocean Beach Bush Fire Brigade. The previous facility was not meeting operational needs and was not of sufficient height to drive in and store

all brigade appliances. The project utilised a local contractor and work commenced on delivering the shed during 2018/19. The new shed is aimed to meet the needs of the Ocean Beach Brigade for the next 30 years and has improved design aesthetics, given its prominent location.

### **B3.2.1: Disability Access Inclusion Plan**

The Shire undertook a review of the Disability Access Inclusion Plan to improve access and inclusion in the Shire. The plan was adopted by Council in December 2018, following engagement with a number of stakeholders, community groups and individuals.

The barriers to access and inclusion identified through community consultation have been addressed with strategies founded on the Strategic Community Plan objective to have services that are inclusive, promote cohesiveness and reflect our creative nature. The actions outlined in the new DAIP will ensure the Shire continues to work towards increasing participation and improving access and inclusion for all.



*Photo: DAIP Focus Group workshop*

### **B3.2.5: Great Southern Regional Trails Masterplan**

The Shire contributed \$30,000 to the development of the Great Southern Regional Trails Masterplan. The Shire was one of eleven Local Governments in the Great Southern to invest in the Masterplan. A draft Master Plan was completed and will be advertised in 2019/20 for public comment, before being presented to Council for endorsement.

### **B3.2.7: Surf Life Saving Club**

During 2018/19 the Shire prepared a whole of life cost analysis and business case for the construction of a new Surf Life Saving Club to relocate the facility above the coastal erosion zone and increase the amenity of the area. This information has been prepared to inform grant funding applications in conjunction with the Denmark Surf Life Saving Club. The information also provides detail and forward planning estimates for the Shire's Long Term Financial Plan.

### **B3.2.11: Living Life Pack and Beach Wheelchairs**

The Shire continued to provide access to and promote the Living Life Pack and beach wheelchairs to support recreation for people with disability or limited mobility.

### **B3.2.12: McLean Park**

During 2018/19 the Shire completed the McLean Park redevelopment project to improve the playing surface. The project was a major capital works upgrade which included upgrades to the irrigation, turf, fencing, cricket nets, LED sport lighting (which is the first of its kind in the Great Southern), removable goal posts, cricket turf, long jump pit, scoreboard, dugout facilities and location devices (transponders).

The upgraded facility will provide long-term sustainability to the sporting clubs playing surface. A large majority of the works were completed by local contractors, in addition to the employment of multiple local casual staff. Community involvement in the project has been significant, with key stakeholders from sporting clubs contributing to working groups and committees to ensure the project was delivered with community needs as a priority.

### **B3.2.13: Plane Tree Development**

In 2018/2019 both the Denmark RSL building and Cottage Crafts building located on Lot 40 & Lot 41 Strickland Street underwent significant upgrades as part of the broader Plane Tree Precinct project. Both buildings which are located on Reserve land

were in need of repair and maintenance. New additions including storage and administration areas were also constructed, further enhancing the use and functionality of the buildings, and ensuring they are sustainable assets in to the future. The Cottage Crafts building which is the former 'Carmarthen School Building' was restored in keeping with its historical significance and along with the RSL building, will be showcased even more when the public realm precinct works are completed, with ground works set to commence early in 2020.

### **B3.3.1: Local Planning Scheme**

The review of the Town Planning Scheme did not commence in 2018/19 due to changes in the executive structure and recruitment of town planning staff. The update of the scheme is intended to begin in early in 2020 and will seek to activate the community vision in Denmark 2027 and guide future land use and development.

### **B3.3.2: Local Planning Strategy**

The review of the Local Planning Strategy did not commence in 2018/19 due to changes in the executive structure and recruitment of town planning staff. The update of the strategy is intended to begin in early in 2020 and will seek to activate the community vision in Denmark 2027 and guide the future growth of the Shire.

### **B3.4.1: Land Development Strategy**

The Shire engaged valuation consultants to undertake a desktop assessment to determine both the market value and rental value of each Shire owned property, taking into consideration the highest and best use of each property. The report provided valuations and commentary of each property and is used to inform the Shire's Long Term Financial Plan to improve the use, retention and disposal of property assets

### **B3.4.3: Cyclical condition inspection program**

The Shire commenced the implementation of a cyclical condition inspection program for all asset portfolios to inform valuations and reduce risk. The information gained via the inspections will be

used to inform the Asset Management Plan and works programs.

#### **B3.4.5: Technical levels of service**

Levels of services have been completed for parks and gardens activities and are in the process of being created for the grading of gravel roads. This is anticipated to be completed in 2019/20.

#### **B3.4.8: Renewal intervention levels**

The asset team have set renewal intervention levels for transport assets, with a particular focus on sealed roads, drainage and fleet. Further work is required to assign intervention levels for buildings and recreation assets, which will continue in 2019/20.

#### **B3.4.9: Road renewal works**

The Shire undertook road renewal works during 2018/19 to improve the condition of the Shire's existing road network. Work focused on renewing drainage, kerbing and the cemetery car park.

#### **B3.4.10: Plant replacement program**

The Shire continued the implementation of a plant replacement program to improve the condition of the Shire's plant and equipment. During 2018/19 a new UD Patching truck, CASE Backhoe and UD Tip Truck were purchased to replace the ageing plant and improve work efficiency and service delivery. A New John Deer Reel Mower was also purchased to support the maintenance of McLean Oval.

#### **B3.4.11: Priority matrix for engineering service requests**

During 2018/19 the Shire created a priority matrix for engineering service requests to define customer service levels and internal response times. This ensures that each request will be assigned an appropriate priority level and highlights the urgency of the potential hazards or issues.

#### **B3.4.12: Dust suppression at Peaceful Bay**

The Shire investigated dust suppression options at Peaceful Bay during 2018/19, with a number of

different products investigated. The aim is to suppress air borne dust from vehicle movements. Trials are expected to commence in 2019/20 to ascertain whether these products suppress dust within the townsite of Peaceful Bay.

#### **B3.4.14: Hardy Street**

A detailed specification of works to remediate the Hardy Street site were completed during 2018/19 and provides indicative costings and the approval process for rehabilitation.

#### **B3.4.15: Peaceful Bay Waste Management Facility**

The Shire developed an operational strategy and site plan for the Peaceful Bay Waste Management Facility during 2018/19, with the report due to be considered by the Waste Advisory Committee during the Waste Service Review.

#### **B3.4.17: Site development at waste facilities**

Due to a continued increase in regulatory standards and compliance of waste management facilities, the Shire engaged TALIS to undertake a Conceptual Development Plan during 2018/19 to inform site development at the Shire's waste facilities at McIntosh Road and Peaceful Bay. From this, the Shire will be able to increase its level of recycling options, including the purchase of a cardboard baler and future application to join the container deposit scheme.

#### **B3.4.18: Fleet management program**

During 2018/19 the Shire researched fleet management programs however chose to implement an in-house system using excel. The systems records details of servicing and parts and seeks to bringing efficiencies and extend the life of Shire equipment.

## Corporate Business Plan Measures

Things we measure	Source	2018/19
Asset Consumption Ratio (%)	Internal – Asset Management	62%
Asset Sustainability Ratio (%)	Internal – Asset Management	134%
Asset Renewal Funding Ratio (%)	Internal – Asset Management	93%
Value of assets rated condition 5 (very poor) as a percentage of total value (%)	Internal – Asset Management	2.75%
Percentage of Development Applications assessed within statutory timeframes (%)	Internal - Planning	95.8%
Percentage of Subdivision Applications assessed within statutory timeframes (%)	Internal - Planning	33%
Percentage of Certified Building Permits processed and issued within 10 days (%)	Internal – Building	100%
Percentage of Uncertified Building Permits processed within 25 days (%)	Internal - Building	100%

# Key Statistics

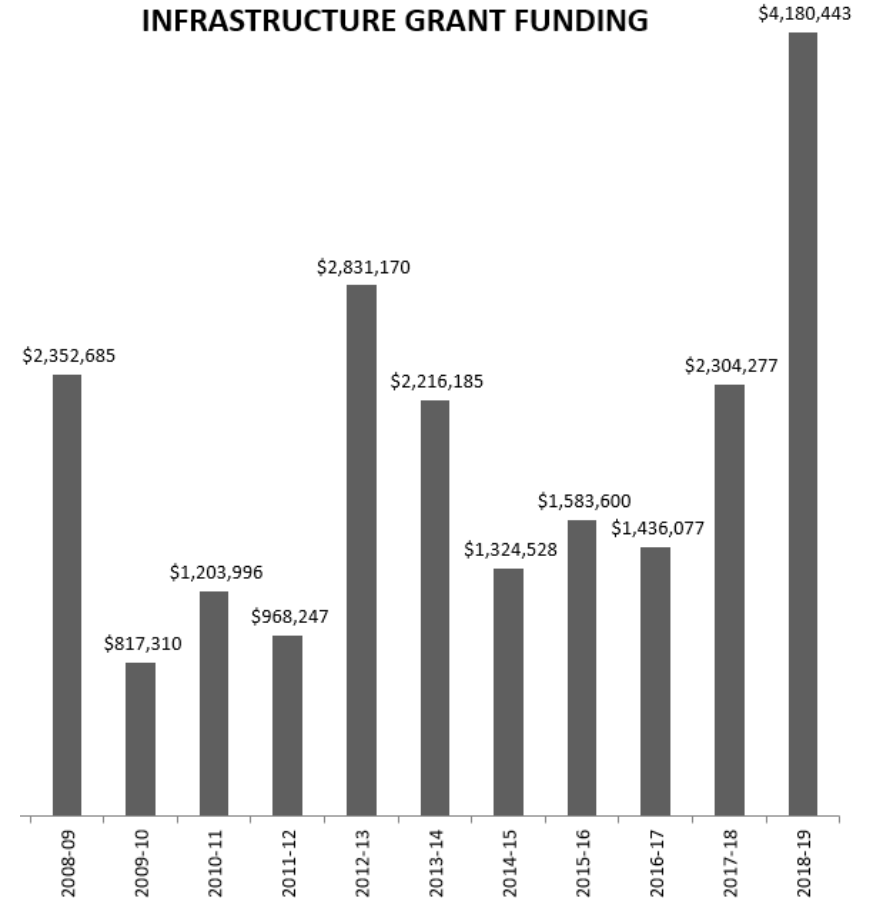
## 2018/19 Planning Applications

Type	Number of Applications	Cost of Development
Single House	38	\$11,914,346
Single House	37	\$953,350
Grouped Dwelling	2	\$11,200
Second House		
Modification to Building		
Holiday Home (Standard)	5	
Holiday Home (Large)	3	
Holiday Accommodation	8	\$156,000
Outbuilding	38	\$760,305
Change of Use	4	\$8,000
Home Occupation	5	
Signage	1	
Aquaculture		
Use Not Listed		
Commercial & Industrial	12	\$2,125,000
Dam	2	\$34,500
Rainwater Tank	1	\$6,000
Planning Approval Renewals	10	
Amendments to Planning Approvals	17	\$945,000
<b>TOTAL</b>	<b>183</b>	<b>\$16,913,701</b>

## Building Statistics Summary 2018/19

Type	Number of Permits Issued	Total Value of Approved Work
Single Houses	41	\$13,794,178
Additions to Single Houses	31	\$1,020,215
Outbuildings (Not Rural)	51	\$991,419
Rural Outbuildings	7	\$212,828
Commercial and Industrial	10	\$1,484,560
<b>TOTAL</b>	<b>140</b>	<b>\$17,503,200</b>

## INFRASTRUCTURE GRANT FUNDING



## Community satisfaction with Our Built Environment



Performance Measure	2017/18	2018/19	Average Score	High Score	Average Score	High Score
The area's character and identity	59	62	63	67	59	85
Planning and building approvals	39	46	44	60	46	65
Access to housing that meets your needs	54	57	52	66	57	68
Community buildings, halls and toilets	61	62	60	78	60	78
Sport and recreation facilities and services	61	64	73	85	66	85
Playgrounds, parks and reserves	63	68	69	86	68	86
Storm water drainage	48	58	N/A	N/A	54	79
Building and maintaining local roads	46	53	44	62	53	80
Traffic management and control on local roads	51	58	53	64	55	67
Footpaths, cycle ways and trails	59	62	52	62	53	71
Streetscapes	60	58	53	62	54	83
Lighting of streets and public places	57	60	57	64	56	65

## Our Community

We live in a happy, healthy, diverse and safe community with services that support a vibrant lifestyle and foster community spirit

### C4.1.1 Denmark Animal Carers

The Shire continued to support the Denmark Animal Carers, through a donation of \$2,000 to care for and rehome domestic animals.

### C4.1.2: Peaceful Bay RSL and Community Bus

The Shire continued to support the Peaceful Bay RSL and Community Bus through an annual contribution of \$1,000 for operational costs.

### C4.1.3: Community Financial Assistance Grants

The Shire continued to support local community groups and sporting clubs through the Community Financial Assistance Grants, with six community groups receiving financial assistance to local projects, totalling \$16,370.

### C4.1.4: AYSA Youth Program

The Shire continued the Albany Youth Support Association (AYSA) Youth Program to support youth at risk during 2018/19. The program operates three days per week with Denmark Youth Outreach providing early intervention support to young people to prevent and address crises.

The program provides mentoring, relationship and information to enhance young people's health and wellbeing, as well as advocacy, referrals and support to access specialist services, including AYSA homelessness services. The free service is for young people aged between 12 and 18 is funded by the Shire of Denmark and managed by AYSA.

In partnership with Denmark Senior High School, Denmark Youth Outreach has a space at the school for students. There is also a mobile service that operates from community venues, as well as home visits as required.

Referrals for this program are accepted through Denmark Senior High School via the Student Services Coordinator or directly from individuals/families, partner agencies, health related services, Police and youth related organisations.

### C4.1.5: Stay on Your Feet program

The Shire delivered the Stay on Your Feet gym program to support falls prevention program during 2018/19. The program targeted men aged 60+ to become more physically and socially active in addition to provide training techniques to reduce the risk of injury. A large focus was on preventing falls and strengthening muscle and joint groups. Of the 25 registered participants who completed two sessions per week, the Recreation Centre gained several Living Longer Living Stronger participants and also three 12-month gym members. Afternoon tea was also provided to increase the social capacity of the program, with the Shire successful in receiving \$5,000 funding to deliver the Stay of Your Feet program.



*Photo: Strengthen Your Legs participants*

### C4.1.6: Department of Transport services

The Shire continued to provide licensing, registration and other Department of Transport services for the community as a registered agent, at an annual cost of \$112,957. An average of 705 transactions were processed each month.

#### **C4.1.7: Bushfire Risk Mitigation Plan**

The Shire developed a Bushfire Risk Mitigation Plan (BRMP) during 2018/19 to support community safety outcomes. During the year the content of the BRMP was sent to the Department of Fire and Emergency Services Bushfire Risk Management Branch for review, where all assets were identified and risk assessments completed. The plan will be endorsed in 2019/20 and will enable the Shire to be eligible to access the Mitigation Activities Fund which will provide funds to treat all assets within the Shire with a risk rating of high or above.

#### **C4.1.9: Fire Management Notice**

The Shire reviewed the Fire Management Notice to improve emergency service outcomes during 2018/19 with a focus on providing more consistent messaging to residents and ratepayers surrounding compliance with the Bushfires Act. The document had significant oversight by members of the Bushfire Advisory Committee as well as external stakeholders including feedback from resident and ratepayers on previous notices. This resulted in a complete redesign and restructure. The documentation was collated and now comprises a single notice and fire and burning information booklet. The Fire Management Notice has also been distributed to real estate agents, the Community Resource Centre (CRC) and the Tourist Information Centre in an effort to make it more available to tenants and temporary residents and is available on the Shire website for printing and or downloading.

#### **C4.1.10: Local Emergency Management Committee**

The Shire continued to administer the Local Emergency Management Committee to support a safe community throughout 2018/19. The Local Emergency Management Committee meets bi monthly and is made up of members from all emergency services providers and relevant stakeholders within the Shire and surrounds. Key achievements of the committee this year have been completion of the Shire of Denmark Risk Register, establishment of an At-Risk

Communities Programs and increasing the number of Angel Ring life buoys to be installed along the coast line. Moving forward the committee will be focusing on the significant role of recovery during and after an incident and the establishment of an action plan for vulnerable communities within the Shire.

#### **C4.1.11: Feast Not Fire Dinner**

The Shire co funded the Feast Not Fire Dinner to thank local bushfire brigade volunteers during the year. The event was held at the Denmark Country Club with 80 volunteers and their families attending. The event was organised by a committee of members from brigades across the Shire.

#### **C4.1.12: Emergency Services volunteer induction manual**

The Shire commenced work on the development of a package to complement the Department of Fire and Emergency Services Induction Package for new volunteers. The Shire will continue work on the manual in 2019/20 with the aim to provide volunteers an insight to the Shire and its responsibilities.

#### **C4.1.13: Emergency Services SMS service**

The Shire implemented an emergency services SMS service to notify residents during an emergency event. Currently there is approximately 500 subscribers, with the SMS Service used for general fire information as well as incident information since its inception. Community members can register electronically for this service on the Shire's website.

#### **C4.1.14: Incident Support Group and Incident Management Group Training**

Key staff throughout the organisation have been provided with some Incident Management Team training as well as the opportunity to participate in exercises and real-time incidents.

#### **C4.1.15: Firebreak and fire mitigation policies**

Several projects commenced planning or delivery in 2018/19 to improve firebreaks and fire



mitigation. These projects include the Mitigation Activities Fund, Bushfire Resilience in the Great Southern, Springdale Heights Bushfire Management Plan, and UCL/UMR Works. The suite of works within these projects will continue to build fire resilience and improve mitigation policies into the future.

#### **C4.1.16: Fire and emergency management planning**

Volunteers and staff have made progress through the BushFire Ready Program to ensure that the community is supported in Bushfire preparedness. There are six active Bushfire Ready Facilitators within the Shire to ensure the Bushfire Ready groups have the information they need. Street Meet events are generally attended by 6-10 volunteers and staff who are actively involved in providing content and information. The Bushfire Ready program has grown from 5 groups to 35 groups in 2018/19.

#### **C4.1.17: Fire fuel reduction burns and respond to emergency events**

Shire of Denmark Volunteer Bushfire Brigades have been actively involved in hazard reduction burns across the Shire during the year, on both public and private property. Brigades have also been involved in the management and planning of future burns to occur within in the Shire of Denmark.

Brigades attended approximately 70 incidents of fire across the year, both within the Shire of Denmark and assisting other Local Governments to control fires within their tenure.

#### **C4.1.18: Local and State Emergency Disaster Relief**

The Shire continued to budget for contributions to Local and State Emergency Disaster Relief during the year, however it was not required during 2018/19.

#### **C4.1.19: National Emergency Disaster Relief**

The Shire continued to budget for contributions to National Emergency Disaster Relief during the

year, however it was not required during 2018/19.

#### **C4.1.20 Incident control room**

The Shire completed the upgrade of a dedicated Incident Control Room within the administration building. The ICR now provides a modern facility to support a multi-incident response. Shire staff and volunteers have also completed training and conducted exercises to use this room to its full capacity which will help to support the Shire's response to emergency events.

#### **C4.1.23: Food Alert Safety Program**

The Shire continued to promote the I'm Alert Food Safety program to all new stall holder applicants and new kitchen staff at existing food premises within the Shire to improve their food handling skills.

#### **C4.1.24: Water sampling**

The Shire continued to undertake water sampling to monitor the health of potable water during 2018/19 with 191 water samples taken for analysis. This includes bacteriological testing, chemical testing and testing for hydrocarbons to monitor the health of potable water and for safe swimming.

#### **C4.1.25: Our Club Project Officer**

The activation of the Our Clubs Officer role within the Shire continued to evolve during 2018/19 providing valuable assistance in supporting sporting groups and clubs. Improvements have been made regarding the connection and access between clubs and the Shire, with the community having a valuable resource to assist with their operations.

The Events Planning Process has been a key achievement completed within the role and has provided the Shire of Denmark with a framework for managing events our clubs decide to host. The process also helps ensure clubs are prepared for their events and can use the process as a roadmap to deliver a safe and high-quality experience.

#### **C4.1.26: Integrated wellbeing program**

The Shire undertook user satisfaction surveys at both the Recreation Centre and Library during

2018/19 to gather information to help inform the development of integrated program. This will continue to be a focus for Community Services during 2019/20 to provide integrated programs for a number of sectors of the community.

#### **C4.2.1: Community Financial Assistance Grants**

The Shire reviewed the Community Financial Assistance Program with a view to improving the effectiveness of the administration and processing of the fund for the Shire and the community. The changes to the policy have been made with the purpose to make it easier to understand, apply for, access and administer.

The review also amalgamated the Community Financial Assistance Program and Cultural Development Fund into one consolidated policy to reduce duplication and double handling. The guidelines were also updated to improve the assessment process and align with the Strategic Community Plan aspirations and objectives.

#### **C4.2.2: Community Christmas event**

The Shire continued to support the annual Community Christmas event, through a \$10,000 contribution to the Denmark Community Resource Centre to host event the event. The Shire also provided support through staff time and resources, the development of a traffic management plan and signage.

#### **C4.2.3: Seniors Week**

Community services in partnership with Denmark Recreation Centre, Denmark Library, Denmark Community Resource Centre delivered a program of activities to celebrate the community's seniors during Seniors Week 2018. The week ran from the 12-16 November and focused on active, healthy ageing whilst recognising the important contributions of seniors in the community.

Highlights during the week included Intergenerational Table Top Games at Denmark Recreation Centre, where Denmark Primary School students challenged seniors to a classic board game. A mini expo at Denmark CRC was also held which included talks and stalls on

nutrition, mobility, exercise, art and crafts. A variety of social, learning and recreational activities for older adults such as fitness and stretch classes, memorabilia story sharing and a series of engaging guest speakers were also on offer.

The annual free Seniors Luncheon was held on Thursday 15 November at the Denmark Civic Centre with entertainment, food, fun, prizes and more offered.



*Photo: Councillors celebrating seniors at the luncheon*

#### **C4.2.4: 4Youth Fest**

The 4Youth Fest initiative was established as part of a strategy to support the vibrancy and spirit of our youth through a dedicated annual youth event. The 2019 event built on the previous year's success and delivered a 2-day festival on 12-13 April 2019. The first day included a Music Fest dance party featuring local youth bands, a DJ and young musician Clay Western. The second day offered skateboarding workshops and competition provided by Skateboarding WA, art workshops, amusements and entertainment.

The 4Youth Fest aims to facilitate meaningful, respectful and proactive collaboration with the community, in this instance with youth, through the establishment of a youth event working group. The youth working group initiative provides young people the chance to develop skills, have access to mentorship, engage in meaningful activities, exercise leadership, and help their community. Through this group the Shire is able to facilitate communication between young people and the

organisation and form a partnership approach that values the contributions of the local youth.



*Photo: Skateboarding workshop participants*

The 4Youth Denmark Fest event is presented by the Shire in partnership with Denmark Local Drug Action Group (LDAG), Denmark Community Resource Centre, Denmark Arts, Albany Youth Support Association and Denmark Senior High School with funding support from the Department of Communities.

Over 150 youth attended the Music Fest and a further 250 people attended the 4Youth Fest community celebration. 18 Youth participated in the event working group.

#### **C4.2.5: Thank a Volunteer Day function**

The Shire partnered with local business Mrs Jones Café to deliver the 2018 Thank a Volunteer Function. Over 120 volunteers attended the event.



*Photo: Lez Baines awarded by Superintendent Green*

DFES Superintendent Wayne Green was in attendance and awarded fire and emergency volunteers for their service and contribution. Mr Lez Baines was awarded a Certificate of Distinction, the second highest accolade awarded to fire and emergency volunteers.

#### **C4.2.6: Youth Holiday Program**

The Shire hosted a skateboarding 'Have a Go' event by Skate Girl during the December school holidays at the Denmark skate park. Approximately 50 young people attended the event and learnt new skills and skateboarding tricks. Art activities were also offered at the event.



*Photo: Attendees at the Have a Go event.*

#### **C4.2.7: Family Week Celebration**

A series of 2 orchestral music concerts, one for young children and one for general admission, were hosted to celebrate Families Week, with approximately 300 people attending the concerts.

The concerts were held at the Denmark Civic Centre and were presented in partnership with the Albany Sinfonia Orchestra. Artistic Director Mr Neville Talbot organised the concert logistics, equipment and ticketing. The Shire provided support by covering the venue hire costs and by providing general marketing and promotion assistance.

#### C4.2.8: Host Library events and activities

The Shire continued to host Library events and activities for adults including author visits with Fleur Macdonald, J.D Chadwick and Helen Laing. Sustainability workshops were held including *At Home with Green Cleaning* and *Writing for Nature, with a splash of Colour* with author and environmentalist Anne Pettit. Ancestry Workshops using the state-wide subscription to Ancestry Library Edition were held, along with a number of regular programs including Mah-jong group, Scrabble group, Poetry Reading, Shakespeare Reading, Novel Idea Readers group, and Book Club during 2018/19.



Photo: J.D Chadwick author event

#### C4.2.10: Events and activities for children at the Library

The Shire continued to provide a range of events and activities for children at the Library including Rhyme Time, Better Beginnings, A Smart Start, Children's Book Week, and drop in Child Health Nurse visits. A number of school visits with Denmark Primary School, Spirit of Play Community School and Golden Hill Steiner School also took place during 2018/19.

The theme for Children's Book Week 2018 was "Find your Treasure", and visiting author and illustrator Davina Bell met with a range of children and young adults in Denmark schools.

A Summer School Holiday program including Quiz for Kids, Origami and Movie afternoons also took place.



Photo: Children Book Week with students from Spirit of Play and Davina Bell

#### C4.2.11: Rates waiver for local community groups, sporting clubs and not for profit organisations

A rates waiver for 32 community groups, sporting clubs and not for profit organisations were approved by Council during the adoption of the 2018/19 Budget, resulting in \$49,100 of annual rates waived.

#### C4.2.12: Kidsport program

The Shire continued to administer the Kidsport program during 2018/19. The program provides financial support to low income families with sporting club membership fees.

#### C4.2.13: Recreation centre program

During the year the Shire worked to identify service gaps within the recreation centre program and source funding opportunities to help address these gaps. As a result, the following programs were piloted during 2018/19:

- Over 65 men's Strengthen your Legs;
- Women's Indoor Soccer; and
- Friday Night Hoops.

Friday Night Hoops was a new youth focused initiative, offered at the Rec Centre every Friday in March. The basketball program was open to all Denmark youth between 11 to 15 years and was free to attend.

The program focused on participation, fun, inclusion and engagement while providing young people opportunities to establish connections with

other youth mentors. Three senior youth mentors were engaged to deliver the program each week.

Denmark Senior High PE teacher, and two-time Olympian, Paul Rogers also supported participants with skill development. The program was well attended with around 20 participants shooting hoops each week.



Photo: Friday Night Hoops

#### C4.3.1: ANZAC Day Services

The Shire continued to support local ANZAC Day services through \$800 in contributions made to Denmark and Peaceful Bay Returned and Services Leagues.

#### C4.3.2: Royal Flying Doctor Service

A donation of \$2,000 was made to the Royal Flying Doctor Service during 2018/19, including donations received from the Australia Day breakfast.

#### C4.3.3: Cultural Development Fund

The Shire continued to support a range of arts and cultural activities and events through the Cultural Development Fund during 2018/19, with \$6,000 shared across three community groups to help fund local projects.

#### C4.3.4: Denmark Historical Society

A \$3,500 contribution was made to the Denmark Historical Society to assist with operating costs and maintaining the museum collection.

#### C4.3.5: Arts and cultural activities and events

A contribution of \$75,00 was made to Denmark Arts to assist in bringing its program to the community. The program included Denmark Festival of the Voice, Brave New Works and the Denmark Arts Markets.

These events provided economic development opportunities to the town, as well as providing opportunities for the community to come together to celebrate art and culture.

#### C4.3.6 Citizenship Ceremonies and other Civic functions

In 2018/19 the Shire President officiated three Citizenship Ceremonies, welcoming three new Citizens to the community. The Shire continued to host the Australia Day Breakfast and other civic functions throughout the year.

#### C4.3.7: Australia Day Breakfast

The Shire of Denmark hosted a new look Australia Day event in 2018/19, with approximately 1,000 people attending. The Big Aussie Breakfast in the Park focused on community engagement and providing opportunities for community interaction and increased vibrancy.



Photo: Australia Day Breakfast

A line-up of local artists were engaged to offer musical entertainment, while kids and family activities such as face painting, art and craft and a popular bouncy castle were also on offer.

The Shire hosted Youth Australia Day ambassador Steph Jackson and local aboriginal leader Larry Blight delivered the Welcome to Country.

Event goers also had the opportunity to earn cash in exchange for their empty beverage containers as part of the WA Container Deposit Scheme promotion. With funding from the State Government, the Shire worked with WALGA to trial the scheme at this event. 2,910 containers were recycled at the event as part of the Cash for Cans initiative.

#### **C4.4.1: Aboriginal Heritage Policy**

The Shire continued to implement the Aboriginal Heritage Policy during the year and placed and increased focus on delivering Welcome to Country and Acknowledgement of Country at Shire functions and events. In addition to the Welcome to Country delivered at the Australia Day breakfast, the Shire President commenced Ordinary Council Meetings with an Acknowledgement of Country during 2018/19.

#### **In 2018/19 the Shire recognised the following community members at the Australia Day Breakfast:**

- Citizen of the Year Award: Ken Davies
- Senior Citizen of the Year: Reg Copeman
- Youth Citizen of the Year: Charlie Thornton
- Community Group of the Year: Nornalup Residents and Ratepayers Association
- Senior Sportsman of the Year: Ethan Burton
- Junior Sportsman of the Year: Laura McEwan
- Service to Sport Award: Kelly Schroeter

## Corporate Business Plan Measures

Things we measure	Source	2018/19
Number of events hosted each year by the Shire	Internal - Community Services	15
Attendance at community events hosted each year by the Shire	Internal - Community Services	3,202
Value of annual Shire arts and culture funding (\$)	Internal - Finance	\$116,500
Value of annual Shire community and sporting group funding (\$)	Internal - Finance	\$255,400
Socio-Economic Disadvantage score	Australian Bureau of Statistics	1003
Percentage of high risk food premises inspected (%)	Internal - Health	100%
Percentage of Registered caravan parks/camping grounds inspected (%)	Internal - Health	100%
Percentage of public buildings inspected (%)	Internal - Health	55%
Shire Bushfire Volunteers as a percentage of population (%)	Internal – Emergency Services	8.4%

## Key Statistics

### Rangers Statistics

Type	Education	Warning	Infringement
Fire Management Notice	1,560	154	8
Dog Act 1976 Compliance	509	34	18
Parking Local Laws	383	68	43
<b>TOTAL</b>	<b>2,452</b>	<b>250</b>	<b>69</b>

### Library Statistics

Type	Number
Number of physical loans	47,131
Reference enquiries	10,920
eResource enquiries	507
Programs for adults and children	253
Program attendance for adults and children	2,322
Customer visits	43,578
Visits to online catalogue	3,916
eResource usage	9,846

### Recreation Centre Statistics

Type	Number
Total Recreation Centre Attendances	37,342
Gym	12,954
Fitness Classes	2,756
Living Longer Living Stronger	3,166
Sports Hall	15,656

### Public Health Statistics 2018/19

Type	Number
Onsite conventional septic system approvals	36
Aerobic Treatment Units approvals	8
Water samples	191
Food samples	2
Carcass and surface samples	6
Asbestos fibre identification samples	2
Food premises assessments	293
Stall holder's licenses	43
Selling food on private land permit	2
Section 39 certificates	3
Alfresco and dining licensing	11
Childcare and family daycare inspections	1
Trading in thoroughfares and public places permits	2
Home holiday accommodation inspections	14
Peaceful Bay Leasehold properties inspections	3
Temporary accommodation approval	6
Lodging houses inspections	2
Home inspections regarding noise, mosquitos, mould and smoke	29
Public building inspections	22
Meat inspections	121
Caravan and camping inspections	9



## Community satisfaction with Our Community



Performance Measure	2017/18	2018/19	Average Score	High Score	Average Score	High Score
Services and facilities for families and children	54	56	60	66	59	71
Services and facilities for youth	38	41	48	52	48	70
Facilities, services and care available for seniors	48	54	58	61	55	67
Access to services and facilities for people with a disability	43	49	52	56	51	66
Access to health and community services	57	61	59	63	54	69
Library and information services	74	79	74	79	71	89
Festivals, events, art and cultural activities	69	74	66	74	62	78
How Aboriginal people, history and heritage is recognised and respected	54	54	61	67	54	67
How local history and heritage is preserved and promoted	54	62	66	75	60	79
Safety and security	66	68	59	76	55	76
Management of food, health, noise and pollution issues	55	59	N/A	N/A	57	74
Natural disaster management (education, prevention and relief for fires, flooding, etc)	51	58	58	66	56	66

## Our Local Government

The Shire of Denmark is recognised as a transparent, well governed and effectively managed Local Government

### L5.1.2: Asset data improvement program

The Shire has developed and implemented a data improvement program across asset inventory, condition and valuations during 2018/19. The information is documented in the Shire's Asset Management Plan and each financial year a different asset portfolio will be reviewed and updated.

### L5.1.3: Asset system reconciliation process

The Shire has implemented a reconciliation process between the asset management system and Synergy Soft to improve consistency across the organisation when capturing asset data. The Asset team completed the fleet consolidation during 2018/19 and will commence work on buildings in 2019/20.

### L5.1.4: Valuation management procedure

The Shire has developed and implemented a valuation management procedure to ensure the quality of all future valuations when engaging external Valuer providers. Further work will occur in 2019/20 to ensure that the requirements with as constructed data from external developments is captured via a similar procedure.

### L5.1.5: Asset management training program

Inhouse and external training regarding asset modelling and data input has been provided to the Asset Management team during the year. Further training will be required for the Works team following a number of system implementations.

### L5.1.6: Asset management policies and procedures

The review of formal asset management plan policies and procedures will commence in 2019/20 following the adoption of the Asset Management Plan in October 2019.

### L5.1.8: Scheduling process for cleaning staff

The Shire has developed a cleaning schedule for staff to provide guidance on the frequency and timing of the cleaning public assets within peak and non-peak periods. The aim of the schedule was to provide efficiency and cost saving measures.

### L5.1.9: Annual Report

The Shire has continued to review the structure of the Annual Report to better align to the aspirations and objectives of the Strategic Community Plan and the activities of the Corporate Business Plan. The Annual Report now provides community survey and other organisational and external metrics that are tracked on an annual basis as a way to measure activity trends and performance.

### L5.1.10: Alignment between the AMP and LTFP

The Shire continued work on the Asset Management Plan and Long Term Financial Plan during 2018/19, with a focus on creating better alignment between the two strategic documents. This work will continue in 2019/20, with a focus on refining depreciation figures across the asset classes.

### L5.1.11: Project Management Framework

The Shire has created a draft project management framework, however further work will be required in 2019/20 to fully align the

framework and associated templates to the Long Term Financial Plan, Corporate Business Plan and Annual Budget process.

#### **L5.1.12: Quarterly Corporate Business Plan Report**

The Shire commenced work on the development of a quarterly Corporate Business Plan Report that provides a high-level overview of the Shire's progress over each quarter. Power BI was chosen as the desired program and work will commence in 2019/20 to integrate real-time financial data into this report. The first quarterly report is anticipated to be released in 2019/20.

#### **L5.1.13: IPR process map and timetable**

The Shire developed and implemented an IPR process map and timetable for the organisation during the year to improve efficiency and support quality outcomes. The Shire will commence using the timetable from January 2020.

#### **L5.1.14: IPR Assessment**

The Shire took the lead role in developing an Annual IPR Assessment with the Great Southern Peer Support Program that is being rolled out across the State. The assessment framework aims to both track and improve performance across the Integrated Planning and Reporting aims and requirements. The Shire undertook a self-review of the assessment in 2018/19 and will participate in a peer review facilitated by the Great Southern Peer Support Program in 2019/20.

#### **L5.1.15: Culture survey**

The Shire undertook its second annual culture survey with the results used to inform the development of the Workforce Plan and People Strategy. The survey results highlighted increased staff satisfaction during 2018/19 and improvements across all areas surveyed, including leadership, workplace, colleagues, role and benefits.

#### **L5.1.16: Civic Centre management document**

The Civic Centre management document was reviewed in preparation of an online hiring and booking system to be implemented in 2020 for public buildings within the Shire.

A number of improvements were made during the review relating to hiring procedures, rules of occupation, and improving the customer experience when hiring the Civic Centre.

#### **L5.1.18-21: Improvements to debtor processes and procedures**

A number of improvements were made to the debtors function during the year, which included the implementation of a debtors training program to assist related staff with processing and recording debtor information within each department. A monthly review of historical debtor details was implemented to ensure details are complete and are up to date and a process was implemented to capture changes to new and existing periodical debtors.

#### **L5.1.22: Checklist and work pack to support infrastructure projects**

The Shire has created an information pack and system to assist all project officers/managers to better understand the pre-requirements of projects (for example heritage approvals, building or planning consent etc.). The system also includes a mechanism to ensure that information is regularly available to provide the current status on capital works projects for the Executive Team and Councillors.

#### **L5.1.28: Improvements to committee minutes**

This project has been rescheduled to 2020/21, where a review will inform improvements to the Shire's approach to committee meeting minutes.

### **L5.1.32 Equal Employment Opportunity Plan**

EEO objectives have been included in the Shire's Workforce Plan and will be progressed in 2019/20 onwards.

### **L5.1.33: LGIS Regional Risk Coordinator Plan**

The LGIS Regional Risk Coordinator Program assists the Shire of Denmark with reducing organisational risk. Through this co-funded arrangement, a dedicated Regional Risk Coordinator is employed for the Shire to deliver and coordinate risk, safety and governance activities. Monty Archdale from LGIS delivered the plan for the Shire of Denmark in 2018/19.

### **L5.1.34: Organisational wide training calendar**

A training calendar has been implemented in Corporate and Community Services and will be considered for organisational wide adoption after a cost/benefit review in 2019/20.

### **L5.1.35: Recruitment processes**

Minor changes have been made to the Shire's recruitment process in 2018/19 with further changes outlined in the Workforce Plan and People Strategy over the next four years.

### **L5.1.38 Performance Management and Performance Review template**

The Shire updated the performance review template in 2018/19, with the new template informing annual reviews during the year. Further improvements may be made during 2019/20 and beyond following the adoption of the Shire's Workforce Plan and People Strategy.

### **L5.1.39: Professional development**

The Shire continued to offer support for the Professional Development of all staff. This is a focus of the Workforce Plan and People Strategy and further improvements will be made over the next four years.

### **L5.1.40: Annual salary benchmark exercise**

The Shire completed the WALGA industry salaries benchmark, across the Local Government sector. This information is available on the WALGA portal and is used by staff to inform recruitment and retention strategies.

### **L5.1.43: Position descriptions**

A review of staff performance profiles, in line with recent organisational changes, were conducted during 2018/19. The review sought to update historical staff position descriptions in line with current business practices.

### **L5.1.44: Review the office blueprint**

The project was rescheduled for 2019/20 following a reduction in the project budget. Minor works were completed in 2018/19 to create a better use of office space for staff.

### **L5.1.45: Records induction and training program**

The Shire commenced a records induction and training program in 2018/19 and this forms part of Record Keeping Strategy review. The Senior Records Officer now formally inducts and trains staff in correct record keeping practices which has helped improve the percentage of records kept to the required standard across the organisation.

### **L5.1.47 Archive and record storage**

A number of current storage options have been reviewed to ensure record keeping compliance requirements continue to be met by the Shire. This information will be used to inform future budgets.

### **L5.1.50 Pre-start log book procedure for light fleet**

The Shire has implemented a weekly pre-start procedure for light fleet in the Shire. This minimise the impact of any maintenance issues and improve the safety and the life of the light fleet.

#### L5.1.51 Booking procedure for vehicle inspections

A revised booking method to minimise no shows, cancellations and non-resident bookings has been developed and will be implemented in 2020.

#### L5.2.2: Community engagement principles within the project management framework

The Shire has created a draft project management framework, however further work will be required in 2019/20 to fully integrate the Shire's desired community engagement approach.

#### L5.2.4: Annual Community Scorecard satisfaction survey

The Shire undertook the annual MARKYT Scorecard during 2018/19 to help identify areas of priority and understand levels of satisfaction within the community. The results showed significant improvement across all strategic themes of the Strategic Community Plan.

#### L5.2.5: Customer Service Charter

This project was postponed to 2019/20 where a review of the Shire's Customer Service Charter will be undertaken to better reflect customer expectations and organisational capability.

#### L5.2.7: Community Risk Acceptability Survey

The survey was developed in 2019/20 to better understand the community's perception and acceptance of risk in relation to bushfire. The survey evolved during the year into a partnership approach with the Department of Fire and Emergency Services, Bushfire Mitigation and Community Preparedness branches. The partnership has enabled the survey to be comprehensive and delivered to a much larger section of the community at a reduced cost. The survey is scheduled to go live in November 2019.

#### L5.2.11-12: Communication and customer feedback strategy for the Library and Recreation Centre

The Library and Recreation Centre created and implemented annual Satisfaction and Customer Feedback surveys to assess community awareness of the services provided and receive feedback on the quality and value of these services. Information contained within these surveys will help support the selection and implementation of future activities and offerings.

#### L5.3.3: WALGA Elected Member Skill Set training

The Shire continue to provide opportunities for Elected Member training. Following the changes to the Local Government Act, Mandatory Training for Elected Members (*Elected Member Essentials*) is now in place.

#### L5.3.6: Lease Register

The Shire undertook a review of the Lease Register to improve renewal and review processes.

#### L5.3.8: Section 17 and Section 5 (2) (c) review

The Shire engaged Moore Stephens in August 2019 to conduct the reviews. The results of the review and subsequent action plan will help improve risk management, internal controls, legislative compliance and financial management systems and procedures within the Shire.

#### L5.3.9: Business Continuity and Recovery Plan

A number of workshops to review Shire of Denmark Business Continuity and Risk Management Plans and Policies were conducted in April 2019. The review aims to improve the way the Shire mitigates risk and proactively plans for disruptive events. The updated plans and policies will go before the Audit Committee for review in 2019/20 prior to Council adoption.

#### **L5.3.10: Weekly leading hand meeting**

The Shire has implemented a weekly leading hand meeting. The meetings have resulted in an improved flow of information through the leadership team and the Works team.

#### **L5.4.1: Credit Card Policy**

The Shire implemented a number of recommendations from the Office of Auditor General review in to Credit Card administration by Local Governments during 2018/19, with the updated policy adopted by Council.

#### **L5.4.2: Debt Collection Policy**

The Shire's Debt Collection Policy was reviewed and adopted by Council. The changes have improved the debt collection percentage of outstanding rate and general debtors.

#### **L5.4.3: Investment Policy**

The Shire did not complete a review of the Investment Policy during 2018/19, however this will be conducted in 2019/20 and will give consideration to invest with financial institutions that invest in renewable and sustainable practices.

#### **L5.4.4: Purchasing Policy**

The Shire reviewed the Purchasing Policy and associated procedures during 2018/19.

#### **L5.4.5: Monthly reconciliation process**

The Shire implemented a formalised monthly reconciliation process for all accounting practices (debtors, creditors, rates, investments, bank reconciliation etc.) during 2018/19.

#### **L5.4.6: Timetable and process for Annual financial statements**

A timetable for completion of annual financial statements and annual audit function was determined and agreed between Lincolns and the Shire of Denmark for 2018/19. This has ensured that the Annual Report and financial statements are able to be adopted by the earlier deadline of December 31<sup>st</sup>.

#### **L5.4.7: Budget process**

During 2018/19 the Shire undertook a number of steps to ensure that the Annual Budget process now considers Corporate Business Plan as one of the key informing documents. The Long Term Financial Plan was adopted by Council in 2019/20 and further work will be required to align the Budget process to this principal informing strategy.

#### **L5.4.8: End of month financial reconciliation process**

The end of month financial reconciliation process was reviewed to improve the information provided to staff and Councillors during 2018/19.

#### **L5.4.10: Long Term Financial Plan**

The Shire finalised the draft 15-Year Long Term Financial Plan during the year, with the draft referencing the Asset Management Plan and Workforce Plan and People Strategy. The LTFP was adopted by Council in 2019/20 and will inform future annual budgets.

#### **L5.4.12: Whole of life costings**

The Shire developed whole of life costings for the sealed road network during 2018/19. This has been linked to agreed service and intervention level for a reseal on the roads. Further work will be required for other asset classes as the Shire's data confidence increases.

#### **L5.4.13: Cost coding procedures and practices**

During 2018/19 the Asset and Finance team explored a number of options to ensure the accurate capture of costs associated with the Shires assets. A number of improvements to cost coding procedures and practices were implemented to ensure that costs are itemised correctly so that true costs them can be captured to the renewal of individual assets. The changes will be monitored over a twelve-month period for effectiveness.

#### **L5.4.14: Valuation and condition rating**

As per the Asset Management Plan, each year the Shire updates data relating to one asset portfolio. The valuation and condition rating information contained in these valuations provides the Asset team guidance on the renewal and maintenance requirements for each asset class. This year the Shire reviewed building assets to help improve the level of confidence in the Shire's existing data set.

#### **L5.4.15: Reconciliation process of the stationery budget**

The Shire implemented a reconciliation process of the stationery budget to improve internal control of the annual budget during the year.

#### **L5.4.16: Outsourcing and decommissioning of cutlery and crockery**

The Shire investigated and implemented the outsourcing and decommissioning of cutlery and crockery hire. A tender process will commence in 2019/20 for community groups to purchase the items.

#### **L5.4.17: Traffic Count Schedule**

The Shire has reviewed the existing traffic count schedule to create a list of roads that are required to be captured annually for peak and non-peak traffic volumes. This will ensure that the Shire has up to date data that can be used to support grant funding for roads. The Shire will also review the road hierarchy in 2019/20.

#### **L5.4.18: Compactor bin**

The Shire purchased a second compactor bin for the Denmark Waste Management Reuse Facility to reduce transfer costs during 2018/19.

#### **L5.4.20: Waste Services Review**

The Waste Management Advisory Committee commenced a Waste Service review for the Shire, which will continue into the 2019/20 financial year. Talis Consultants were engaged to deliver the service review to inform the decision-

making process for improvements to waste services. The outcomes of the review will be detailed in early 2020.

#### **L5.5.1: Financial reporting software**

The Shire investigated and began the implementation of financial reporting software to improve team based reporting and support the successful delivery of projects. The project is ongoing and was in the final testing stage during 2018/19. Implementation and rollout to managers for team based reporting is scheduled for completion in December 2019.

#### **L5.5.2: Asset Management Software**

The Shire purchased and implemented new software during 2018/19 that assists with modelling the financial impacts of the Shire's existing assets as they reach the end of their useful life.

#### **L5.5.3 Strategic planning, project management and performance management software**

The Shire investigated a number of options relating to an integrated strategic planning, project management and performance management software program. The Shire will prepare a brief for the Management Team to consider that explores the costs and benefits of such software in 2019/20.

#### **L5.5.4 Great Southern Peer Support Program**

The Shire of Denmark continued to take a leading role as co-facilitator of the Great Southern Peer Support Program. The Program is the first of its kind in WA (and possibly Australia), comprising all eleven Local Governments in the Great Southern. The program seeks to support local governments in the region to improve their long-term planning through collaboration and resource sharing.

The Shire of Denmark was recognised for their involvement, along with the City of Albany and all Great Southern participants of the program, through the receipt of the Innovative

Management Award at the Local Government Professionals Annual State Conference in November 2018.



*Photo: Shire of Denmark accepting the award on behalf of the Great Southern Branch of the Peer Support Program*

#### **L5.5.6: Electronic authorisation of signatures**

The Shire will consider this project in future Annual Budgets, due to the cost involved to implement electronic signatures for the authorisations of payments.

#### **L5.5.10: Electronic HR/personnel file system**

The Shire investigated an electronic HR/personnel file system to support easy reporting and workforce analysis. The cost of implementing HR system will be assessed as part of the Corporate Business Plan review in 2019/20.

#### **L5.5.16: New telephone system**

The Shire completed a project to replace the existing telephone system with a VOIP system using the NBN connections at the various Shire sites. Allowing the telephone system to operate within IP technology that carries all forms of data, voice and video across all sites has maximised cost efficiency savings.

#### **L5.5.17: Shared Information Communication Technology resourcing**

An ICT user group was formed as part of the Tri-Alliance between City of Albany, Shire of Plantagenet and Shire of Denmark. Reporting to the Tri-Alliance Committee quarterly, the group has improved the sharing of IT knowledge and resources from the City of Albany to Shire of Denmark & Plantagenet.

#### **L5.5.18 Electronic pay sheet, timesheet and costing systems**

The payroll department implemented the distribution of electronic payslips to all Shire employees as part of an improvement initiative to replace paper payslips. The second phase of the project will involve standardising the use of an electronic timesheet system across the organisation.

#### **L5.5.19: e-Rates function including SMS reminder notices**

An e-Rates function with SMS reminder was made available as a payment option for ratepayers in 2018/19.

#### **L5.5.20: Payment of rates by online payment**

A review of the cost and scope to implement a direct debit option for rates and general debtors in the Shire's accounting software program was completed during 2018/19.

#### **L5.5.21 Information Management and Records Strategy**

The Shire engaged an external consultant to undertake the legislated five-year review of the Recordkeeping Plan (RKP). A User Satisfaction and Recordkeeping Assessment Survey was undertaken across the Shire to collect data to support the RKP Review and demonstrate the efficiency and effectiveness of recordkeeping practices in the Shire at the time of the review. A number of action items were recommended as part of the final report and will be prioritised for delivery from 2019/20 onwards.



## Corporate Business Plan Measures

Things we measure	Source	2018/19
Current Ratio (%)	Internal - Finance	98%
Debt Service Cover Ratio (%)	Internal - Finance	535%
Operating Surplus Ratio (%)	Internal - Finance	-22%
Own Source Coverage Ratio (%)	Internal - Finance	67%
Overall Compliance with the Compliance Audit Return (%)	Internal - Governance	92.56%
Percentage of Annual Returns lodged by 31 August (%)	Internal - Governance	100%
Percentage of Primary Returns lodged within 3 months of commencement (%)	Internal - Governance	100%
Percentage of Related Party Disclosures published in Annual Financial Statements (%)	Internal - Governance	100%
Percentage of Councillor attendance at Council Meetings (%)	Internal - Governance	91%
Percentage of Council Meeting Agendas published 7 days prior to meeting (%)	Internal - Governance	72.73%
Percentage of Council Meeting Minutes published within 10 working days after meeting (%)	Internal - Governance	100%

## Community satisfaction with Our Built Environment



Performance Measure	2017/18	2018/19	Average Score	High Score	Average Score	High Score
The Shire of Denmark as the organisation that governs the local area	48	55	54	68	56	74
Value for money from Council rates	43	45	41	57	45	64
Council's leadership within the community	42	51	49	60	50	67
Advocacy and lobbying on behalf of the community to influence decisions, support local causes, etc.	43	50	48	64	50	68
The Shire's efforts to work with regional partners	50	55	56	79	59	79
How open and transparent Council processes are	38	46	44	61	45	61
How the Shire embraces change, innovation and new technology	45	51	51	65	52	65
How the community is consulted about local issues	43	49	44	58	46	63
How the community is informed about what's happening in the local area (including local issues, events, services and facilities)	48	53	52	64	54	66
Shire's website	54	59	57	63	58	68
Customer service	68	72	64	72	63	79
	<b>% Agree</b>					
The Shire has developed and communicated a clear vision for the area	23	26	29	52	35	61
Elected Members (the Councillors) have a good understanding of community needs	23	30	N/A	N/A	31	50
Staff have a good understanding of community needs	40	43	N/A	N/A	35	53
The Shire listens to and respects residents' views	27	33	25	52	33	52
The Shire clearly explains the reasons for its decisions and how residents' views have been taken into account	23	30	N/A	N/A	29	49

# Compliance

## Register of Complaints

A local government is required to keep a register of complaints which have resulted in a breach, which is to be dealt with by public censure, apologising publicly or undertaking training. During 2018/19 there were no complaints recorded in the Register.

## Compliance Audit Return (CAR)

Each year a local government is required to carry out a compliance audit return for the period 1 January to 31 December.

In the period 1 January 2018 to 31 December 2018, the Shire achieved 92.56% compliance. A copy of the CAR is available on Council's website at [www.denmark.wa.gov.au/governance-documents-and-forms.aspx](http://www.denmark.wa.gov.au/governance-documents-and-forms.aspx)

## Financial Returns

All Elected Members, Designated Employees and employees who have delegated authority under the Local Government Act 1995 and section 2014(2), (3) or (5) of the Planning and Development Act 2005 must complete a Primary Return within 3 months of commencing a relevant position. An Annual Return must be completed prior to 31 August each year.

All required Financial Returns were submitted on time in the 2018/19 Financial Year.

## Delegations of Authority

Delegations provide Council employees with the power to carry out certain functions and duties and make determinations which would ordinarily be required to be determined by a formal Council decision. The Council can delegate to the CEO the exercise of any of its powers or duties under various Acts, apart from those specified in section 5.43 of the Local Government Act 1995.

The CEO may sub-delegate to any employee any of those powers or duties, other than the power of delegation, subject to any conditions imposed by the Council.

The Act requires the CEO to keep a register of Delegations and for those delegations to be reviewed once annually. A copy of the Register can be found on the Shire's website.

## Gift and Travel Declarations

Council Members and Designated Employees are required to declare notifiable gifts and travel contributions with 10 days of their acceptance.

In 2018/19 there were no declarations of notifiable gifts or travel made.

All declarations made are recorded in a public register which is available at the Shire Office or on the Shire's website.

## Freedom of Information

As a public authority, the Shire has an obligation to provide certain information under the provisions of the Freedom of Information Act 1992 (FOI). During the 2017/18 year, 3 requests were received for information under FOI.

## Public Interest Disclosures

As a public authority, the Shire has an obligation to provide information under the Public Interest Disclosure Act 2003. No public interest disclosures were received during 2018/19.

## Citizenship Ceremonies

Australian Citizenship Ceremonies are important events. Whilst fulfilling the requirements under Australian citizenship law, they also offer Local Government's an opportunity to welcome new citizens as full members of the Australian community.

Local Governments have delegated authority from the Federal Government to officiate Citizenship Ceremonies with the Shire President, Deputy Shire President or the CEO able to preside at the service.

In 2018/19 the Shire President officiated three ceremonies, welcoming three new Citizens to our community.

### Employee Remuneration

In accordance with Section 5.53(2) (g) of the Local Government Act 1995 and Section 19B of the Local Government (Administration) Regulations 1996, the following information is provided with respect to employees’ annual salary entitlements.

Set out below, in bands of \$10,000, is the number of employees of the Shire remunerated with an annual salary of \$100,000 or more. The figures below represent a cash base salary but do not include vehicle allowances, non-monetary benefits such as professional memberships or superannuation of up to 14.5%

#### 2018/19 Employee Remuneration

Salary Range \$	Number of Employees
100,000 - 109,999	
110,000 - 119,999	3
120,000 - 129,999	2
130,000 - 139,999	2
140,000 - 149,999	
150,000 - 159,999	
160,000 - 169,999	
170,000 – 179,999	
180,000 – 189,999	1

*The Shire of Denmark underwent a restructure during 2018/19 and two positions reflected within the bands shown above were not continued in 2019/20.*

### Local Laws

During 2018/19 Council did not adopt any new local laws.

### Strategic Community Plan

No changes were made to the Strategic Community Plan, Denmark 2027. The Shire will undertake a minor review in 2019/20.

### Risk Management

Risk management is a critical element of good decision making, with the role of Council to make informed decisions. Staff are required to provide Council with advice based on the best available information and assessment of risk.

The Shire of Denmark engaged Moore Stephens to undertake a review service with a dual purpose, firstly to provide the basis for a report on the appropriateness and effectiveness of the Shire’s risk management, internal controls and legislative compliance systems and procedures as required by the Local Government (Audit) Regulations 1996 Regulation 17. Secondly, a review of financial management systems to assess the appropriateness and effectiveness of these systems and procedures, as required by Local Government Financial Management Regulations 5(2)(c).

The Shire reviewed its Risk Management Plan and Business Continuity Plan for adoption into the overarching Risk Management Framework.

## 2018/19 Financial Summary

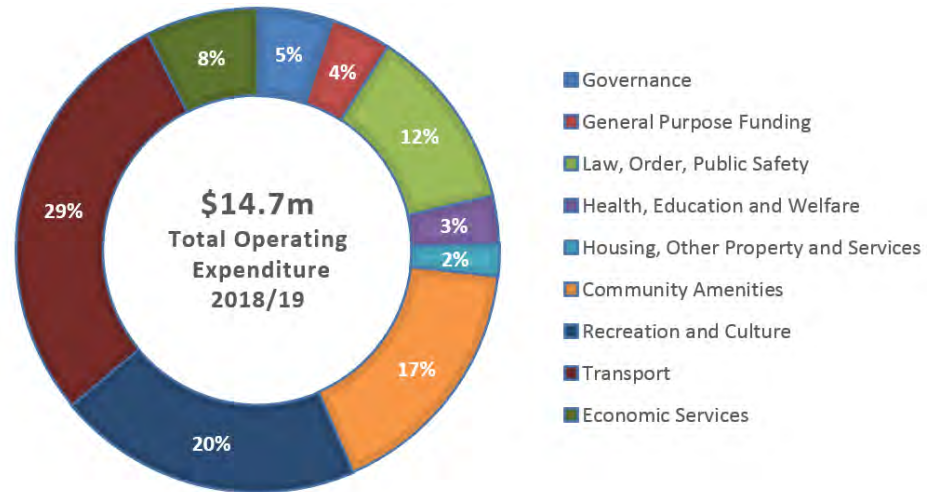
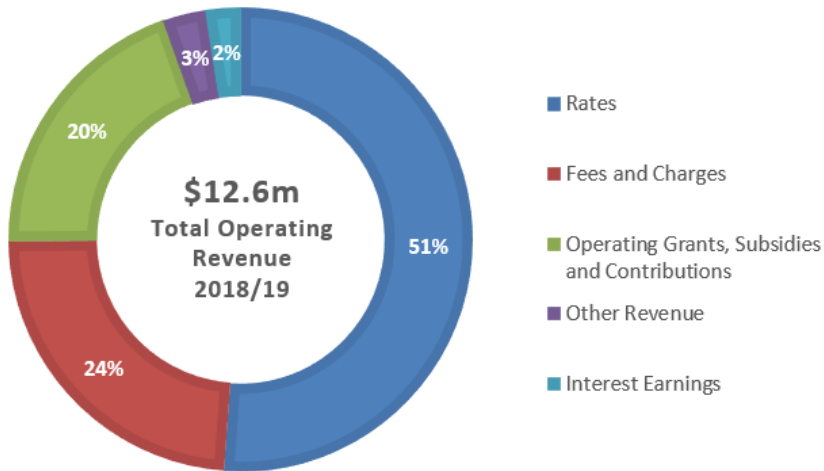
In accordance with the requirements of the Local Government Act 1995 Section 5.53, the Council is required to prepare and include audited financial statements within its Annual Report.

The Shires financial performance for the year is detailed in the Audited Financial Report. The report includes the major financial statements and the 3-year comparisons of financial ratios. Financial statements and notes are presented in Appendix A.

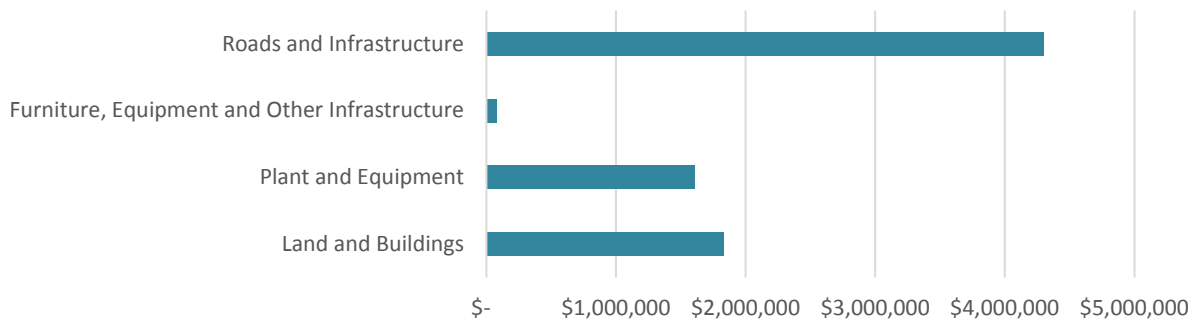
The Shire of Denmark's net result for 2018/19 was a deficit of \$2,079,492. The variance to the adopted budget estimate of \$601,668 was primarily due to the following factors:

- Refunding project funds of \$4.3m to the Department of Primary Industries & Regional Development for the East River Road Bridge project, which Council resolved not to proceed with;
- Receiving non-operating grants not budgeted for totalling \$1.2m. The main grant of \$940k being for two Bushfire Trucks received from the Department of Fire & Emergency Services;
- Higher than budgeted revenue from operating grants totalling \$830k; and
- Other grant revenue not being received to the amount estimated in the adopted budget totalling \$470,000. This is matched to savings in capital expenditure and incomplete projects.

# 2018/19 Financial Snapshot



## Capital Works



## Expenditure by Program for Every \$100 Spent

**\$62 Transport**  
**\$23 Recreation and culture**  
**\$14 Law, order and public safety**  
**\$0.9 Community amenities**  
**\$0.2 Governance**

# 2018/19 Financial Assistance

## GRANTS

### Community Financial Assistance Program

Denmark Little Athletics – purchase of a line marker	\$2,250
Denmark Historical Society – archival grade envelopes and catalogues	\$ 620
Denmark Surf Life Saving Club – State Life Saving Carnival	\$5,000
Denmark CRC – Exhibition of Evolution of the Surfboard	\$2,500
Nornalup Residents & Ratepayers Assoc – Annual Picnic Nornalup	\$3,500
Riding for the Disabled – new storage shed	\$2,500

### Cultural Development Fund

Nornalup Residents & Ratepayers Assoc – Historical Display	\$3,000
Denmark Baroque – Project Christmas Oratorios	\$2,000
ArtSouth WA Inc – Southern Art & Craft Trail	\$1,000

## DONATIONS, GIFTS & GRATUITIES

Administered in accordance with Council Delegation D040401

Community Groups	\$5,948
Schools & Colleges	\$1,100
Staff Service & Incentive Gifts	\$4,787
Other Donations	
Denmark Animal Carers Association	\$2,000
Donated Use of Council Facilities	\$1,694

## OPERATING SUBSIDIES

Denmark Arts	\$75,000
Amazing South Coast (Denmark Visitors Centre)	\$95,000

## CONTRIBUTIONS

Denmark Occasional Day Care Centre	\$6,021
Peaceful Bay RSL Community Bus	\$1,000
Denmark & Peaceful Bay RSL	\$ 800
Parryville Hall Committee	\$2,627
Tingledale Hall Committee	\$2,956
Scotsdale Hall Committee	\$2,586
Kentdale Hall Committee	\$2,522
Peaceful Bay Hall Committee	\$2,150
Nornalup Hall Committee	\$3,783
RSL Hall	\$3,709
Denmark Surf Club	\$9,258
Denmark Historical Society	\$3,500
Denmark Community Resource Centre	\$2,000
Denmark Visitors Centre	\$3,032

## RATE WAIVER & CONCESSIONS

32 Community Groups	\$49,100
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## LEASE REDUCTIONS

Denmark Community Resource Centre	\$50,400
Denmark Arts	\$32,000
Amazing South Coast (Denmark Visitors Centre)	\$42,000

Financial Indicators		Benchmark	Trend	2019	2018	2017
<b>Revenue Generation Ratios</b>						
Own Source Revenue Coverage (mandatory)	Measures the Shires ability to cover operating expenses from own source revenue	0.4	↔	0.67	0.67	0.6
Rates Income Ratio	Measures the proportion of the Shire's rates revenue that contributes to total income		↓	51%	53%	51%
Rates Expenditure Ratio	Measures the Shire's dependence on rates revenue to fund operations		↑	44%	43%	40%
Fees and Charges to Income	Measures the extent to which the Shire's income is diversified away from rates		↓	24%	26%	22%
<b>Operating Surplus Ratio</b>						
Operating Surplus/Deficit (mandatory)	Measures the proportion of operating surplus to own source income	0.01	↑	(-0.22)	(0.28)	(0.39)
<b>Liquidity Ratio</b>						
Current (mandatory)	Gauges the extent to which short term liabilities can be met by short term (liquid) assets	1.0	↑	0.98	0.93	1.05
<b>Debt Service Ratios</b>						
Debt Service Cover (mandatory)	Measures the extent to which the Shire's operating surplus before depreciation and interest expenses meets debt repayment obligations	2.0	↑	5.35	4.53	4.93
Debt Ratio (total liability to total assets)	Measures the Shire's solvency		↑	7.5%	5.6%	1.70%
<b>Asset Coverage Ratios</b>						
Asset Consumption (mandatory)	Measures the extent to which depreciable assets have aged by comparing written down values to replacement costs	0.50	↓	0.62	0.97	N/A
Asset Renewal Funding (mandatory)	Indicates whether the Shire has the capacity to fund asset renewals as required and maintain existing service levels without additional funding	0.75	↔	0.93	N/A	N/A
Asset Sustainability (mandatory)	Indicates the extent to which the Shire is replacing existing assets as they reach the end of their useful lives	0.90	↑	1.34	0.98	0.4



Appendix A

2018/19 Annual Financial Report



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Denmark

Report on the Audit of the Financial Report

#### **Opinion**

I have audited the annual financial report of the Shire of Denmark which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

#### **Basis for Opinion**

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

#### **Emphasis of Matter – Basis of Accounting**

I draw attention to Note 1 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's annual financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

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

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

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

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

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

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

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the annual financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the annual financial report, including the disclosures, and whether the annual financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## Report on Other Legal and Regulatory Requirements

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


- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
  - a. The Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the past 3 years.  
The financial ratios are reported in Note 30 of the annual financial report.
- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
  - a. The Shire has not reported the Asset Renewal Funding Ratio for 2018 and 2017 in the annual financial report as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996, as planned capital renewals and required capital expenditure were not estimated in a long term financial plan and asset management plan respectively in the previous years;
  - b. The Shire has not reported the Asset Consumption Ratio for 2017 in the annual financial report as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996, as current replacement cost of depreciable assets was not estimated in 2017;
  - c. Accounting journal entries were posted by one employee, without being reviewed by a senior staff member independent of preparation. Accounting journals can represent significant adjustments to previously approved accounting transactions, and should therefore be appropriately reviewed and approved.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

### Other Matter

The financial ratios for 2017 in Note 30 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2017. The auditor expressed an unmodified opinion on the annual financial report for that year.

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

This auditor's report relates to the annual financial report of the Shire of Denmark for the year ended 30 June 2019 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.

  
SANDRA LABUSCHAGNE  
DEPUTY AUDITOR GENERAL  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
05 December 2019



Our Ref: 7929

Mr David Schober  
Chief Executive Officer  
Shire of Denmark  
PO Box 183  
DENMARK WA 6333

7th Floor, Albert Facey House  
469 Wellington Street, Perth

Mail to: Perth BC  
PO Box 8489  
PERTH WA 6849

Tel: (08) 6557 7500  
Fax: (08) 6557 7600

Email: [info@audit.wa.gov.au](mailto:info@audit.wa.gov.au)

Dear Mr Schober

### **ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019**

The Office has completed the audit of the annual financial report for your Shire. In accordance with section 7.12AD (2) of the *Local Government Act 1995*, we enclose the Auditor General's auditor's report, together with the audited annual financial report.

We have also forwarded the reports to the President and the Minister for Local Government, as required by the Act. You are required to publish the annual report, including the auditor's report and the audited financial report, on your Shire's official website within 14 days after the annual report has been accepted by your Council.

#### **Management Control Issues**

I would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the audit. These matters have been discussed with management and their comments have been included in the attachment.

Please note that the purpose of our audit was to express an opinion on the financial report. The audit included consideration of internal control relevant to the preparation of the financial report in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

An audit is not designed to identify all internal control deficiencies that may require management attention. The matters being reported are limited to those deficiencies that have been identified during the audit that are of sufficient importance to warrant being reported. It is possible that other irregularities and deficiencies may have occurred and not been identified as a result of our audit.

This letter has been provided for the purposes of the Shire and the Minister for Local Government and may not be suitable for other purposes.

I would like to take this opportunity to thank you, the management and the staff of the Shire for their cooperation with the audit team during our audit.

Feel free to contact me on 6557 7536 if you would like to discuss any matters concerning the audit.

Yours faithfully

EFTHALIA SAMARAS  
DIRECTOR FINANCIAL AUDIT  
05 December 2019

Attach

## SHIRE OF DENMARK

PERIOD OF AUDIT: 1 JULY 2018 – 30 JUNE 2019

## FINDINGS IDENTIFIED DURING THE COURSE OF THE AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. General Journals	✓		
2. Review of monthly reconciliations		✓	
3. Supplier Master File		✓	
4. Pensioner rate and ESL rebate receivables			✓

**KEY TO RATINGS**

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

## SHIRE OF DENMARK

PERIOD OF AUDIT: 1 JULY 2018 – 30 JUNE 2019

## FINDINGS IDENTIFIED DURING THE COURSE OF THE AUDIT

**1. General Journals****Finding**

As reported in the previous year, supporting documentation for accounting journal entries was not maintained at all times and there was no evidence of an independent review/approval of journals prior to them being posted.

**Rating: Significant  
Implication**

Accounting journals can represent significant adjustments to previously approved accounting transactions and should therefore be appropriately reviewed and approved. If journals are not independently reviewed there is an increased risk that unauthorised journals can be processed, and funds could be misappropriated.

**Recommendation**

To help maintain the integrity of the accounting information supporting documentation should be maintained for all journals. In addition, a person more senior than the preparer should authorise all journal entries to be processed in the system and review the correctness of posting after being processed. The authoriser/reviewer should sign and date on the journals as evidence of approval and review.

**Management Comment**

Agree with recommendation provided.

An accounting procedure (OP040270) has been implemented since October 2018 to establish a procedure to ensure proper accountability and control over journal entries posted within the accounting software system.

An amendment to the procedure has been made subsequent to the interim audit findings stated above to ensure a person more senior than the preparer is authorising all general journals entries processed in the system and is reviewing the correctness after being processed.

**Responsible Person:** Lee Sounness – Manager Corporate Services

**Completion Date:** 28 June 2019

## SHIRE OF DENMARK

PERIOD OF AUDIT: 1 JULY 2018 – 30 JUNE 2019

## FINDINGS IDENTIFIED DURING THE COURSE OF THE AUDIT

## 2. Review of monthly reconciliations

**Finding**

There was no evidence that the following monthly reconciliations were reviewed by an independent senior officer:

<b>Account</b>	<b>Period</b>
Reserve Fund	July 2018 to March 2019
Debtors	October 2018 and February 2019
Creditors	October 2018
Rates	October 2018

**Rating: Moderate****Implication**

Lack of review by an independent senior officer may lead to erroneous or unusual reconciling items not being detected and investigated in a timely manner.

**Recommendation**

We recommend all monthly reconciliations are signed by an independent senior officer and evidence of the review is maintained.

**Management Comment**

Agree with recommendation provided.

Unsigned month end reconciliations noted above have been reviewed and signed by the responsible officer.

A reconciliation checklist has been implemented for Finance to ensure all applicable reconciliations are submitted, reviewed and signed off by an independent senior officer on the appropriate timeline (Monthly), to ensure they are not missed in the future.

**Responsible Person:** Lee Sounness – Manager Corporate Services

**Completion Date:** 28 June 2019



**SHIRE OF DENMARK**

**PERIOD OF AUDIT: 1 JULY 2018 – 30 JUNE 2019**

**FINDINGS IDENTIFIED DURING THE COURSE OF THE AUDIT**

**3. Supplier Master File**

**Finding**

We reviewed key master file practices and controls. We note that control processes exist, however additional controls surrounding the policies, creation and amendment and management of supplier master files could be implemented.

**Rating: Moderate**

**Implication**

- Existence of invalid, incomplete and obsolete supplier records, and the likelihood of undetected fraud or errors.
- Lack of appropriate disclosure and effective management of actual, potential or perceived conflicts of interest may undermine a fair and impartial procurement process, resulting in value for money not being achieved. Even if not involved in procurement or payment authorisation, it is important that entities' conflicts management policies are complied with.

**Recommendation**

Implementation of additional controls as follows:

- Guidance policies and procedures for employees to manage supplier master files. Policies and procedures are regularly reviewed and updated.
- Implementation of employee conflict of interest policies and procedures which would include employee declarations and procedures where conflict of interest exist.
- Formally recorded policies and procedures covering formal and periodic review of master files.

**Management Comment**

Recommendations to the findings on Supplier Master Files are yet to be reviewed and implemented

**Responsible Person:** Lee Sounness – Manager Corporate Services  
**Completion Date:** 28 June 2019

## SHIRE OF DENMARK

PERIOD OF AUDIT: 1 JULY 2018 – 30 JUNE 2019

## FINDINGS IDENTIFIED DURING THE COURSE OF THE AUDIT

**4. Pensioner rate and ESL rebate receivables****Finding**

We were unable to obtain adequate supporting documentation for the following receivables balances:

- Pensioner rate rebate - \$27,426
- ESL rebate - \$1,284.

**Rating: Minor****Implication**

The Shire is unable to substantiate and confirm their right to claim the rebate as these receivable amounts are not regularly reviewed.

**Recommendation**

Receivables rebates should be reviewed on a regular basis to ensure they can be substantiated. Any amounts not substantiated or considered recoverable should be written off.

**Management Comment**

These rejected claims date back several years relating to numerous rebate claims submitted. The amount shown as outstanding on the items highlighted above is a combination of factors as follows:

- (i) Timing – claims for rebates are lodged in a regular and timely fashion (generally monthly) throughout the year as a matter of procedure defined within the responsibilities of the Rates Officer role. The system for this process is that one of the debtor control accounts for this process only updates at the point of receipt of payment of the claim (normally a time delay of a few days). This means that a rebate claim lodged for June for the end of financial year is not paid until early July which reduces the amounts quoted as outstanding above quite considerably.
- (ii) Rejected Claims – Sometimes a claim may be partly rejected for payment by the Office of State Revenue. Current processes ensure any rejected claims are followed up immediately, however, there are some older claims that remain unresolved that date back several years.

**Proposed Action –**

Administration will review supporting documentation to assess the feasibility of recovering the outstanding amounts. Reconciliation processes have been introduced to ensure any outstanding amounts are reconciled back to the control account on a monthly basis.

**Responsible Person:** Lee Sounness – Manager Corporate Services

**SHIRE OF DENMARK**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

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Principal place of business:  
953 South Coast Highway, Denmark WA



SHIRE OF DENMARK  
STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
Rates	21(a)	6,443,951	6,419,313	6,189,423
Operating grants, subsidies and contributions	2	2,488,653	1,417,123	1,834,909
Fees and charges	2	2,984,580	3,056,873	2,987,838
Interest earnings	2(a)	303,742	277,420	319,206
Other revenue	2(a)	375,450	277,945	342,122
		<u>12,596,376</u>	<u>11,448,674</u>	<u>11,673,498</u>
<b>Expenses</b>				
Employee costs		(6,017,644)	(5,991,979)	(6,073,140)
Materials and contracts		(2,779,873)	(2,260,720)	(2,256,362)
Utility charges		(254,211)	(268,688)	(260,851)
Depreciation on non-current assets	10(b)	(4,351,003)	(4,442,692)	(4,457,634)
Interest expenses	2(a)	(138,869)	(141,032)	(154,529)
Insurance expenses		(398,117)	(409,908)	(240,398)
Other expenditure		(792,172)	(910,637)	(918,665)
		<u>(14,731,889)</u>	<u>(14,425,656)</u>	<u>(14,361,579)</u>
		<u>(2,135,513)</u>	<u>(2,976,982)</u>	<u>(2,688,081)</u>
Refund - Non-operating grant		(4,310,344)	0	0
Non-operating grants, subsidies and contributions	2	4,457,299	3,665,350	1,915,176
Profit on asset disposals	10(a)	400	3,600	0
(Loss) on asset disposals	10(a)	(91,334)	(90,300)	0
<b>Net Result</b>		<u>(2,079,492)</u>	<u>601,668</u>	<u>(772,905)</u>
<b>Other Comprehensive Income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	6,151	0	(206,944,552)
<b>Total Other Comprehensive Income</b>		<u>6,151</u>	<u>0</u>	<u>(206,944,552)</u>
<b>Total Comprehensive Income</b>		<u>(2,073,341)</u>	<u>601,668</u>	<u>(207,717,457)</u>

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



SHIRE OF DENMARK  
STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
	2(a)			
Governance		86,038	87,160	18,412
General purpose funding		7,822,808	7,229,303	7,501,747
Law, order, public safety		646,642	450,668	471,408
Health		26,012	39,000	43,029
Education and welfare		61,035	63,642	42,309
Housing		3,140	4,147	6,012
Community amenities		1,566,526	1,564,510	1,490,914
Recreation and culture		422,611	449,676	399,295
Transport		569,564	282,884	323,867
Economic services		1,171,066	1,128,684	1,126,434
Other property and services		220,934	149,000	250,071
		<u>12,596,376</u>	<u>11,448,674</u>	<u>11,673,498</u>
<b>Expenses</b>				
	2(a)			
Governance		(743,938)	(747,957)	(713,644)
General purpose funding		(596,647)	(576,019)	(459,018)
Law, order, public safety		(1,814,496)	(1,844,953)	(1,677,161)
Health		(225,612)	(223,893)	(291,888)
Education and welfare		(245,520)	(277,855)	(241,661)
Housing		(90,031)	(58,246)	(23,511)
Community amenities		(2,465,337)	(2,674,544)	(2,408,205)
Recreation and culture		(2,940,348)	(2,794,663)	(2,619,375)
Transport		(4,212,753)	(3,847,440)	(4,382,691)
Economic services		(1,067,876)	(1,120,667)	(1,056,276)
Other property and services		(190,462)	(118,387)	(333,620)
		<u>(14,593,020)</u>	<u>(14,284,624)</u>	<u>(14,207,050)</u>
<b>Finance Costs</b>				
	2(a)			
Governance		(1,020)	(1,151)	(1,632)
Housing		(35,493)	(36,743)	(39,567)
Community amenities		(6,201)	(6,437)	(8,337)
Recreation and culture		(61,936)	(62,410)	(67,074)
Transport		(3,274)	(3,272)	(3,648)
Economic services		(30,945)	(31,019)	(34,271)
		<u>(138,869)</u>	<u>(141,032)</u>	<u>(154,529)</u>
		<u>(2,135,513)</u>	<u>(2,976,982)</u>	<u>(2,688,081)</u>
Refund - Non-operating grant		(4,310,344)	0	0
Non-operating grants, subsidies & contributions	2	4,457,299	3,665,350	1,915,176
Profit on disposal of assets	10(a)	400	3,600	0
(Loss) on disposal of assets	10(a)	(91,334)	(90,300)	0
		<u>56,021</u>	<u>3,578,650</u>	<u>1,915,176</u>
<b>Net result</b>		<b>(2,079,492)</b>	<b>601,668</b>	<b>(772,905)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	6,151	0	(206,944,552)
<b>Total other comprehensive income</b>		<b>6,151</b>	<b>0</b>	<b>(206,944,552)</b>
<b>Total comprehensive income</b>		<b>(2,073,341)</b>	<b>601,668</b>	<b>(207,717,457)</b>

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



SHIRE OF DENMARK  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2019

	NOTE	2019	2018
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	8,384,751	12,165,665
Trade and other receivables	6	1,293,796	770,068
Inventories	7	62,995	62,990
<b>TOTAL CURRENT ASSETS</b>		<b>9,741,542</b>	<b>12,998,723</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	6	568,557	629,268
Investments	4	52,651	46,500
Property, plant and equipment	8	33,630,287	32,341,035
Infrastructure	9	59,902,490	57,991,148
<b>TOTAL NON-CURRENT ASSETS</b>		<b>94,153,985</b>	<b>91,007,951</b>
<b>TOTAL ASSETS</b>		<b>103,895,527</b>	<b>104,006,674</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	4,170,549	2,004,683
Current portion of long term borrowings	13(a)	298,573	284,185
Provisions	14	1,124,174	1,072,341
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,593,296</b>	<b>3,361,209</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	13(a)	2,111,432	2,410,005
Provisions	14	103,881	75,203
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,215,313</b>	<b>2,485,208</b>
<b>TOTAL LIABILITIES</b>		<b>7,808,609</b>	<b>5,846,417</b>
<b>NET ASSETS</b>		<b>96,086,918</b>	<b>98,160,259</b>
<b>EQUITY</b>			
Retained surplus		26,272,980	22,890,850
Reserves - cash backed	5	4,504,542	9,966,164
Revaluation surplus	11	65,309,396	65,303,245
<b>TOTAL EQUITY</b>		<b>96,086,918</b>	<b>98,160,259</b>

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



**SHIRE OF DENMARK  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2019**

		RESERVES			
	NOTE	RETAINED SURPLUS	CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
<b>Balance as at 1 July 2017</b>		<b>22,984,160</b>	<b>10,645,759</b>	<b>272,247,797</b>	<b>305,877,716</b>
Comprehensive income					
Net result		(772,905)	0	0	(772,905)
Other comprehensive income	11	0	0	(206,944,552)	(206,944,552)
Total comprehensive income		(772,905)	0	(206,944,552)	(207,717,457)
Transfers from/(to) reserves		679,595	(679,595)	0	0
<b>Balance as at 30 June 2018</b>		<b>22,890,850</b>	<b>9,966,164</b>	<b>65,303,245</b>	<b>98,160,259</b>
Comprehensive income					
Net result		(2,079,492)	0	0	(2,079,492)
Other comprehensive income	11	0	0	6,151	6,151
Total comprehensive income		(2,079,492)	0	6,151	(2,073,341)
Transfers from/(to) reserves		5,461,622	(5,461,622)	0	0
<b>Balance as at 30 June 2019</b>		<b>26,272,980</b>	<b>4,504,542</b>	<b>65,309,396</b>	<b>96,086,918</b>

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



**SHIRE OF DENMARK  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		6,544,655	6,419,313	6,058,082
Operating grants, subsidies and contributions		2,206,770	1,417,123	1,996,106
Fees and charges		2,984,580	3,080,475	2,987,838
Interest earnings		303,742	277,420	319,206
Goods and services tax		0	0	0
Other revenue		375,450	277,945	342,122
		12,415,197	11,472,276	11,703,354
<b>Payments</b>				
Employee costs		(5,967,692)	(5,991,979)	(6,044,897)
Materials and contracts		(572,673)	(2,145,067)	(1,430,001)
Utility charges		(254,211)	(268,688)	(260,851)
Interest expenses		(149,649)	(141,032)	(147,792)
Insurance expenses		(398,117)	(409,908)	(240,398)
Goods and services tax		(332,521)	0	(96,870)
Other expenditure		(792,172)	(910,637)	(918,665)
		(8,467,035)	(9,867,311)	(9,139,474)
<b>Net cash provided by (used in) operating activities</b>	15	3,948,162	1,604,965	2,563,880
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(3,485,266)	(2,758,445)	(663,449)
Payments for construction of infrastructure		(4,331,052)	(4,362,103)	(3,783,671)
Non-operating grants, subsidies and contributions		4,457,299	3,665,350	1,915,176
Proceeds from sale of fixed assets		173,786	191,500	0
Refund Non-Operating Grant		(4,310,344)	0	0
<b>Net cash provided by (used in) investment activities</b>		(7,495,577)	(3,263,698)	(2,531,944)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of long term borrowings		(284,185)	(284,185)	(270,579)
Proceeds from self supporting loans		50,683	50,683	50,584
Proceeds from new long term borrowings		0	0	0
<b>Net cash provided by (used in) financing activities</b>		(233,502)	(233,502)	(219,995)
<b>Net increase (decrease) in cash held</b>		(3,780,914)	(1,892,234)	(188,067)
Cash at beginning of year		12,165,665	12,164,730	12,353,732
<b>Cash and cash equivalents at the end of the year</b>	15	8,384,751	10,272,496	12,165,665

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

**SHIRE OF DENMARK  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>		812,808	956,141	834,612
		812,808	956,141	834,612
<b>Revenue from operating activities (excluding rates)</b>				
Governance		86,038	89,160	18,412
General purpose funding		1,378,857	809,990	1,312,324
Law, order, public safety		647,042	452,268	471,408
Health		26,012	39,000	43,029
Education and welfare		61,035	63,642	42,309
Housing		3,140	4,147	6,012
Community amenities		1,566,526	1,564,510	1,490,914
Recreation and culture		422,611	449,676	399,295
Transport		569,564	282,884	323,867
Economic services		1,171,066	1,128,684	1,126,434
Other property and services		220,934	149,000	250,071
		6,152,825	5,032,961	5,484,075
<b>Expenditure from operating activities</b>				
Governance		(756,806)	(749,108)	(715,276)
General purpose funding		(596,647)	(576,019)	(459,018)
Law, order, public safety		(1,814,496)	(1,844,953)	(1,677,161)
Health		(225,612)	(223,893)	(291,888)
Education and welfare		(245,520)	(277,855)	(241,661)
Housing		(125,524)	(94,989)	(63,078)
Community amenities		(2,471,538)	(2,680,981)	(2,416,542)
Recreation and culture		(3,004,536)	(2,865,773)	(2,686,449)
Transport		(4,293,261)	(3,932,312)	(4,386,339)
Economic services		(1,098,821)	(1,151,686)	(1,090,547)
Other property and services		(190,462)	(118,387)	(333,620)
		(14,823,223)	(14,515,956)	(14,361,579)
<b>Operating activities excluded</b>				
(Profit) on disposal of assets	10(a)	(400)	(3,600)	0
Loss on disposal of assets	10(a)	91,334	90,300	0
Loss on revaluation of fixed assets	9(b)	0	0	0
Movement in deferred pensioner rates (non-current)		6,798	0	(5,014)
Movement in employee benefit provisions		80,515	34,752	(18,728)
Movement in Restricted Cash		(201,417)	0	140,284
Movement in accrued income		0	16,344	0
Depreciation and amortisation on assets	10(b)	4,351,003	4,442,692	4,457,634
<b>Amount attributable to operating activities</b>		(3,529,757)	(3,946,366)	(3,468,716)
<b>INVESTING ACTIVITIES</b>				
Refund Non-Operating Grant		(4,310,344)	0	0
Non-operating grants, subsidies and contributions		4,457,299	3,665,350	1,915,176
Proceeds from disposal of assets	10(a)	173,786	191,500	0
Purchase of property, plant and equipment	8(b)	(3,485,266)	(2,758,445)	(663,449)
Purchase and construction of infrastructure	9(b)	(4,331,052)	(4,362,103)	(3,783,671)
<b>Amount attributable to investing activities</b>		(7,495,577)	(3,263,698)	(2,531,944)
<b>FINANCING ACTIVITIES</b>				
Repayment of long term borrowings	13(a)	(284,185)	(284,185)	(270,579)
Proceeds from new long term borrowings	13(b)	0	0	0
Proceeds from self supporting loans	13(a)	50,683	50,683	50,584
Transfers to reserves (restricted assets)	5	(959,721)	(948,691)	(1,029,712)
Transfers from reserves (restricted assets)	5	6,421,342	1,808,500	1,709,307
Transfer back Grants Unspent		182,931	164,445	164,445
<b>Amount attributable to financing activities</b>		5,411,050	790,752	624,045
<b>Surplus(deficiency) before general rates</b>		(5,614,284)	(6,419,313)	(5,376,615)
<b>Total amount raised from general rates</b>	21	6,443,951	6,419,313	6,189,423
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	22	<b>829,667</b>	<b>0</b>	<b>812,808</b>

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

**SHIRE OF DENMARK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019**

**1. BASIS OF PREPARATION**

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

The Local Government (Financial Management) Regulations 1996 takes precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown Land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or any other sporting or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

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

**CRITICAL ACCOUNTING ESTIMATES**

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

**CRITICAL ACCOUNTING ESTIMATES (Continued)**

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

**THE LOCAL GOVERNMENT REPORTING ENTITY**

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 24 to these financial statements.

SHIRE OF DENMARK  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES

(a) Revenue	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
<b>Other revenue</b>			
Reimbursements and recoveries	191,203	176,000	185,064
Other	184,247	101,945	157,058
	375,450	277,945	342,122
<b>Fees and Charges</b>			
Governance	26,647	31,700	29,911
Law, order, public safety	34,867	33,150	39,327
Health	26,011	39,000	39,997
Education and welfare	12,013	11,642	10,500
Community amenities	1,477,702	1,501,010	1,414,405
Recreation and culture	299,869	319,221	322,211
Transport	8,501	29,000	29,357
Economic services	1,088,494	1,084,685	1,076,515
Other property and services	10,476	7,465	25,615
	2,984,580	3,056,873	2,987,838

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

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

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

**(a) Revenue (Continued)**

**Grants, Subsidies and Contributions Revenue**

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

	<b>2019</b>	<b>2019</b>	<b>2018</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	\$	\$	\$
<b>Operating grants, subsidies and contributions</b>			
Governance	36,638	23,450	29,000
General purpose funding	1,087,434	585,655	1,044,155
Law, order, public safety	605,437	405,018	399,355
Education and welfare	49,022	52,000	29,131
Community amenities	26,773	28,000	16,284
Recreation and culture	76,179	103,500	34,391
Transport	381,121	66,000	71,857
Economic services	81,138	42,000	42,000
Other property and services	144,911	111,500	168,736
	<b>2,488,653</b>	<b>1,417,123</b>	<b>1,834,909</b>
<b>Non-operating grants, subsidies and contributions</b>			
Law, order, public safety	951,826	285,135	502,115
Community amenities	23,219	30,200	0
Recreation and culture	367,570	520,015	164,445
Transport	3,114,684	2,830,000	1,248,616
	<b>4,457,299</b>	<b>3,665,350</b>	<b>1,915,176</b>
<b>Total grants, subsidies and contributions</b>	<b>6,945,952</b>	<b>5,082,473</b>	<b>3,750,085</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, Donations and Other Contributions**

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over

**Grants, Donations and Other Contributions (Continued)**

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 20. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current period.

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

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

**(a) Revenue (Continued)**

	<b>2019</b>	<b>2019</b>	<b>2018</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	\$	\$	\$
<b>Interest earnings</b>			
- Loans receivable - clubs/institutions	21,034	22,201	24,675
- Reserve funds	186,974	175,945	185,463
- Other funds	42,276	29,274	41,995
Other interest revenue (refer note 21(e))	53,458	50,000	67,073
	<b>303,742</b>	<b>277,420</b>	<b>319,206</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Interest earnings**

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

**Interest earnings (Continued)**

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

**(b) Expenses**

**Auditors remuneration**

	<b>2019</b>	<b>2018</b>
	\$	\$
- Audit of the Annual Financial Report	33,500	22,584
- Other Services	2,900	4,352
	<b>36,400</b>	<b>26,936</b>

**Interest expenses (finance costs)**

Long term borrowings (refer Note 13(a))	138,869	154,529
	<b>138,869</b>	<b>154,529</b>

**Rental charges**

- Operating leases	79,785	30,304
	<b>79,785</b>	<b>30,304</b>

SHIRE OF DENMARK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

### 3. CASH AND CASH EQUIVALENTS

	NOTE	2019	2018
		\$	\$
Unrestricted		3,201,709	1,269,903
Restricted		5,183,042	10,895,762
		8,384,751	12,165,665

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

Employee Entitlements Reserve	5	438,523	427,677
Plant Reserve	5	578,065	600,991
Parry Inlet Reserve	5	245,495	171,155
Cemetery Reserve	5	2,071	2,020
Lime Quarry Rehabilitation Reserve	5	327,085	270,232
Land and Buildings Reserve	5	329,406	889,111
Waste Services Reserve	5	600,189	574,129
Kwoorabup Community Park Reserve	5	77,243	75,333
Aquatic Facility Development Reserve	5	99,617	97,153
Lionsville Reserve	5	314,965	364,097
Peaceful Bay Water Supply Reserve	5	94,324	67,609
Rivermouth Caravan Park Reserve	5	84,266	72,429
Peaceful Bay Caravan Park Reserve	5	47,132	36,214
Recreation Centre Equipment Reserve	5	64,142	50,155
Denmark East Development Reserve	5	1,202,020	6,267,859
Unspent grants	20	182,931	164,445
Restricted Creditors	20	449,224	714,866
Income Received in Advance		46,343	50,287
		5,183,042	10,895,762

### 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 cash equivalents (Continued)

cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

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4. INVESTMENTS

	<u>2019</u>	<u>2018</u>
	\$	\$
Financial Assets at Fair Value through Other Comprehensive Income		
- LG House Trust	46,400	131,226
- Denamrk Co-op	100	100
<b>Financial Assets at Fair Value through Other Comprehensive Income</b>		
Revaluation to income statement	6,151	<u>(84,826)</u>
At the end of the year	<u>52,651</u>	<u>46,500</u>



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**SIGNIFICANT ACCOUNTING POLICIES**

**Classification and subsequent measurement**

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

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

(ii) Held-to-maturity investments

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

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

(iii) Available-for-sale financial assets

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

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

**Impairment**

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

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

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

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Impairment (Continued)**

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

**Initial recognition and measurement**

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

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

**Classification and subsequent measurement**

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

Amortised cost is calculated as:

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

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

**Derecognition**

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

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5. RESERVES - CASH BACKED

	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance	2019 Budget Opening Balance	2019 Budget Transfer to	2019 Budget Transfer (from)	2019 Budget Closing Balance	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Employee Entitlements Reserve	427,677	10,846	0	438,523	427,677	9,837	0	437,514	417,589	10,088	0	427,677
Plant Reserve	600,991	465,241	(488,167)	578,065	600,991	463,823	(466,500)	598,314	586,814	14,176	0	600,990
Parry Inlet Reserve	171,155	74,340	0	245,495	171,155	73,937	(44,000)	201,092	98,282	150,374	(77,502)	171,154
Cemetery Reserve	2,020	51	0	2,071	2,020	46	0	2,066	1,972	48	0	2,020
Lime Quarry Rehabilitation Reserve	270,232	56,853	0	327,085	270,232	56,215	0	326,447	166,217	104,016	0	270,233
Land and Buildings Reserve	889,111	110,295	(670,000)	329,406	889,111	108,197	(600,000)	397,308	379,933	509,178	0	889,111
Waste Services Reserve	574,129	64,560	(38,500)	600,189	574,129	63,205	(30,000)	607,334	531,293	42,835	0	574,128
Kwoorabup Community Park Reserve	75,333	1,910	0	77,243	75,333	1,733	0	77,066	73,556	1,777	0	75,333
Aquatic Facility Development Reserve	97,153	2,464	0	99,617	97,153	2,235	0	99,388	94,862	2,292	0	97,154
Lionsville Reserve	364,097	9,234	(58,366)	314,965	364,097	8,374	(58,000)	314,471	412,625	9,968	(58,497)	364,096
Peaceful Bay Water Supply Reserve	67,609	26,715	0	94,324	67,609	26,555	0	94,164	50,148	17,462	0	67,610
Rivermouth Caravan Park Reserve	72,429	11,837	0	84,266	72,429	11,666	0	84,095	51,192	21,237	0	72,429
Peaceful Bay Caravan Park Reserve	36,214	10,918	0	47,132	36,214	10,833	0	47,047	25,596	10,618	0	36,214
Recreation Centre Equipment Reserve	50,155	21,272	(7,285)	64,142	50,155	21,154	(10,000)	61,309	40,664	20,982	(11,491)	50,155
Denmark East Development Reserve	6,267,859	93,185	(5,159,024)	1,202,020	6,267,858	90,884	(600,000)	5,758,742	7,715,015	114,661	(1,561,817)	6,267,859
	9,966,164	959,721	(6,421,342)	4,504,542	9,966,164	948,691	(1,808,500)	9,106,355	10,645,758	1,029,712	(1,709,307)	9,966,164

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Employee Entitlements Reserve	Ongoing	- to be used to fund employee leave entitlements as required.
Plant Reserve	Ongoing	- to be used to fund major plant purchase requirements.
Parry Inlet Reserve	Ongoing	- to develop and maintain the Parry facility including Parryville Hall upgrades and maintenance and adjoining recreation reserves.
Cemetery Reserve	Ongoing	- to develop and maintain the Cemetery.
Lime Quarry Rehabilitation Reserve	Ongoing	- to maintain or rehabilitate the Lime Quarry.
Land and Buildings Reserve	Ongoing	- to be used for the purchase or construction of Land and Buildings.
Waste Services Reserve	Ongoing	- to be used for the purpose of providing for the proper performance of all or any of the waste services provided by Council.
Kwoorabup Community Park Reserve	Ongoing	- to be used for the development of the Community Park.
Aquatic Facility Development Reserve	Ongoing	- to be used for the development of aquatic facilities.
Lionsville Reserve	Ongoing	- to be used for the repayment of the Lionsville loan fund.
Peaceful Bay Water Supply Reserve	Ongoing	- to be used for future requirements as per asset plan.
Rivermouth Caravan Park Reserve	Ongoing	- to be used for future requirements with respect to site and end of lease conditions including adjoining recreation reserves.
Peaceful Bay Caravan Park Reserve	Ongoing	- to be used for future requirements with respect to site and end of lease conditions including adjoining recreation reserves.
Recreation Centre Equipment Reserve	Ongoing	- to be used for the renewal/upgrade of equipment located at the Denmark Recreation Facility.
Denmark East Development Reserve	2020	- to be used for the Denmark East Development Project.

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**6. TRADE AND OTHER RECEIVABLES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Rates outstanding	369,681	463,587
Sundry debtors	143,862	86,848
GST receivable	493,412	160,891
Loans receivable - clubs/institutions	53,853	50,623
Accrued Income	232,988	8,119
	<b>1,293,796</b>	<b>770,068</b>
<b>Non-current</b>		
Rates outstanding - pensioners	38,745	45,543
Loans receivable - clubs/institutions	529,812	583,725
	<b>568,557</b>	<b>629,268</b>

Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

**Rates outstanding**

Includes:

Not past due and not impaired	369,681	463,587
- up to one month	0	0
- 1 to 3 months	6,523	5,782
- 3 months to one year	323,686	407,179
- 1 to 5 years	39,472	50,626
- more than 5 years	0	0

**Sundry debtors**

Includes:

Not past due and not impaired		
- up to one month	120,149	45,351
- 1 to 3 months	6,961	16,373
- 3 months to one year	16,752	25,124
- 1 to 5 years	0	0
- more than 5 years	0	0

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other receivables**

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

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

**Impairment and risk exposure**

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

**Previous accounting policy: Impairment of trade receivables**

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectable were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

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## **6. TRADE AND OTHER RECEIVABLES (Continued)**

### **Classification and subsequent measurement**

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

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

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

## **7. INVENTORIES**

### **Current**

Inventories - Fuel & Materials

	<b>2019</b>	<b>2018</b>
	\$	\$
	62,995	62,990
	<u>62,995</u>	<u>62,990</u>

### **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.

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**8 (a). PROPERTY, PLANT AND EQUIPMENT**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Land and buildings		
Land - freehold land at:		
- Independent valuation 2017 - level 2	3,244,309	3,244,309
	<u>3,244,309</u>	<u>3,244,309</u>
Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 3	1,470,320	1,470,320
	<u>1,470,320</u>	<u>1,470,320</u>
Total land	<u>4,714,629</u>	<u>4,714,629</u>
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	22,684,956	22,684,956
- Additions after Valuation - Cost	1,926,287	96,562
Buildings - non-specialised - Less: accumulated depreciation	(1,382,542)	(782,302)
	<u>23,228,701</u>	<u>21,999,216</u>
Total buildings	<u>23,228,701</u>	<u>21,999,216</u>
Total land and buildings	<u>27,943,330</u>	<u>26,713,845</u>
Furniture and equipment at:		
- Management valuation 2016 - level 3	140,116	140,116
- Additions after Valuation - Cost	143,758	116,062
Furniture and equipment - Less: accumulated depreciation	(183,136)	(121,042)
	<u>100,738</u>	<u>135,136</u>
Plant and equipment at:		
- Management valuation 2016 - level 2	5,326,375	5,591,096
- Additions after Valuation - Cost	3,794,552	2,166,707
Plant and equipment - Less: accumulated depreciation	(3,534,708)	(2,265,749)
	<u>5,586,219</u>	<u>5,492,054</u>
<b>Total property, plant and equipment</b>	<u>33,630,287</u>	<u>32,341,035</u>

## 8. PROPERTY, PLANT AND EQUIPMENT (Continued)

### (b) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	3,244,309	1,470,320	4,714,629	22,526,788	0	22,526,788	27,241,417	144,432	6,195,460	33,581,309
Additions	0	0	0	96,562	0	96,562	96,562	49,078	517,809	663,449
Depreciation (expense)	0	0	0	(624,134)	0	(624,134)	(624,134)	(58,374)	(1,221,215)	(1,903,723)
<b>Carrying amount at 30 June 2018</b>	3,244,309	1,470,320	4,714,629	21,999,216	0	21,999,216	26,713,845	135,136	5,492,054	32,341,035
Additions	0	0	0	1,829,725	0	1,829,725	1,829,725	27,696	1,627,845	3,485,266
(Disposals)	0	0	0	0	0	0	0	0	(264,721)	(264,721)
(Write off assets under \$5k threshold-Disposals)	0	0	0	0	0	0	0	0	0	0
Depreciation (expense)	0	0	0	(600,240)	0	(600,240)	(600,240)	(62,094)	(1,268,959)	(1,931,293)
<b>Carrying amount at 30 June 2019</b>	3,244,309	1,470,320	4,714,629	23,228,701	0	23,228,701	27,943,330	100,738	5,586,219	33,630,287

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8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Management Valuation	June 2017	Using market value
Land - vested in and under the control of Council	3	Cost approach	Management Valuation	June 2017	Using market value
Buildings - non-specialised	2	Market	Hemsley Paterson Valuers	June 2017	Using market value and current condition, residual values and remaining useful life assessments
Buildings - specialised	3	Cost	Hemsley Paterson Valuers	June 2017	Using construction costs and current condition, residual values and remaining useful life assessments
<b>Furniture and equipment</b>	3	Cost approach using depreciated replacement cost	Cost Approach	June 2016	Price per item
<b>Plant and equipment</b>					
- Independent valuation 2016	2	Market approach using recent observable data for similar items or cost approach using depreciated replacement cost	Howson Management Pty Ltd	June 2016	Price per item

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.

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**9 (a). INFRASTRUCTURE**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Infrastructure - Roads & Paths		
- Independent valuation 2018 - level 3	90,018,369	90,018,369
- Additions after Valuation - Cost	3,849,426	0
Infrastructure - Roads & Paths - Less: accumulated depreciation	<u>(44,977,577)</u>	<u>(42,914,301)</u>
	48,890,218	47,104,068
Infrastructure - Parks & Reserves		
- Independent valuation 2018 - level 3	4,516,354	4,516,354
- Additions after Valuation - Cost	31,618	0
Infrastructure - Parks & Reserves - Less: accumulated depreciation	<u>(1,856,603)</u>	<u>(1,660,703)</u>
	2,691,369	2,855,651
Infrastructure - Airstrip		
- Independent valuation 2018 - level 3	912,145	912,145
- Additions after Valuation - Cost	0	0
Infrastructure - Airstrip - Less: accumulated depreciation	<u>(163,361)</u>	<u>(145,209)</u>
	748,784	766,936
Infrastructure - Bridges		
- Independent valuation 2018 - level 3	11,336,159	11,336,159
- Additions after Valuation - Cost	450,008	0
Infrastructure - Bridges - Less: accumulated depreciation	<u>(4,214,048)</u>	<u>(4,071,666)</u>
	7,572,119	7,264,493
<b>Total infrastructure</b>	<u>59,902,490</u>	<u>57,991,148</u>



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9. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Infrastructure -				Total
	Infrastructure - Roads & Paths	Parks & Reserves	Infrastructure - Airstrip	Infrastructure - Bridges	Infrastructure
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	244,887,351	9,659,443	868,875	8,205,446	263,621,115
Additions	3,191,454	60,320	0	531,897	3,783,671
Revaluation increments/ (decrements) transferred to revaluation surplus	(198,777,262)	(6,668,212)	(83,788)	(1,330,466)	(206,859,728)
Depreciation (expense)	(2,197,475)	(195,900)	(18,151)	(142,384)	(2,553,910)
<b>Carrying amount at 30 June 2018</b>	47,104,068	2,855,651	766,936	7,264,493	57,991,148
Additions	3,849,426	31,618	0	450,008	4,331,052
Depreciation (expense)	(2,063,276)	(195,900)	(18,152)	(142,382)	(2,419,710)
<b>Carrying amount at 30 June 2019</b>	48,890,218	2,691,369	748,784	7,572,119	59,902,490

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9. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads & Paths	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Infrastructure - Parks & Reserves	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Infrastructure - Airstrip	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments
Infrastructure - Bridges	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments

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

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

## **10. FIXED ASSETS**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **Fixed assets**

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

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

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

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

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

#### **Revaluation**

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

#### **Revaluation (Continued)**

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

#### **Land under control**

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

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

#### **Land under roads**

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

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

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

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

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10. FIXED ASSETS (Continued)

(a) Disposals of Assets

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Plant and Equipment</b>								
<b>Governance</b>								
Hyundai IX35 Wagon - DE 87	15,120	9,545	0	(5,575)	13,500	14,000	500	0
Hyundai IX35 Wagon - DE 09	13,229	10,454	0	(2,775)	13,600	15,000	1,400	0
Mazda 3 Sedan - DE 7005	9,180	5,682	0	(3,498)	8,400	8,500	100	0
<b>Law, order, public safety</b>								
Holden Colorado Utility - DE 025	19,600	20,000	400	0	20,400	22,000	1,600	0
<b>Recreation and culture</b>								
John Deere Mower - DE 2444	0	0			10,700	2,000	0	(8,700)
<b>Transport</b>								
Ford Ranger Utility - DE 192	10,380	4,091	0	(6,289)	10,400	5,000	0	(5,400)
Isuzu Patching Truck - DE 10864	38,576	10,429	0	(28,147)	43,100	12,000	0	(31,100)
Mazda BT50 Utility - DE 11498	24,570	16,364	0	(8,206)	22,100	18,000	0	(4,100)
UD Nissan Truck - DE 337	57,440	53,627	0	(3,813)	64,000	30,000	0	(34,000)
JCB Backhoe Loader - DE 6319	34,400	8,631	0	(25,769)	32,000	25,000	0	(7,000)
CAT Backhoe Loader - DE 10613	39,241	34,232	0	(5,009)	40,000	40,000	0	0
Stiga Mower	2,983	732	0	(2,251)	0	0		
	264,721	173,786	400	(91,334)	278,200	191,500	3,600	(90,300)

(b) Depreciation

	2019	2018
	\$	\$
Buildings - non-specialised	600,240	624,134
Furniture and equipment	62,094	58,374
Plant and equipment	1,268,959	1,221,215
Infrastructure - Roads & Paths	2,063,276	2,197,475
Infrastructure - Parks & Reserves	195,900	195,900
Infrastructure - Airstrip	18,152	18,151
Infrastructure - Bridges	142,382	142,384
	4,351,003	4,457,634

## 10. FIXED ASSETS (Continued)

### (b) Depreciation (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES

##### Depreciation

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

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

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

##### Depreciation rates

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

<b>Asset Class</b>	<b>Useful life</b>
Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed Roads and Streets	
- clearing and earthworks	not depreciated
- construction/roadbase	50 years
Original Surfacing and Major Re-surfacing	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel Roads	
- formation	not depreciated
- pavement	50 years
- gravel sheet	12 years
Formed Roads (unsealed)	
- formation	not depreciated
- pavement	50 years
Footpaths - Slab	40 years
Sewerage Piping	100 years
Water Supply Piping & Drainage	75 years
Bridges	75 years

##### Depreciation (Continued)

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

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

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

11. REVALUATION SURPLUS

	2019	2019	2019	2019	2019	2018	2018	2018	2018	2018
	Opening	Revaluation	Revaluation	Total	Closing	Opening	Revaluation	Revaluation	Total	Closing
	Balance	Increment	(Decrement)	Movement on	Balance	Balance	Increment	(Decrement)	Movement on	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation Surplus - Land & Buildings	12,301,926	0	0	0	12,301,926	12,301,926	0	0	0	12,301,926
Revaluation surplus -Plant and equipment	2,572,847	0	0	0	2,572,847	2,572,847	0	0	0	2,572,847
Revaluation Surplus - Infrastructure	0	0	0	0	0	203,367,236	0	(203,367,236)	(203,367,236)	0
Revaluation Surplus - Other Infrastructure	50,386,711	0	0	0	50,386,711	53,879,201	0	(3,492,490)	(3,492,490)	50,386,711
Revaluation Surplus - Investments	41,761	6,151	0	6,151	47,912	126,587	0	(84,826)	(84,826)	41,761
	65,303,245	6,151	0	6,151	65,309,396	272,247,797	0	(206,944,552)	(206,944,552)	65,303,245

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

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**12. TRADE AND OTHER PAYABLES**

**Current**

Bonds and Deposits	
Sundry creditors	
Accrued interest on long term borrowings	
Accrued salaries and wages	
ATO liabilities	
Accrued Expenses	
Income in Advance	

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
	449,224	717,919
	3,491,749	500,108
	13,990	24,770
	103,944	135,238
	735	0
	64,563	576,360
	46,344	50,288
	<b>4,170,549</b>	<b>2,004,683</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other payables**

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

**Trade and other payables (Continued)**

of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

### 13. INFORMATION ON BORROWINGS

#### (a) Repayments - Borrowings

Particulars	Principal	New Loans	Principal Repayments		Principal 30 June 2019		Interest Repayments		Interest Rate	Lender
	1 July 2018		Actual	Budget	Actual	Budget	Actual	Budget		
	\$	\$	\$	\$	\$	\$	\$	\$		
<b>Governance</b>										
153 Photovoltaic System	27,401		13,425	13,425	13,976	13,976	1,020	1,151	4.06%	WATC
<b>Housing</b>										
142 Lionsville	437,460		26,013	26,013	411,447	411,447	32,353	32,596	6.88%	WATC
<b>Community amenities</b>										
156 Rubbish Truck	158,752		50,991	50,991	107,761	107,761	6,202	6,437	3.70%	WATC
<b>Recreation and culture</b>										
144 Recreation Centre Expansion	18,731		9,091	9,091	9,640	9,640	1,125	1,121	5.96%	WATC
145 Tennis Club	15,858		7,696	7,696	8,162	8,162	953	950	5.96%	WATC
147 Football Clubrooms	166,652		9,610	9,610	157,042	157,042	11,590	11,585	6.37%	WATC
159 Riverside Club Stage 1	463,612		18,873	18,873	444,739	444,739	17,208	17,435	3.11%	WATC
158 Purchase Lot 228 Res. 18587	402,222		45,687	45,687	356,535	356,535	13,165	13,265	2.70%	WATC
<b>Transport</b>										
143 Airport	48,408		5,705	5,705	42,703	42,703	3,274	3,272	6.26%	WATC
<b>Economic services</b>										
131 Visitors Centre	130,319		29,339	29,339	100,980	100,980	9,380	9,454	6.91%	WATC
152 Purchase Reserve 27101	325,128		17,074	17,074	308,054	308,054	21,565	21,565	6.04%	WATC
	2,194,543	0	233,502	233,502	1,961,039	1,961,039	117,835	118,831		

Particulars	Principal	New Loans	Principal Repayments		Principal 30 June 2019		Interest Repayments		Interest Rate	Lender
	1 July 2018		Actual	Budget	Actual	Budget	Actual	Budget		
	\$	\$	\$	\$	\$	\$	\$	\$		
<b>Self Supporting Loans</b>										
<b>Housing</b>										
123 Lionsville Self Supporting	55,293	0	26,552	26,552	28,741	28,741	3,140	4,147	7.98%	WATC
<b>Recreation and culture</b>										
129 Scouts Self Supporting	19,893	0	3,157	3,157	16,736	16,736	1,158	1,240	5.84%	WATC
148 F/ball Clubrooms S/Sopport	7,492	0	3,636	3,636	3,856	3,856	450	448	5.96%	WATC
157 Riverside Club S/Support	416,969	0	17,336	17,336	399,633	399,633	16,286	16,366	3.27%	WATC
	499,647	0	50,683	50,683	448,966	448,966	21,034	22,201		
	2,694,190	0	284,185	284,185	2,410,005	2,410,005	138,869	141,032		

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

#### Borrowings

	2019	2018
	\$	\$
Current	298,573	284,185
Non-current	2,111,432	2,410,005
	2,410,005	2,694,190



### 13. INFORMATION ON BORROWINGS (Continued)

#### (b) New Borrowings - 2017/18

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term Years	Total Interest & Charges	Interest Rate	Amount (Used)		Balance Unspent
	Actual	Budget						Actual	Budget	
	\$	\$				\$	%	\$	\$	\$
	0	0				0		0	0	0

There were no new borrowings during 2018/2019

#### (b) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance 1 July 18	Borrowed During Year	Expended During Year	Unspent Balance 30 June 19
		\$	\$	\$	\$
		0	0	0	0

There were no unspent borrowings during 2018/2019

#### (b) Undrawn Borrowing Facilities

##### Credit Standby Arrangements

	2019	2018
	\$	\$
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	30,000	30,000
Credit card balance at balance date	(1,366)	(5,925)
<b>Total amount of credit unused</b>	<b>28,634</b>	<b>24,075</b>

##### Loan facilities

Loan facilities - current	298,573	284,185
Loan facilities - non-current	2,111,432	2,410,005
<b>Total facilities in use at balance date</b>	<b>2,410,005</b>	<b>2,694,190</b>

##### Unused loan facilities at balance date

NIL NIL

### SIGNIFICANT ACCOUNTING POLICIES

#### Financial liabilities

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

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

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

#### Borrowing costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

#### Risk

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

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## 14. PROVISIONS

	Provision for Annual Leave & RDO's	Provision for Long Service Leave	Total
	\$	\$	\$
<b>Opening balance at 1 July 2018</b>			
Current provisions	664,816	407,525	1,072,341
Non-current provisions	0	75,203	75,203
	664,816	482,728	1,147,544
Adjustment in provision	75,342	5,169	80,511
<b>Balance at 30 June 2019</b>	740,158	487,897	1,228,055
<b>Comprises</b>			
Current	740,158	384,016	1,124,174
Non-current	0	103,881	103,881
	740,158	487,897	1,228,055

Assessments indicate that actual settlement of the Annual Leave liabilities is expected to occur as follows:

	2019	2018
	\$	\$
Within 12 months of reporting date	486,597	433,179
More than 12 months after reporting date	253,561	64,735
<b>Total</b>	740,158	497,914

Assessments indicate that actual settlement of the Long Service Leave liabilities is expected to occur as follows:

	2019	2018
	\$	\$
Within 12 months of reporting date	93,874	59,423
More than 12 months after reporting date	394,023	590,207
<b>Total</b>	487,897	649,630

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

### SIGNIFICANT ACCOUNTING POLICIES

#### Employee benefits

##### Short-term employee benefits

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

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

##### Other long-term employee benefits

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

##### Other long-term employee benefits (Continued)

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.

##### Provisions

Provisions are recognised when the Shire has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**SHIRE OF DENMARK**  
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**15. NOTES TO THE STATEMENT OF CASH FLOWS**

**Reconciliation of Cash**

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

	<b>2019 Actual</b>	<b>2019 Budget</b>	<b>2018 Actual</b>
	\$	\$	\$
Cash and cash equivalents	8,384,751	10,272,496	12,165,665

**Reconciliation of Net Cash Provided By  
Operating Activities to Net Result**

Net result	(2,079,492)	601,668	(772,905)
Non-cash flows in Net result:			
Depreciation	4,351,003	4,442,692	4,457,634
(Profit)/loss on sale of asset	90,934	86,700	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(513,700)	23,602	(67,014)
(Increase)/decrease in inventories	(5)	15,272	104,786
Increase/(decrease) in payables	2,165,866	100,381	775,283
Increase/(decrease) in provisions	80,511	0	(18,728)
Refund Non-Operating Grant	4,310,344	0	0
Grants contributions for the development of assets	(4,457,299)	(3,665,350)	(1,915,176)
Net cash from operating activities	3,948,162	1,604,965	2,563,880

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Governance	4,906,377	5,080,819
General purpose funding	408,426	509,130
Law, order, public safety	4,329,514	3,959,015
Health	0	0
Education and welfare	265,736	274,996
Housing	28,741	55,293
Community amenities	2,447,946	2,470,316
Recreation and culture	21,117,893	19,962,959
Transport	58,688,854	61,403,356
Economic services	2,373,852	2,367,498
Other property and services	3,004,193	3,487,072
Unallocated	6,323,995	4,436,220
	<b>103,895,527</b>	<b>104,006,674</b>

## **17. CONTINGENT LIABILITIES AND EVENTS OCCURRING AFTER THE END OF THE REPORTING DATE**

The Shire of Denmark has no current contingent liability claims.

The Statement of Comprehensive Income and Statement of Financial Position have been prepared on the basis of conditions existing at reporting date. There is no additional evidence of events or conditions occurring after balance date that may have an impact on the financial statements.

**SHIRE OF DENMARK  
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**18. LEASING COMMITMENTS**

**(a) Operating Lease Commitments**

Non-cancellable operating leases contracted for but

Payable:

	<b>2019</b>	<b>2018</b>
	\$	\$
- not later than one year	109,846	30,304
- later than one year but not later than five years	167,967	26,008
- later than five years	9,670	0
	<u>287,483</u>	<u>56,312</u>

**(b) Capital Commitments**

	234,138	0
--	---------	---

The Shire has a capital commitment in relation to the construction of a new fire shed at Ocean Beach. This has been budgeted for completion during the 2019/2020 financial year.

**SIGNIFICANT ACCOUNTING POLICIES**

**Leases**

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

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

**Leases (Continued)**

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

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

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19. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

The following fees, expenses and allowances were paid to council members and/or the President.	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Meeting Fees	90,900	90,900	89,938
President's allowance	11,110	11,110	10,902
Deputy President's allowance	2,778	2,778	2,756
Travelling expenses	5,445	8,000	15,205
Telecommunications allowance	21,676	21,816	21,585
	<u>131,909</u>	<u>134,604</u>	<u>140,386</u>

Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Shire during the year are as follows:	2019	2018
	\$	\$
Short-term employee benefits	669,004	716,934
Post-employment benefits	53,499	67,427
Other long-term benefits	9,034	13,918
Termination benefits	<u>113,767</u>	<u>147,397</u>
	<u>845,304</u>	<u>945,676</u>

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

Transactions with related parties

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

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

The following transactions occurred with related parties:	2019	2018
	\$	\$
Sale of goods and services	103,677	474,261
Purchase of goods and services	65,680	88,938

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

iii. Entities subject to significant influence by the Shire

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

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20. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received	Expended	Closing	Received	Expended	Closing
	Balance <sup>(1)</sup> 1/07/17	2017/18	2017/18	Balance <sup>(1)</sup> 30/06/18	2018/19	2018/19	Balance 30/06/19
	\$	\$	\$	\$	\$	\$	\$
<b>General purpose funding</b>							
Pensioner Deferred Rates Grant	0	838	(838)	0	1,001	(1,001)	0
Grants Commission	0	1,043,318	(1,043,318)	0	1,086,433	(1,086,433)	0
<b>Law, order, public safety</b>							
Thank a Volunteer Grant	0	0	0	0	650	(650)	0
ESL Grants	0	698,955	(698,955)	0	1,126,540	(1,126,540)	0
Bushfire Risk Management	0	124,356	(124,356)	0	346,487	(173,556)	172,931
<b>Education and welfare</b>							
Disability Services Commission Grant	0	0	0	0	1,000	(1,000)	0
Youth Festival Grant	0	0	0	0	3,217	(3,217)	0
Aged Services Grant	0	0	0	0	4,545	(4,545)	0
Dementia Friendly Communities Grant	0	0	0	0	10,000	0	10,000
<b>Community amenities</b>							
Sustainable Projects - Works	0	15,000	(15,000)	0	26,160	(26,160)	0
Safer Communities Grant	0	0	0	0	23,219	(23,219)	0



SHIRE OF DENMARK  
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20 CONDITIONS OVER GRANTS/CONTRIBUTIONS (Continued)

Grant/Contribution	Opening	Received	Expended	Closing	Received	Expended	Closing
	Balance <sup>(1)</sup> 1/07/17	2017/18	2017/18	Balance <sup>(1)</sup> 30/06/18	2018/19	2018/19	Balance 30/06/19
	\$	\$	\$	\$	\$	\$	\$
<b>Recreation and culture</b>							
Regional Club Development Officer	0	0	0	0	10,000	(10,000)	0
Recreation Plan	13,927	0	(13,927)	0	0	0	0
Library - Be Connected Program	0	0	0	0	2,000	(2,000)	0
Sport 4 All - Kidsport Program	0	8,000	(8,000)	0	5,939	(5,939)	0
McLean Oval Upgrade Grant	0	0	0	0	320,015	(320,015)	0
Plane Street Precinct Upgrade	0	164,445	0	164,445	47,555	(212,000)	0
Youth Support Service - Recreation	0	29,130	(29,130)	0	30,260	(30,260)	0
Recreation Centre Project	0	2,000	(2,000)	0	0	0	0
<b>Transport</b>							
Main Roads Grants (incl. WANDRRA)	0	589,045	(589,045)	0	2,102,724	(2,102,724)	0
Roadwise	0	273	(273)	0	364	(364)	0
Roads to Recovery	455,256	724,618	(1,179,874)	0	302,361	(302,361)	0
Commodity Routes Supplementary Road Grant	0	0	0	0	370,000	(370,000)	0
Bridge Improvements	0	0	0	0	450,150	(450,150)	0
<b>Total</b>	469,183	3,399,978	(3,704,716)	164,445	6,270,620	(6,252,134)	182,931

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

**20 CONDITIONS OVER GRANTS/CONTRIBUTIONS (Continued)**

	Opening	Received	Expended	Closing	Received	Expended	Closing
	Balance <sup>(1)</sup> 1/07/17	2017/18	2017/18	Balance <sup>(1)</sup> 30/06/18	2018/19	2018/19	Balance 30/06/19
	\$	\$	\$	\$	\$	\$	\$
Restricted Creditors							
Fire Break Conditions Bonds	4,770	0	0	4,770	0	(4,770)	0
Developer Contributions	244,661	56,194	(12,471)	288,384	0	(20,379)	268,005
Tree Planting Bonds	39,057	916	(28,531)	11,442	0	(3,600)	7,842
Civic Centre Bonds	5,714	2,271	(1,817)	6,168	227	(2,008)	4,387
Recreation Centre Bonds	1,320	540	(540)	1,320	0	0	1,320
Bus Hire Bonds	3,580	5,400	(5,200)	3,780	5,000	(4,600)	4,180
Relocated Dwelling Deposits	30,000	5,000	(5,000)	30,000	0	(20,000)	10,000
Contributions in lieu of Parking	20,565	0	0	20,565	0	(20,565)	0
Contributions to Roadworks	249,229	3,280	(8,291)	244,218	9,970	(208,726)	45,462
Retention on Works	193,170	91,727	(193,638)	91,259	12,619	(11,670)	92,208
Riverbend House Bond	860	0	0	860	0	0	860
Extractive Industry Bonds	12,100	0	0	12,100	2,860	0	14,960
Outstanding Roadworks	3,053	0	0	3,053	11,261	(14,314)	0
<b>Total</b>	<b>808,079</b>	<b>165,328</b>	<b>(255,488)</b>	<b>717,919</b>	<b>41,937</b>	<b>(310,632)</b>	<b>449,224</b>

**Notes:**

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

SHIRE OF DENMARK  
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FOR THE YEAR ENDED 30TH JUNE 2019

21. RATING INFORMATION

(a) Rates

RATE TYPE

Differential general rate / general rate

Gross rental valuations

	Rate in \$	Number of Properties	Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
1 Residential Developed	10.1014	1,238	16,692,720	1,686,198	17,512	7,126	1,710,836	1,686,198	0	0	1,686,198
2 Business/Commercial Developed	10.8405	138	4,935,359	535,018	0	0	535,018	535,018	0	0	535,018
3 Lifestyle Developed	10.1336	476	6,972,680	706,583	0	0	706,583	706,583	0	0	706,583
4 Rural Developed	10.8727	143	2,215,796	240,917	0	0	240,917	240,917	0	0	240,917
5 Holiday Use Developed	11.3012	107	1,535,144	173,490	0	0	173,490	173,490	0	0	173,490
6 Residential Vacant	20.1386	129	1,079,270	217,350	0	0	217,350	217,350	0	0	217,350
7 Business/Commercial Vacant	14.2898	22	365,920	52,289	0	0	52,289	52,289	0	0	52,289
8 Rural Vacant	15.3182	6	110,310	16,897	0	0	16,897	16,897	0	0	16,897
9 Lifestyle Vacant	19.0674	212	1,743,200	332,383	0	0	332,383	332,383	0	0	332,383
<b>Unimproved valuations</b>											
10 UV Base	0.5088	498	232,851,000	1,184,746	0	0	1,184,746	1,184,746	0	0	1,184,746
11 UV Additional Use 1	0.5597	31	12,832,999	71,826	0	0	71,826	71,826	0	0	71,826
12 UV Additional Use 2	0.6106	10	4,727,000	28,863	0	0	28,863	28,863	0	0	28,863
13 UV Additional Use 3	0.6615	8	3,439,000	22,749	0	0	22,749	22,749	0	0	22,749
14 UV Additional Use 4	0.7123	3	1,503,000	10,706	0	0	10,706	10,706	0	0	10,706
<b>Sub-Total</b>		3,021	291,003,398	5,280,015	17,512	7,126	5,304,653	5,280,015	0	0	5,280,015

Minimum

\$

Minimum payment

Gross rental valuations

1 Residential Developed	1055.00	583	4,800,898	615,065	0	0	615,065	615,065	0	0	615,065
2 Business/Commercial Developed	1173.00	124	781,673	145,452	0	0	145,452	145,452	0	0	145,452
3 Lifestyle Developed	1082.00	54	473,082	58,428	0	0	58,428	58,428	0	0	58,428
4 Rural Developed	1082.00	32	275,364	34,624	0	0	34,624	34,624	0	0	34,624
5 Holiday Use Developed	1162.00	7	59,280	8,134	0	0	8,134	8,134	0	0	8,134
6 Residential Vacant	959.00	115	362,280	110,285	0	0	110,285	110,285	0	0	110,285
7 Business/Commercial Vacant	1066.00	6	17,050	6,396	0	0	6,396	6,396	0	0	6,396
8 Rural Vacant	1066.00	1	6,900	1,066	0	0	1,066	1,066	0	0	1,066
9 Lifestyle Vacant	981.00	12	59,580	11,772	0	0	11,772	11,772	0	0	11,772
<b>Unimproved valuations</b>											
UV Base	1291.00	98	18,229,742	126,518	0	0	126,518	126,518	0	0	126,518
UV Additional Use 1	1420.00	13	735,100	18,460	0	0	18,460	18,460	0	0	18,460
UV Additional Use 2	1549.00	2	459,000	3,098	0	0	3,098	3,098	0	0	3,098
UV Additional Use 3	1678.00	0	0	0	0	0	0	0	0	0	0
UV Additional Use 4	1807.00	0	0	0	0	0	0	0	0	0	0
<b>Sub-Total</b>		1,047	26,259,949	1,139,298	0	0	1,139,298	1,139,298	0	0	1,139,298

	4,068	317,263,347	6,419,313	17,512	7,126	6,443,951	6,419,313	0	0	6,419,313
Discounts/concessions (refer note 21(d))						(49,099)				(50,197)
<b>Total amount raised from general rate</b>						6,394,852				6,369,116
Specified Area Rate (refer note 21(b))						0				0
<b>Totals</b>						6,394,852				6,369,116

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

**SHIRE OF DENMARK  
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**21. RATING INFORMATION (Continued)**

**(b) Specified Area Rate**

No specified area rate charge is applied to properties within the Shire of Denmark.

**(c) Service Charges**

No specified service charges are applied to properties within the Shire of Denmark.

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

The Shire of Denmark does not offer any discount or early payment incentives for rates paid prior to due date.

Where a small balance remains on a property assessment due to circumstances such as a delay in receipt of mail payments or monies from property settlements and additional daily interest has accumulated, amounts outstanding of \$5.00 and under have been waived, as it is not considered cost effective or equitable to recover. Estimated loss of revenue from this waiver is \$500.00.

The Shire of Denmark also administers the Rates and Charges (Rebates and Deferments) Act 1992 which enables State Government Rebates to be provided with respect to Annual Rate and Emergency Levy charges. Ratepayers who are the holders of a State Seniors Card, Pensioners Concession card or Commonwealth Senior Health card may be eligible for a rebate of up to 50%, dependant upon individual circumstances. Eligible ratepayers need to apply to register with the Shire to receive any rebate.

In accordance with Section 6.47 of the Local Government Act 1995, and Regulation 26 (1) (c) of the Local Government (Financial Management) Regulations 1996 and Council Policy P030101 the Council resolved to waive the local government rate charge for each of the following land parcels for the 2018/2019 financial year.

	<b>Actual 2019 \$</b>	<b>Budget 2019 \$</b>
<b>Denmark Boating &amp; Angling Club</b>		
A5585 – Lease of Part Lots 304 and 307 Parry Road, Parryville - Boating and angling shed and land at Parry Beach	1,420	1,420
<b>Denmark Boating &amp; Angling Club, &amp; Denmark Sea Rescue Group</b>		
A5587 – 891B (Lease of Part Lot 556) Ocean Beach Road, Ocean Beach - Sea rescue, boating and angling hall and sheds	1,420	1,420
<b>Denmark Clay Target Club</b>		
A3565 – Lease of Whole Lot 7399, Sunny Glen Road, Hay - Clay target shooting range	1,420	1,420
<b>Denmark Cottage Crafts Inc.</b>		
A5584 – Lease of Part Lot 41 Mitchell Street, Denmark - Craft hall and Denmark Family Centre Church building	1,173	1,173
<b>Denmark Country Club Inc.</b>		
A3088 – 925 (Lease of Whole Lots 154, 155, 156, 157, 158, 159, 1072, and 1073) South Coast Highway, Hay - Golf Course, Tennis Courts and facilities	3,686	3,687
<b>Denmark Environment Centre Incorporated</b>		
A2622 – 1/35 (Strata Lot 1) Strickland Street, Denmark	1,173	1,173
A3747 – 4/35 (Strata Lot 4) Strickland Street, Denmark - Shop and administration centre	2,678	2,678

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21 RATING INFORMATION (Continued)

(d) Discounts, Incentives, Concessions, & Write-offs (Continued)

	Actual 2019 \$	Budget 2019 \$
<b>Denmark Machinery Restoration Group Inc.</b>		
A5599 – 2 (Lease of Part Lot 952) Inlet Drive, Denmark	1,173	1,173
- Shed and displays		
<b>Denmark Occasional Day Care Centre Inc. and Denmark Playgroup</b>		
A3179 – 81 (Lease of Whole Lot 500) South Coast Highway, Denmark	1,173	1,173
- Day care and playgroup building		
<b>Denmark Pistol Club</b>		
A3167 – 223 (Lease of Whole Lot 7441) Churchill Road, Scotsdale	1,420	1,420
- Pistol shooting range		
<b>Denmark Equestrian Club Inc.</b>		
A3189 – 73 (Lease of Whole Lot 1004) Beveridge Road, Denmark	1,173	1,173
- Horse racing track and facilities		
<b>Denmark Riverside Club</b>		
A5601 – Lease of Part Lot 1002 Bambrey Road, Denmark	1,173	1,173
A3069 – 3 (Lease of Whole Lot 1110) Morgan Road, Denmark	2,277	2,277
- Bowling green, canoeing, kayaking and dragon boating launching site and facilities		
<b>Denmark Surf Lifesaving Club</b>		
A5588 – 891A (Lease of Part Lot 556) Ocean Beach Road, Ocean Beach	1,420	1,420
- Clubrooms and facilities		
<b>Denmark Tourism Incorporated</b>		
A3186 – 73 (Lease of Lot 501) South Coast Hwy, Denmark	6,233	6,234
- Denmark Visitor Centre		
<b>Green Skills Inc.</b>		
A5590 – 46 (Lease of Part Lot 326) McIntosh Road, Hay	1,420	1,420
- Recycling Centre and Tip Shop		
<b>Kentdale Community Hall Committee Inc.</b>		
A5593 – 518 (Lease of Part Lot 300) Parker Road, Kentdale	1,420	1,420
- Kentdale Hall		
<b>Lions Club of Denmark Inc.</b>		
A5600 – 2 (Lease of Part Lot 952) Inlet Drive, Denmark	1,173	1,173
- Clubroom		
<b>Nornalup Residents and Ratepayers Association</b>		
A5591 – 3 (Lease of Part Lot 2368) Riverside Drive, Nornalup	1,173	1,173
- Nornalup Community Hall		
<b>Parry's Beach Voluntary Management Group Inc.</b>		
A5592 – 2830 (Lease of Part Lot 5393) South Coast Highway, William Bay	1,420	1,420
- Parryville Hall		
<b>Peaceful Bay Progress Association Inc.</b>		
A5615 – 30 (Lease of Whole Site 300) First Avenue, Peaceful Bay	1,173	1,173
A5616 – 3 (Lease of Whole Site 302) West Avenue, Peaceful Bay	1,173	1,173
- Peaceful Bay Community Hall and Les Carpenter Fire Station		
<b>Peaceful Bay Returned Services League (RSL) Sub Branch</b>		
A5596 – 28 (Lease of Whole Site 400) First Avenue, Peaceful Bay	1,173	1,173
- Clubroom		
<b>Peaceful Bay Sea Rescue Group Inc.</b>		
A5595 – Lease of Whole Lots 401 and 402 Old Peaceful Bay Road, Peaceful Bay	1,173	1,173
- Sea rescue facilities		

SHIRE OF DENMARK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

**21 RATING INFORMATION (Continued)**

**(d) Discounts, Incentives, Concessions, & Write-offs (Continued)**

	Actual 2019 \$	Budget 2019 \$
<b>Scout Association of Australia</b>		
A5597 – 53 (Lease of Part Lot 1087) Brazier Street, Denmark - Scout Hall and facilities	1,173	1,173
<b>The Returned &amp; Services League of Australia WA Branch Inc</b>		
A3097 – 54 (Lease of Whole Lot 40) Strickland Street, Denmark - RSL Hall	1,173	1,173
<b>Tingledale Hall Committee Inc.</b>		
A5594 – 976 (Lease of Part Lot 2381) Valley of the Giants Road, Tingledale - Tingledale Hall and Community Centre	1,420	1,420
<b>Denmark Historical Society Inc.</b>		
A3256 – 16 (Lease of Lot 1021) Mitchell Street Denmark	1,258	1,173
<b>Trustees: Richard John Marshall and (Est. of the Late) Richard William Mumford and Eric Rose</b>		
A3041 – 891 (Lot 583) Scotsdale Road, Scotsdale Scotsdale Hall and tennis courts	1,420	1,420
<b>Denmark Community Resource Centre Inc.</b>		
A5729 - Part Lot 228, 2 Strickland Street Denmark	1,173	1,173
<b>Denmark Over 50's Association</b>		
A5730 - Part Lot 228, 2 Strickland Street Denmark Morgan Richards Community Centre	1,173	1,173
<b>Denmark Arts Council Inc.</b>		
A5731 - Part Lot 228 and Part Lot 1093, 2 Strickland Street Denmark Morgan Richards Community Centre	0	1,173
Total	49,099	50,197

**(e) Interest Charges & Instalments**

Instalment Options	Date Due	Instalment Plan	Instalment Plan	Unpaid Rates
		Admin Charge	Interest Rate	Interest Rate
		\$	%	%
<b>Option One</b>				
Single full payment	17-Sep-18			11.00%
<b>Option Two</b>				
First instalment	17-Sep-18			11.00%
Second instalment	19-Nov-18	12	5.50%	11.00%
<b>Option Three</b>				
First instalment	17-Sep-18			11.00%
Second instalment	19-Nov-18	4	5.50%	11.00%
Third instalment	21-Jan-19	4	5.50%	11.00%
Fourth instalment	25-Mar-19	4	5.50%	11.00%
				<b>2019</b>
			<b>2019</b>	<b>Budget</b>
			\$	\$
Interest on unpaid rates & debtors			53,458	50,000
Interest on instalment plan			19,278	21,536
Charges on instalment plan			23,688	24,000
			96,424	95,536

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

**22. NET CURRENT ASSETS**

Composition of net current assets for  
the purposes of the Rate Setting Statement

	<b>2019</b> <b>(30 June 2019</b> <b>Carried</b> <b>Forward)</b>	<b>2019</b> <b>(1 July 2018</b> <b>Brought</b> <b>Forward)</b>	<b>2018</b> <b>(30 June 2018</b> <b>Carried</b> <b>Forward)</b>
	\$	\$	\$
<b>Surplus/(Deficit) 1 July brought forward</b>	829,667	812,808	812,808
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	3,201,709	1,269,903	1,269,903
Restricted	5,183,042	10,895,762	10,895,762
Receivables			
Rates outstanding	369,681	463,587	463,587
Sundry debtors	143,862	86,848	86,848
GST receivable	493,412	160,891	160,891
Loans receivable - clubs/institutions	53,853	50,623	50,623
Accrued Income	232,988	8,119	8,119
Inventories			
Inventories	62,995	62,990	62,990
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(3,491,749)	(503,161)	(503,161)
Accrued interest on long term borrowings	(13,990)	(24,770)	(24,770)
Accrued salaries and wages	(103,944)	(135,238)	(135,238)
ATO liabilities	(735)	0	0
Accrued Expenses	(64,563)	(576,360)	(576,360)
Income in Advance	(46,344)	(50,288)	(50,288)
Bonds & Deposits	(449,224)	(714,866)	(714,866)
Current portion of long term borrowings	(298,573)	(284,185)	(284,185)
Provisions			
Provision for annual leave	(384,016)	(574,427)	(574,427)
Provision for long service leave	(740,158)	(497,914)	(497,914)
<b>Unadjusted net current assets</b>	<b>4,148,246</b>	<b>9,637,514</b>	<b>9,637,514</b>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(4,504,542)	(9,966,164)	(9,966,164)
Less: Loans receivable - clubs/institutions	(53,853)	(50,623)	(50,623)
Less: Restricted Grants	(182,931)	(164,445)	(164,445)
Less: Provision for Annual Leave	384,016	574,427	574,427
Less: Provision for Long Service Leave	740,158	497,914	497,914
Add: Current portion of long term borrowings	298,573	284,185	284,185
<b>Adjusted net current assets - surplus/(deficit)</b>	<b>829,667</b>	<b>812,808</b>	<b>812,808</b>

**Difference**

There was no difference between the surplus/(deficit) 1 July 2018 brought forward position used in the 2019 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2018 audited financial report.

## 23. FINANCIAL RISK MANAGEMENT

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

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

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

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

### (a) Interest rate risk

#### Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
<b>2019</b>					
Cash and cash equivalents	1.54%	8,384,751	6,864,496	1,514,275	5,980
<b>2018</b>					
Cash and cash equivalents	2.81%	12,165,665	10,725,794	1,435,941	3,930

	Carrying Value		Fair Value	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	8,384,751	12,165,665	8,384,751	12,165,665
Receivables	1,862,353	1,399,336	1,862,353	1,399,336
	10,247,104	13,565,001	10,247,104	13,565,001
<b>Financial liabilities</b>				
Payables	4,170,549	2,004,683	4,170,549	2,004,683
Borrowings	2,410,005	2,694,190	2,007,090	2,236,647
	6,580,554	4,698,873	6,177,639	4,241,330

Fair value is determined as follows:

Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.



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

**(a) Cash and Cash Equivalents (continued)**

Financial assets at fair value through profit and loss  
 Available-for-sale financial assets  
 Held-to-maturity investments

The Shire's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. Council has an Investment Policy and the Policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

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

Cash is subject to interest rate risk - the risk that movements in interest rates could affect returns.

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

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by Local Government (Financial Management) Regulation 19C.

	<b>2019</b>	<b>2018</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Statement of Comprehensive Income	83,848	121,657

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

**Borrowings**

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most cost advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 13(a).

## 23. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit Risk

#### Trade Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2019</b>					
Rates receivable	209,012	78,704	81,965	-	369,681
Expected credit loss	0%	0%	0%	0%	0%
Gross carrying amount	209,012	78,704	81,965	-	369,681
Loss allowance	-	-	-	-	-
<b>1 July 2018</b>					
Rates receivable	269,182	88,234	106,171	-	463,587
Expected credit loss	0%	0%	0%	0%	0%
Gross carrying amount	269,182	88,234	106,171	-	463,587
Loss allowance	-	-	-	-	-

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2019</b>					
Sundry receivables	142,967	895	-	-	143,862
Expected credit loss	0%	0%	0%	0%	0%
Gross carrying amount	142,967	895	-	-	143,862
Loss allowance	-	-	-	-	-
<b>1 July 2018</b>					
Sundry receivables	86,848	-	-	-	86,848
Expected credit loss	0%	0%	0%	0%	0%
Gross carrying amount	86,848	-	-	-	86,848
Loss allowance	-	-	-	-	-

The Shire makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

	2019	2018
	%	%
Percentage of rates and annual charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of other receivables		
- Current	83.51%	54.67%
- Overdue	16.49%	45.33%

## 23. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2019</b>					
Payables	4,170,549	0	0	4,170,549	4,170,549
Borrowings	408,496	1,115,263	1,591,993	3,115,752	2,410,005
	4,579,045	1,115,263	1,591,993	7,286,301	6,580,554
<b>2018</b>					
Payables	2,004,683	0	0	2,004,683	2,004,683
Borrowings	408,497	1,279,728	1,836,024	3,524,249	2,694,190
	2,413,180	1,279,728	1,836,024	5,528,932	4,698,873

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

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

Year ended 30 June 2019	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	
<b>Borrowings</b>								
<b>Fixed rate</b>								
Long term borrowings	64,376	107,761	100,980	0	16,736	2,120,152	2,410,005	4.66%
Weighted average Effective interest rate	6.49%	3.70%	6.91%	0.00%	5.94%	4.55%		
<b>Year ended 30 June 2018</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Long term borrowings	0	124,777	158,750	0	130,319	2,280,344	2,694,190	4.69%
Weighted average Effective interest rate	0.00%	6.48%	3.70%	0.00%	6.91%	4.54%		

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**24. TRUST FUNDS**

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

	<b>1 July 2018</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>30 June 2019</b>
	\$	\$	\$	\$
DPI Licensing	0	1,333,558	(1,333,557)	1
BCITF Training Fund	12,962	27,261	(28,141)	12,082
Building Levy	7,777	30,223	(30,015)	7,985
Bushfire Command Vehicle	1,814	0	0	1,814
Contrib. in Lieu of Open Space	183,347	4,332	(25,763)	161,916
Denmark Parks & Trails	850	0	0	850
	<u>206,750</u>	<u>1,395,374</u>	<u>(1,417,476)</u>	<u>184,648</u>

**25 INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS**

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

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 Financial Instruments.

**AASB 9 Financial Instruments**

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Shire's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. The following are the changes in the classification of the Shire's financial assets:

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial Assets at amortised cost beginning 1 July 2018.

**26 CHANGE IN ACCOUNTING POLICY**

Paragraph 17A (5) of the Local Government (Financial Management) Regulations 1996 came into operation on 1 July 2018. The regulation stated an asset is to be excluded from the assets of a local government if the fair value of the asset at the date of acquisition by the local government is under \$5,000.

As the amount of the total values of assets purchased prior to 1 July 2018 for less than \$5,000 was immaterial the Shire has written off those assets in the 2018/2019 financial year.

**27 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS**

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

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 1058 Income for Not-for-Profit Entities. These standards are applicable to future reporting periods and have not yet been adopted.

**(a) Revenue from Contracts with Customers**

The Shire will adopt AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019.

**(b) Leases**

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

On adoption of AASB 16, the Shire will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019.

On adoption of AASB 16, the Shire will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is to be measured as if AASB 16 had been applied since its commencement date by the carrying amount but discounted using the lessee's incremental borrowing rate as on 1 July 2019.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low 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).

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.  
- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

**(c) Income For Not-For-Profit Entities**

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

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates will be recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurs the financial liability will be extinguished and the Shire will recognise income for the prepaid rates that have not been refunded.

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

## **28. OTHER SIGNIFICANT ACCOUNTING POLICIES**

### **a) Goods and services tax (GST)**

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

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

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

### **b) Current and non-current classification**

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

### **c) Rounding off figures**

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

### **d) Comparative figures**

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

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

### **e) Budget comparative figures**

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

### **f) Superannuation**

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

### **g) Fair value of assets and liabilities**

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

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

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

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

### **h) Fair value hierarchy**

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

#### **Level 1**

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

#### **Level 2**

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

#### **Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

### **Valuation techniques**

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

#### **Market approach**

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

#### **Income approach**

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

#### **Cost approach**

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

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

### **i) Impairment of assets**

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

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

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

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



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## **29. ACTIVITIES/PROGRAMS**

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

<b>PROGRAM NAME</b>	<b>ACTIVITIES</b>
<b>GOVERNANCE</b>	Members of Council, general administration expenses including staff, office equipment maintenance and insurances.
<b>GENERAL PURPOSE FUNDING</b>	Rates, general purpose government grants, interest on invested funds and other financial matters.
<b>LAW, ORDER, PUBLIC SAFETY</b>	Supervision of various local laws, fire prevention including Community Fire Manager and Bushfire Brigades, animal control (Rangers) and State Emergency Services operations.
<b>HEALTH</b>	Water and food quality monitoring, effluent disposal and public health compliance control on business premises catering for the large tourism trade and domestic residences.
<b>EDUCATION AND WELFARE</b>	Assistance to early childhood education, provision of educational scholarships, youth services, aged and disability programs.
<b>HOUSING</b>	Lionsville aged accommodation self supporting loans.
<b>COMMUNITY AMENITIES</b>	Refuse collection services (including recycling), operation of landfill and recycling centres, administration of the Town Planning Scheme, provision of facilities including the cemetery and public conveniences, effluent disposal (septic tanks) and environmental programs.
<b>RECREATION AND CULTURE</b>	Provision, maintenance and operation of Halls, Civic Centre, Library, Recreation Centre, swimming areas & beaches and various parks and recreation reserves. TV re-broadcasting tower maintenance.
<b>TRANSPORT</b>	Construction and maintenance of roads including drainage, footpaths, parking facilities, regulatory signs, street cleaning and lighting. Maintenance of Works Depot and road plant purchases.
<b>ECONOMIC SERVICES</b>	The regulation and provision of tourism facilities including the Denmark Tourism Association and Parry Beach camping grounds, area promotion, building control, sale yard facilities, noxious weed control, pest control and operation of the lime sand quarry.
<b>OTHER PROPERTY AND SERVICES</b>	Public Works Overheads (Engineering and supervision staff, leave entitlements and insurances). Plant costs (repair wages, parts, fuel, insurances and licenses, stock and materials and salaries and wages allocations).

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**30. FINANCIAL RATIOS**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Current ratio	0.98	0.93	1.05
Asset consumption ratio (1)	0.62	0.97	N/A
Asset renewal funding ratio (2)	0.93	N/A	N/A
Asset sustainability ratio	1.34	0.98	0.40
Debt service cover ratio	5.35	4.53	4.93
Operating surplus ratio	(0.22)	(0.28)	(0.39)
Own source revenue coverage ratio	0.67	0.67	0.60

(1) The Asset Consumption Ratio has been left blank in 2017 as the current replacement cost of depreciable assets was not available in that year.

(2) The Asset Renewal Funding Ratio was unable to be calculated for the 2017 and 2018 financial years as the Long Term Financial Plan was not in place to enable this ratio to be calculated.

The above ratios are calculated as follows:

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