

Annual Report 2020/2021



21 DECEMBER 2021 - ATTACHMENT 9.3.2

Acknowledgement of Country

The Shire President, Councillors and Shire of Denmark staff acknowledge the Minang and Bibulmun people of the Noongar nation who are the traditional custodians of this land and pay 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 online via the Shire of Denmark website at www.denmark.wa.gov.au

Copies of all Shire documents are available in alternative formats upon request.



Contents

- 4** Welcome
- 6** Council
- 8** Executive Team
- 10** Community Profile
- 12** Our Economy
- 15** Our Natural Environment
- 20** Our Built Environment
- 25** Our Community
- 34** Our Local Government
- 39** Compliance
- 42** Financial Health Indicators

Reports

- Independent Auditor Report
- 2020/2021 Annual Financial Report

Welcome from the Shire President

I am pleased to present the Shire of Denmark's 2020/21 Annual Report, which provides an overview of the past year. The Shire has been a hive of activity this year, and this report highlights the key achievements and our long-term focus on addressing the challenges our community faces.

Council is committed to contributing positively to a more sustainable future. The last 12 months saw significant work delivered to ensure we have strategies to see the Shire embed sustainable practices throughout its operations. Adopting the *Sustainability Strategy* will ensure we uphold community values. Council recognises the growing demands to balance economic, social and environmental demands in a world facing significant health and economic challenges. The climate emergency has concentrated our minds on protecting biodiversity and ecosystems while ensuring we take direct action to reduce greenhouse gas emissions and supporting our community members to live healthy, fulfilled lives.

Our partnership with the South Coast Alliance continued to move from strength to strength. The past year has seen the Alliance consolidate to progress three targeted areas of development, including climate change adaptation and mitigation, innovation and youth.

A personal highlight for the year was presenting Beth Franz with the title of Honorary Freeman for her exceptional service to the Denmark community. Freeman of the Shire is awarded to an individual who has provided the highest level of service to their community. Beth's achievements include her long-standing service to the Scouts and her commitment to the community, which led to her being awarded an Order of Australia Medal in 2001.

On behalf of my fellow Elected Members, my thanks go to the Shire of Denmark team for their on-going commitment and dedication to serving the Denmark community.

Ceinwen Gearon, Shire President



Council is committed to contributing positively to a more sustainable future.

Shire President Ceinwen Gearon

2020/21 Elected Members



Cr Ceinwen Gearon, Shire President

Town Ward, term expires October 2023

Cr Gearon represents Council on the Audit Advisory and Local Emergency Management Committees, the Amazing South Coast Inc. Board and South Coast Alliance Inc. **Meeting attendance:** present for all 12 Ordinary Council Meetings and one Special Council Meeting.



Cr Mark Allen, Deputy Shire President

Scotsdale/Shadforth Ward, term expires October 2021

Cr Allen represents Council on the Audit Advisory, Bushfire Advisory, Disability Advisory and Local Emergency Management Committees, the Paths and Trails Development Plan Working Group, the South Coast Alliance, Great Southern Recreation Advisory Group and Lake Muir/Denbarker Community Feral Pig Eradication Group. **Meeting attendance:** present for all 12 Ordinary Council Meetings and one Special Council Meeting.



Cr Ian Osborne

Town Ward, term expires October 2021

Cr Osborne represents Council on the Audit Advisory Committee, the Laing Park Dog Exercise Area Development Concept Plan and Plane Tree Precinct Development Project Team Working Groups, Southern Joint Development Assessment Panel (alternate member), WA Local Government Association (WALGA) - Great Southern Zone and Denmark Historical Society Inc. **Meeting attendance:** present for nine Ordinary Council Meetings and one Special Council Meeting.



Cr Geoff Bowley

Town Ward, term expires October 2023

Cr Bowley represents Council on the Audit Advisory and Roadwise Advisory Committees, the Local Planning Strategy and Public Health Plan Working Groups, Denmark High School Oval Management Committee and Southern Joint Development Assessment Panel (alternate member). **Meeting attendance:** present for all 12 Ordinary Council Meetings and one Special Council Meeting.



Cr Jan Lewis

Scotsdale/Shadforth Ward, term expires October 2021

Cr Lewis represents Council on the Laing Park Dog Exercise Area Development Concept Plan, Lights Beach Concept Plan, Paths and Trails Development Plan, Sustainability Strategy, Plane Tree Precinct Development Project Team and Local Planning Strategy Working Groups, South Coast Alliance Inc. and Parry's Beach Voluntary Management Group Inc. **Meeting attendance:** present for 11 Ordinary Council Meetings and one Special Council Meeting.

Cr Kingsley Gibson

Scotsdale/Shadforth Ward, term expires October 2023



Cr Gibson represents Council on the Audit Advisory Committee, Paths and Trails Development Plan, Sustainability Strategy, Plane Tree Precinct Development Project Team and Local Planning Strategy Working Groups, Denmark Chamber of Commerce Inc., Southern Joint Development Assessment Panel (member), Denmark Aquatic Centre Committee Inc., Denmark Arts Inc. and Denmark Residents and Ratepayers Association.

Meeting attendance: present for all 12 Ordinary Council Meetings and one Special Council Meeting.

Cr Steve Jones

Scotsdale/Shadforth Ward, term expires October 2023 (res. January 2021)



Cr Jones represents Council on the Audit Advisory committee, Sustainability Strategy Working Group, Great Southern Regional Road Group (deputy), Denmark Community Resource Centre Inc. Committee and Wilson Inlet Catchment Committee Inc. **Meeting**

attendance: present for three Ordinary Council Meetings.

Cr Janine Phillips

Kent/Nornalup Ward, term expires October 2023



Cr Phillips represents Council on the Denmark Bushfire Mitigation Working Group, Southern Joint Development Assessment Panel (member), WA Local Government Association (WALGA) - Great Southern Zone, Nornalup Ratepayers and Residents Association Inc., Peaceful Bay Progress Association Inc. and Walpole Work Camp Committee (Department of Corrective Services). **Meeting attendance:** present for nine Ordinary Council Meetings.

Cr Roger Seeney

Kent/Nornalup Ward, term expires October 2021



Cr Seeney represents Council on the Bushfire Advisory and Roadwise Advisory committees, the Denmark Bushfire Mitigation working group, Great Southern Regional Road Group, Nornalup Ratepayers and Residents Association Inc. and Walpole Work Camp Committee (Department of Corrective Services). **Meeting attendance:** present for all 12 Ordinary Council Meetings and one Special Council Meeting.

Council Demographics

33.3% female

66.6% male

11.2% aged 45-54

44.4% aged 55-64

44.4% aged 65+

Message from the Chief Executive Officer

Planning for the future is core to the operations of the Shire of Denmark. While 2020/21 was focused on recovery from the impacts of Covid-19, it was also a time to reflect on and review our way forward. Considerable investment went into rebuilding the Long Term Financial Plan to ensure we meet the future commitment of the community as communicated through the Strategic Community Plan, *Denmark 2027*.

Following on from the rebuild of the Long Term Financial Plan, we are now working on updating the Workforce Plan, the Asset Management Plan and the Local Planning Strategy and Scheme. These strategic documents will ensure the Shire is in a solid position to deliver on future projects.

The past year had its challenges with extreme weather events testing many of our assets. Our works crews responded around the clock to storm damaged roads, and our thanks go to the community for the patience and understanding demonstrated. Some of this remediation work requires Federal Government assistance, so this will keep us busy in the coming years.



The weather events in recent times also mean we will be seeking to address the management of our assets at Ocean Beach in the coming years, as coastal erosion impacts infrastructure in this precinct.

The impact of Covid-19 is still at the forefront for our community, with tourism, land sales and building approvals at levels not seen for many years. The downside of this has been a worker shortage experienced by many businesses in our community as the availability of housing impacts the labour market. Homelessness is also a concern in the community. The Shire took a lead role to facilitate discussions between regional and State agencies delivering services around the housing crisis. We aimed to ensure that the local community understood the range of services available and connected with these services.

This Annual Report is a snapshot of activities undertaken in the past year by the team at the Shire. I am proud of the strong commitment demonstrated by our staff as they carry out their work on behalf of our community. We embrace sustainability, govern with consistency, bring respect to our interactions with the community, are open to embracing new ideas and apply innovation to our work. These values will ensure that we move forward responsibly.

David Schober, Chief Executive Officer

Meet the Executive Team



David Schober

Chief Executive Officer

Governance



David King

**Director Assets and Sustainable
Development**

Sustainable Development,
Technical Services, Civil
Infrastructure, Waste and Reserves

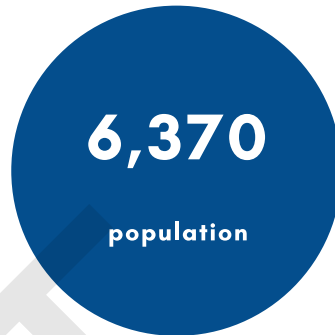


Lee Sounness

**Acting Director Corporate and
Community Services**

Corporate and Community
Services

Denmark in Profile



Local jobs




Environment and Land

- 35% Recycling compliance
- 35% Curbside collection diverted from landfill
- 15.3% Land in agriculture
- 70% Land in remnant vegetation

Economy

- \$260M Gross Regional Product
- \$15.8M value of development applications
- 742 local businesses
- 750,000 visitor nights in region
- 31% value of Shire procurement to local business
- Largest industry is **Education and Training**



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

Our Vision Denmark 2027

E1.0

Our Economy

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

E1.1 To have a stable and locally supported business community that embraces innovation, creativity, resourcefulness and originality

E1.2 To be a vibrant and unique tourist destination, that celebrates our natural and historical assets

E1.3 To have diverse education and employment opportunities

E1.4 To recognise the importance of agriculture in our local economy and protect prime agricultural land

Budgeted \$51,971 in rates waivers to community groups and not-for-profit organisations

Supported local economy with 31% (\$3.458m) of supplier spend within the Shire, a further 24% (\$2.286m) stayed in the Great Southern

Awarded \$3.891M in tenders and RFOs through Technical Services

\$16,019,617 in planning and development applications assessed and approved



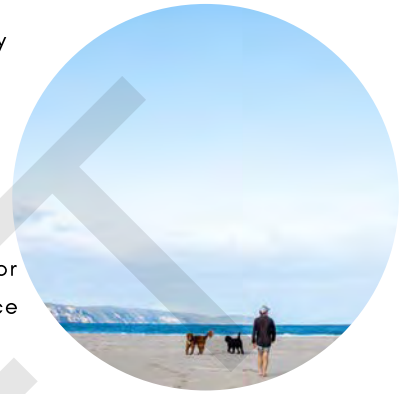
E1.0

Our Economy 20/21 Highlights

Tourism

The Shire undertook a comprehensive review of its contribution and role in supporting the local tourism industry. The study included extensive community and industry conversations on the importance and position of Local Government in supporting tourism and the importance of face to face visitor servicing.

The Shire worked towards adopting a *Sustainable Tourism Strategy* and a Visitor Servicing and Leadership Action Plan, which will provide a roadmap for Council on leadership support for the industry and the delivery of face to face visitor servicing. The Shire funded the Denmark Chamber of Commerce to deliver an interim visitor service out of the existing Denmark Visitors Centre throughout this process.



Housing

Taking on a facilitation role between State and Regional agencies and the local community, the Shire coordinated and hosted several forums to facilitate discussion on progressing issues related to the housing shortage in Denmark which is impacting the community.

The Shire recognises how important this issue is to the community and has taken a leadership role to ensure the community has a comprehensive understanding of the resources local agencies and individuals can access to assist with housing issues.

Local Planning Strategy

The Planning Team and the Local Planning Strategy Working Group have undertaken extensive work to progress the Local Planning Strategy review. The review commenced in late 2019 and has since expanded significantly in scope while also suffering Covid-19 disruptions and delays due to the sharp upswing in the number of planning applications received by the Shire.

Plans are still on track for a 2023 completion with the expanded scope and further community and expert consultation factored in. The extended scope came about under the direction of the Working Group and it was agreed the additional work should be undertaken for the long-term benefit of our community. The Local Planning Strategy is a critical guiding document for the future of the Shire. A draft strategy is anticipated to be prepared to be put before Council in early 2022 in readiness for further public consultation.



South Coast Alliance

The South Coast Alliance (SCA) has a membership base made from the elected members of the Shire of Denmark, City of Albany and the Shires of Jerramungup and Plantagenet. In October 2019, the SCA recruited its first external Executive Officer (a Denmark resident). Since then, it has reviewed its vision and strategic plan, finalising the focus areas in February 2020. The strategic plan has three areas of primary focus: Climate, Innovation and Youth.

Climate Change Adaptation and Mitigation: A snapshot review has been completed and formed the base document for a successful application to Western Australian Local Government Association as a Regional Climate Alliance. The grant will provide the alliance with \$55,000 per annum (for two years) towards mitigation and adaptation strategies and access through a competitive process to a share of a further \$200,000 for climate change adaptation and mitigation projects.

Innovation: The SCA commissioned an Economic Development Opportunity Review. The final report is due end of September 2021. In summary, the review identified 57 economic development opportunities. The SCA has given the go-ahead for three options to be immediately progressed to business cases. These business cases will identify what interventions/partnerships are needed to enable the identified sectors' rapid development and how the SCA might engage to facilitate this.

Youth: The alliance has reviewed a range of Australian and international research noting the disproportionate impact on youth of climate change and Covid-19. It has prioritised youth as a focus area. Actions over the past year include developing partnerships and supporting youth-focused organisations with data and research, and developing a youth-focused stream within a proposed climate conference.

N2.0

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 To preserve and protect the natural environment

N2.2 To promote and encourage responsible development

N2.3 To reduce human impact on natural resources, reduce waste and utilise renewable energy

N2.4 To acknowledge and adapt to climate change



Revegetation projects continued throughout Shire

Delivered Sustainability Strategy and Action Plan

Community-oriented environmental education programs supported through financial and in-kind assistance

N2.0

Our Natural Environment **20/21 Highlights**

Wilson Inlet

The Shire worked closely with the Wilson Inlet Catchment Committee to collaborate and deliver on revegetation projects to re-establish and survey foreshore fringing vegetation. Drone surveys have helped to set a baseline for on-going assessments of unauthorised vegetation clearing. The Shire has also provided key stakeholder representation on the Wilson Inlet Sandbar Opening Protocol Working Group.

Sustainability Strategy (2021-2031) and Action Plan

The *Shire of Denmark Sustainability Strategy 2021-2031* was endorsed and adopted by Council at the March 2021 Ordinary Council Meeting. The Strategy will guide Shire's future vision for sustainable management of operations and is a broader guide for facilitating sustainable development initiatives within the community.

The *Sustainability Strategy* looks ahead to 2030 with achievable targets with aspirational outcomes of 50% reduction of current Shire greenhouse gas emissions (GHG) by 2030 and net-zero GHG emissions from all Shire operations and activities by 2050. The Sustainability Strategy Working Group was Council's vehicle for engaging with the community to develop a strategy to achieve the sustainability goals and targets identified and agreed to in the Paris Agreement.

The strategy aims to achieve best sustainable practice by identifying key principles and objectives aligned with ten sustainability pillars to direct decision-making into the future. The ten sustainability pillars encompass a holistic approach to sustainability through the lens of the economy, our society and the environment. The ten pillars include zero-carbon energy, zero waste, sustainable water, land and nature, sustainable transport, sustainable materials and products, sustainable food and three pillars relating to equity, culture, and community health and well-being.



Community-oriented Environmental Education Program

A variety of community-oriented environmental education programs received financial and in-kind support from the Shire in the 2020/21 financial year, with funding made available through the Shire's sustainability budget. The Shire provided financial and in-kind administrative support to local not-for-profit non-government organisations to help conduct various programs including:

- **Community Garden Workshops** at the Denmark Community Resource Centre, including the provision of tutor fees, garden resources, an art project installation, and contributions towards a South West Community Garden forum coordinated by Green Skills
- **Owl Friendly Denmark Region Campaign** including development of information stalls with display material and best pest control methods, and design and production of an information brochure on Secondary Generation Anticoagulant Rodenticides (SGARS) coordinated by the Denmark Environment Centre
- funding towards **Elders Gathering Koorabup Beelia** at Koorabup Community Park to show respect for culture and waterways to the broader community coordinated by Wilson Inlet Catchment Committee
- **Plant Propagation workshop** held by the Shire's Revegetation Officer on seed propagation techniques and growing plants through clonal techniques (cuttings) of local native plant species

Dieback greencard training for staff

Shire staff had the opportunity to undertake Dieback training and receive green card certification to increase knowledge of *Phytophthora cinnamomi* and how to reduce its spread when undertaking Shire operational activities. The training held in June 2021 was conducted by Bio Logic and facilitated by South Coast Natural Resource Management and held on-site at the Shire Depot with 12 staff in positions ranging across Parks and Gardens, Machine Operators, Drainage, Engineering, Waste and Reserves, Sustainability teams.

Invasive Weed Control Program

The Shire engages local contractors to undertake weed control on Shire reserves and road reserves through manual, mechanical and chemical control. South Coast Bushcare Services (SCBCS) undertook over 160 hours of manual weed control works on peri-urban reserves during the 2020/21 financial year.

The protection and maintenance of the Shire's natural bushland habitats was achieved by the ceaseless efforts of SCBCS (formerly Denmark Weed Action Group) who utilised the Bradley method of weed control to suppress invasive weed species.

Blackberry herbicide spraying was undertaken on Shire bushland reserves and road from February to April 2021. The spraying is part of a strategic plan to control invasive, declared weeds and pest plants under the *Shire of Denmark Weeds Strategy and Action Plan*. The Shire also targeted Tasmanian Blackwood (*Acacia melanoxylon*) as an emerging invasive Eastern States wattle in 2020/21.



The Shire facilitated liaisons between Denmark Senior High School staff and Green Skills for the removal of Tasmanian Blackwood on South Coast Highway adjacent to Shire reserve and the Denmark River. A more extensive infestation along the eastern section of the Denmark-Nornalup Heritage Rail Trail was also targetted.

Weed Control Spray Program

The Shire undertakes a Weed Control Spray Program to manage invasive weeds on its road verges and within Shire reserves for infrastructure maintenance, targeted noxious weed management for biodiversity conservation, fire mitigation and post-burn weed control. A No-Spray Register for road or reserve frontage maintenance allows private property owners to be excluded from the herbicide spray program with the understanding that they will be responsible for weed management on the road verges surrounding their property.

Recycling

The Shire offers a range of recycling services: a kerbside commingled recycling collection for residents in Denmark townsite, as well as services at Denmark Waste Management and Reuse Facility (DWMRF) and Peaceful Bay Waste Management Facility.

Residents may visit DWMRF to recycle their domestic e-waste, such as computers, televisions, and their associated peripherals. The site also accepts commingled recycling, bulk cardboard, waste oil, fluorescent light bulbs/tubes, household batteries at no charge. The Tip Shop, managed by Green Skills on the same site, has been as busy as ever, and residents are always encouraged to drop off reusable items there instead of directing them to landfill.

The Shire initiated an additional kerbside recycling run as the original truck reached capacity. In total, 570 tonnes of material were recycled in 20/21 by our residents. The Shire also initiated a free of charge mobile phone drop off point at DWMRF.

Waste Management

A total of 2,589 kerbside bin services and 136 public place services were provided in 2020/21 whilst offering waste services at DWMRF and Peaceful Bay Waste Management Facility. The combined total of all putrescible waste carted and disposed of at the City of Albany Hanrahan facility was 2,125.67 tonnes in 20/21.

Containers for Change

A Containers for Change Refund point opened on 1 October 2020. The site operates out of a specially constructed shed at DWMRF and is open Wednesday and Saturday, 12-4pm. Containers for Change aims to increase recycling rates and reduce the number of drink containers that litter the environment or go into landfill, while creating jobs and providing opportunities for social enterprise and community organisations.



Anyone can bring their eligible containers to the DWMRF refund point and get a 10c refund for each eligible container. The refund point receives 6c per container for sorting the container types before they are removed for recycling.

Community groups, schools, sports clubs and charities can use the scheme to raise money for their causes by registering to become a donation point. They can set up a donation location at their facility, where people can drop their containers, effectively 'donating' to that community group while at the same time helping to improve recycling rates.

Those preferring to donate their refund can do so by using their chosen group's Scheme ID when dropping their cans to the refund point, or by dropping containers to their chosen group's donation point. Beverage containers make up 44% of all litter in WA. In South Australia, where a container deposit scheme has been in place since 1977, containers now account for less than 3% of litter.

Parks and Gardens

The Parks and Gardens team continued to maintain parks, reserves and playgrounds across the Shire. The team introduces waterwise native plantings where possible aligning with our Water Efficiency Action Plan, reducing the demand for watering while providing enhanced natural habitats. The addition of the Plane Tree Precinct in Strickland Street as a new asset for the Parks and Gardens crew to manage also highlights fire-wise plantings that are used for demonstration and educational purposes.

The Shire's nursery and seed bank continue to be a valuable asset where staff invest and specialise in endemic provenance grow out and rehabilitation planting. Provenance planting involves collecting seeds or cutting material from an area which has been, or will be, disturbed and returning propagated plants once the disturbance is ceased. This is best practice in rehabilitating these areas to restore natural habitat and ecosystem function.



B3.0

Our Built Environment

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

- B3.1** To have public spaces and infrastructure that are accessible and appropriate for our community
- B3.2** To have community assets that are flexible, adaptable and of high quality to meet the purpose and needs of multiple users
- B3.3** To have a planning framework that is visionary, supports connectivity and enables participation
- B3.4** To manage assets in a consistent and sustainable manner
- B3.5** To have diverse and affordable housing, building and accommodation options

Memorial chair to honour late Marc O'Donnell

Limbourne, Mt Shadforth, Scotsdale roads resheeted with gravel

Commenced concept planning community discussion for Ocean to Channel Precinct



Shire Officers wish to acknowledge the overwhelming public support for our team and our efforts to carry out storm remediation works this year. The community patience was much appreciated.

B3.0

Our Built Environment **20/21 Highlights**

Churchill Rd Bridge upgrade

Churchill Rd Bridge was a single lane bridge constructed from timber, spanning 18.6m across the Denmark River. Churchill Rd is classified as a 'Road of Regional Significance' due to use by locals, tourists and industries such as viticulture, livestock, dairy and forestry. The number of vehicles using this road has been increasing by 10% each year. The Shire can foresee an average of over 100 vehicles a day within the following year. The Shire investigation identified safety concerns as a one-lane bridge with heavy and oversized agricultural vehicles mixing with local and tourist traffic in a 90km/h zone.

Intersection of Crellin St and Hollings Rd upgrade

Increased vehicle and pedestrian numbers at this intersection became a safety concern, necessitating an upgrade. The Shire applied to Main Roads WA for Black Spot funding which was successful. The intersection realignment makes entering and exiting safer and replaces damaged culverts and piping. The completed works have also increased fire safety by widening the road allowing secure access and egress for Emergency Services vehicles.

Replacement of Heritage Rail Trail Bridge with culverts

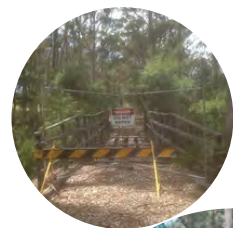
The Heritage Rail Trail is an iconic walk/bicycle/horse riding track spanning approximately 60 kilometres of beautiful scenery. The bridge was one of the original railway bridges between Denmark and Nornalup for timber carting. Reports from termite inspections had shown the bridge deteriorating and as it had reached the stage where it was no longer safe to use, it had to be closed. The work was funded through the Fire Mitigation Program to ensure critical access for Emergency Services vehicles.

Men's Shed access road

The Denmark Men's Shed was completed in early 2021 when they received the keys to their shed in the Heritage Railway Precinct on Inlet Drive. Funding from the Shire contributed to the construction of an access road and car park.

Standpipe swipe card system

The standpipe supplying potable water to local farmers and businesses at the Shire Depot has been in operation for many years. The honesty-based system was open to errors in reporting from users. The Shire is endorsed as a Water Wise Council by the Water Corporation and the Department of Water and Environmental Regulation due to the Shire's commitment to sustainable water management within Denmark.



As such, the Shire aims to identify initiatives to reduce the use of reticulated potable water. The upgrade allows the exact amount of water taken to be charged for, ensuring an accurate user-pays system. The upgrade has also cut down on staff time as the billing system is now automated.

Plane Tree Precinct

The Plane Tree Precinct development was opened to the public in September 2020, coinciding with installing the Fire Wise demonstration garden and a community consultation café for the Local Planning Strategy Review. The Plane Tree Precinct was a staged development that saw upgrades to the RSL Hall and the Carmarthen School building, home to Denmark Cottage Crafts. The building upgrades created a much-needed public realm in the heart of town. The Great Southern Development Commission funded the project, and contributions from LotteryWest, RSL and the Shire totalled \$1,023,000. The precinct will now continue to be a vibrant, functional and inviting space for our community and visitors.

Lights Beach

The Shire of Denmark received more than \$780,000 of Federal Government grant funding in 2020/21 to perform upgrades at Lights Beach, with a long list of works included in the project scope. The new and improved Lights Beach precinct has an increased sealed parking area with formalised circulation and parking, including additional disabled parking bays. Improved universal access has been installed for both new lookouts and a new water-wise all abilities toilet facility, making the site more user-friendly for people of all abilities. Access to the beach has improved to be more user-friendly. Retaining the natural beauty of Lights Beach while increasing safety and access for the community was a key objective.

The Shire undertook extensive revegetation work, led by Revegetation Officer Mark Parre, with students from the WA College of Agriculture Denmark. Locally propagated native species were planted across the site to encourage the health and biodiversity of the coastal site for all to enjoy. The Lights Beach Concept Plan Working Group developed the concept in consultation with community members, staff and Councillors and with input from the Shire's Disability Services Advisory Committee.



B3.0

Our Built Environment **Assets**



Focus on a Staff Member

Ryan Harding, Co-ordinator Facilities & Maintenance

Ryan started with the Shire several years ago as the Environmental Health Technical & Built Asset Project Officer. Before this, he worked in various areas, including Ranger Services, Health & Building Project Officer, and Administrator for Community & Regulatory Services. If that wasn't enough, he is also the Shire's Drone Operator. Ryan is currently studying to become a licensed Building Surveyor. His working background commenced as a Boilermaker and then remote surveying works in the mid-west of WA. In his current role as Co-ordinator Facilities & Maintenance, Ryan has been updating the Shire's asbestos register and coordinating the fencing upgrade at the airstrip. Working with the Pardelup Prison work crew, Ryan achieved a beautiful upgrade to the Cemetery gazebo.



B3.0

Our Built Environment **Development Use**

Development Use	2018/2019		2019/2020		2020/2021	
Single Dwelling	41	\$13,794,178	39	\$12,417,863	65	\$19,522,227
Additions to Single Dwelling	31	\$1,020,215	27	\$1,138,293	31	\$1,561,115
Outbuildings	51	\$991,419	54	\$1,796,276	53	\$1,436,642
Rural Outbuildings	7	\$212,828	5	\$307,185	10	\$329,360
Commercial & Industrial	10	\$1,484,560	5	\$360,000	11	\$1,835,294
Year Totals	140	\$17,503,200	130	\$16,019,617	170	\$24,684,638

Statistics July 2020 - June 2021

Proposal Type	Applications	Cost of Development	Delegated Authority	Council	SJDAP
Single House	66	\$21,872,391	66		
Single House Additions/Alterations	30	\$2,336,400	30		
Grouped Dwelling	1	\$230,185	1		
Second House	2	\$335,000	2		
Ancillary Accommodation	1	\$179,168	1		
Cottage Industry	2	\$ -	2		
Rural Industry	1	\$ -	1		
Rural Pursuit	1	\$ -	1		
Holiday Home (Standard)	8	\$ -	7	1	
Holiday Home (Large)	7	\$ -	7		
Holiday Accommodation	3	\$555,000	3		
Outbuilding	33	\$1,099,722	33		
Rural Outbuilding	16	\$716,348	16		
Change of Use	8	\$350,000	8		
Home Occupation	1	\$ -	1		
Signage	3	\$800	3		
Use Not Listed	1	\$10,000	1		
Commercial & Industrial	14	\$2,316,000	14		
Dam	2	\$65,000	2		
Extractive Industry	2	\$ -	2		
Rainwater Tank	2	\$18,000	2		
Holiday Home Approval Renewals	22	\$ -	22		
Subsequent (retrospective) approval	16	\$448,399	16		
Amendments to Planning Approvals	15	\$15,000	15		
Totals	257	\$30,547,413	256	1	0

C4.0

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 To have services that foster a happy, healthy, vibrant and safe community

C4.2 To have services that are inclusive, promote cohesiveness and reflect our creative nature

C4.3 To create a community that nurtures and integrates natural, cultural and historical values

C4.4 To recognise and respect our local heritage and Aboriginal history

Secured \$30,000 in funding on behalf of Denmark Arts for Creative Community Summer program

122 ranger callouts

Nine Community Grants awarded in 2020/2021



C4.0

Our Community 20/21 Highlights

Youth Festival

A Youth Event Planning Group from the Denmark Senior High School planned and delivered the 2021 Youth Festival. Working alongside the Shire Community Development Officer, young people had direct input into planning and holding an event that reflects their interests and ideas.

On Friday 25 June, a music fest was held at the Civic Centre featuring Denmark youth band, the Unusual Suspects, followed by DJ Dan FX. There were dance competitions, a photo booth and prizes for the best dancers, free food and soft drinks. The event was restricted to youth aged 12-18 years and attracted approximately 60 young people.

On Saturday 26 June, a daytime event was held at McLean Park. The event was opened to young people of all ages and included skateboard, BMX and scooter workshops for all skills levels, face painting, circus workshops and arcade games. The event attracted approximately 120 young people and their families.

Denmark Local Drug Action Group sponsored the event, supported by Albany Youth Support Association. Representatives from both organisations were on hand to provide information to parents on how they can engage with their children about alcohol and drug-related issues.

Denmark Youth Outreach

Youth Outreach services continued through a Shire of Denmark and WA Department of Communities joint funded program, managed by Albany Youth Support Association (AYSA). The case management service supports young people between 12 and 18 and provides early intervention support to prevent and address crises. The program offers mentoring, relationship support and information to enhance young people's health and well-being. The service also offers advocacy, referrals and specialist services, including AYSA homelessness services.

International Day of People with Disability

Around 90 Year 9 Denmark Senior High School students attended a special matinee showing of the documentary 'The Ride' to celebrate International Day of People with Disability on Thursday 3 December. The event was organised by the Shire in partnership with Movies with Meaning to increase public awareness, understanding and to celebrate the achievements and contributions of people with disabilities.



The matinee session introduced by community disability advocates Geoff Hill and Tyler Hartfield provided welcome presentations to the students. Tyler spoke about his journey since the start of the year and how inclusion has changed his life. "This year, I realised that my gift of writing was my escape from isolation. I learned that people like me for who I am. I learned you can be unable to speak but still be heard," he said.

The event closed with a Q&A session with the film producer and cast member Jim Cairns. Jim answered questions and provided a great insight into the development of the film, his life as a business owner, father and adventurer. A free public evening showing of the movie to the community was also offered.



Connected Communities Award

On Thursday 5 November, LG Professionals WA celebrated and honoured Local Governments and officers who have gone above and beyond to achieve outstanding outcomes for their Local Government and their local community. The Shire of Denmark received the Connected Communities Award for creating the Denmark Community channel on Zoom during the Covid-19 lockdown period. Participants could choose from a range of activities. The objective was to enable, empower and inspire community members to create a community response to the pandemic, using the online platform to re-establish and maintain social connections and reduce isolation.

The Shire was also a runner up finalist in the Partnership and Collaboration category for its Lighthouse 'Train the Trainer' program. The 'Train the Trainer' program provided facilitator training to four community members with a disability and provided new career and employment opportunities in the disability advocacy field.

Seniors Week

Denmark Recreation Centre, Denmark Public Library and Denmark Community Resource Centre delivered a program of activities to celebrate the community's seniors during Seniors Week, which ran from 9-13 November.

The annual seniors' luncheon, which forms part of a week-long Seniors Week program, was held on Friday 13 November. Attendees enjoyed an indoor picnic-style lunch, with great entertainment by James Flynn and David Rastrick. A highlight of the luncheon was Beth Franz receiving the title of Honorary Freeman for her exceptional service to the Denmark community. Mrs Franz was elated by the nomination and said it was a great honour she was not expecting. Shire President Ceinwen Gearon presented Mrs Franz with an Honorary Freeman lapel pin, award and certificate.



Other activities held during the week included an Ancestry Workshop and Seed Library launch at the Library. The Recreation Centre offered fitness sessions, a first aid course and very popular free table tennis and badminton sessions. A free lunchtime showing of the movie 'The Leunig Fragments' was also well attended.

Australia Day

Working around Covid-19 safety restrictions, the Shire opted to forgo the traditional Australia Day breakfast favouring a socially distanced family-friendly Twilight Family Concert. The concert featured live local music and family entertainment, including an impromptu circus performance, bouncy castle, face painting, craft activities and more. Around 1000 people attended the event.

Citizenship Awards

Denmark's Community Citizen of the Year Awards recognise outstanding community members who have demonstrated leadership and contributed to building harmony and inclusion in the Denmark community. The 2021 recipients were: Community Citizen of the Year - Belinda Ross, Senior Community Citizen of the Year - Chris Howden, Young Community Citizen of the Year - Tyler Hartfield and Will Miller, Active Citizenship Award - HorsePower Denmark.

National Volunteer Week

In 2021, the annual volunteer appreciation function previously held on Thank a Volunteer Day on 5 December was moved to May to coincide with the National Volunteer Week (NVW). The NVW is celebrated from 17-23 May and is Australia's largest annual celebration of volunteers.

Denmark has many volunteers, from Emergency Services to sporting, community and arts groups. The last census in 2016 showed that 29.8% of Denmark residents volunteered for an organisation or group compared to the national and state average of 19%.

On 20 May, around 50 people joined in the National Volunteer Week celebration held at the Shire to thank volunteers for their valuable contributions to our community. It was a great evening with delicious finger food and beverages generously supported by local businesses. The highlights for the evening were the jazz performance by the excellent James Flynn and Dave Rastrick and flamboyant personality Gertrude WellEase.

School-based traineeship

The Community Services team offered school-based traineeships to Denmark Senior High School students once again this year. The Denmark Recreation Centre, the Denmark Public Library and the Shire Administration Centre hosted trainees. Trainees had the opportunity to be paid to learn on the job skills. Trainees were able to develop their communication skills, build their confidence through their various experiences, learn new processes, interpret policy and procedures, and understand how a local government operates.

Sporting Club Activity

The Shire assisted sporting clubs through the Our Clubs Officer position, funded by the Shire and the Department of Local Government, Sport and Cultural Industries.



The sporting club assistance included advancing:

- o Denmark Equestrian Management Group
- o the McLean Oval User Group agreement with the Denmark Walpole Football Club to hold a lease for the Clubhouse and to operate the facility as a shared space for users of the McLean Oval
- o renewal of the 21-year lease for shared use of the Denmark High School Oval with the Department of Education
- o drafting a new lease for the Denmark Yacht Club

The Denmark Community Rowing Association (Denmark Rowers) was formed in June 2021 to build and row St Ayles Skiffs. The association gathered strong support in the Denmark community and there are now 28 club members who have fundraised to purchase St Ayles Skiff kits. The Shire assisted the club with advice and direction on funding, proposed club storage and organising events. Denmark Gymnastics has reached capacity for the facility they were leasing and are engaging with the Shire to look at a building that will align with their growing needs. The club has had a very successful year drawing participants from Walpole and Albany.

The Shire commenced the development of a streamlined and transparent process for sporting clubs seeking funding from the Community Sporting and Recreation Facilities Fund (CSRFF). Although the Shire may not always offer financial support, it aims to assist clubs in applying for funding and encourages interested clubs to engage with the Shire with sufficient time to meet grant requirements. Working with Albany and Regional Volunteer Services, the Shire is planning to conduct workshops in Denmark for sporting clubs and community groups in governance, grant writing, and retaining and training volunteers. The Shire also hosted a sundowner that recognised the volunteers that support and drive netball, basketball, badminton and table tennis at the Recreation Centre.



Denmark Seed Library

The Denmark Seed Library is a new initiative that commenced as a partnership between the Library and the Denmark campus of South Regional TAFE. A collection of organic, heirloom and locally grown vegetable and herb seeds were sorted and generously donated to the Library. During Seniors Week, the Seed Library launched the 'Something Seedy' workshop, which keen gardeners and novice seed collectors enthusiastically attended. The Library planned more seed saving events throughout the year. These vegetable and herb seeds found their way into people's gardens, as library members 'borrowed' seeds, grew the plants, enjoyed the harvest, let some go to seed and then returned some clean, dry seed to the Library for future circulation. Following the launch of the Seed Library in November, about 270 people borrowed more than 550 packs of seed.

Children's Book Week

Students from Denmark Primary School, High School and the College of Agriculture enjoyed entertaining visits by author James Foley as part of Children's Book Week celebrations. The author and illustrator of several books for children and young adults, shared with captivated students how they can achieve their goals with passion and persistence and how failing along the way is part of the learning journey.

Foley spoke of the artwork process with fun and humour, intriguing his audience and leaving them eager to know more about the business of book illustration. The presentation reached a wide range of students from Year 4 to Year 12. The Shire of Denmark, Albany Public Library, WA branch of the Children's Book Council and sponsors Department for Local Government, Sport and Cultural Industries, Lotterywest, Go2&5 and Healthway supported Children's Book Week. The library staff celebrated a fun-filled Children's Book Week by dressing up as literary characters.

Library Outreach

The Shire set up the Library Outreach program during the Covid-19 lockdown for community members needing extra support to access library items. Year 2 students from Denmark Primary School produced stories, pictures and bookmarks sent out to recipients of the program, which was a chance for the students to learn the importance of connecting with people, especially those isolated during and after Covid-19 lockdown, and the value of brightening someone's day and making them smile. The stories were well received and in some cases, the recipients have even written a reply to the children. The stories were on display at the Library for everyone to enjoy.

Library Statistics 2020/2021

45,041 physical loans and 15,735 eResource usage (up 60% on last year)
9165 reference enquiries and 390 eResource enquiries
113 programs for adults and children
1236 program attendance by adults and children
37,271 customer visits
4533 online catalogue visits

Recreation Centre Statistics 2020/2021

37,519 total Recreation Centre attendances
14,558 gym visits
3654 fitness class attendees
1521 Living Longer Living Stronger attendance
15,808 sports hall attendees

Community Grants

- \$2500 Denmark Pistol Club Inc** (equipment purchase - adjustable bench rest, shooting tables and stools)
- \$3500 Denmark Country Club** (provide adequate electrical supply to cart shed)
- \$5000 Green Skills Denmark Tip Shop** (shed floor and carpark improvement works)
- \$2500 Movies with Meaning, Andre Steyl** (website and pilot TV show)
- \$2000 Denmark Mountain Bike Club** (purchase of trailer and equipment to assist the transport of equipment)
- \$4000 Great Southern Classic Car Show** (event business plan)
- \$10,000 Denmark Community Resource Centre** (Christmas Parade 2020)
- \$2000 Denmark Baroque** (joint performance with Darlington String Quartet, October 2020)
- \$2000 William Bay Volunteer Bushfire Brigade** (creation of fire maps for the local area)
- \$33,500 Total**



C4.0

Our Community **Public Safety**

Bushfire Resilience

In 2020, the Shire of Denmark received a Highly Commended Award for its various projects and initiative aimed at bushfire preparedness within the community. The Resilient Australia Award came in recognition of the projects championed by the Shire of Denmark and led by Bushfire Risk Planning Co-ordinator Melanie Haymont. The project built resilience to the impacts of bushfires and strengthened connections within our community which will support residents to get back on their feet after bushfires. The Awards committee recognised the Holistic Community Resilience Building for Bushfire Project for its range of programs, including the Fire Wise Garden, Redi-Plan and Pillow Case Program, Property Planning and Fire and Biodiversity workshops.

Emergency Management

The Shire continued to administer the Local Emergency Management Committee (LEMC). The LEMC met regularly throughout 20/21 and was formed under the Emergency Management Act 2005 as a community-focused, coordinated approach to managing all potential emergencies within the Shire. Extra meetings held during this period assisted with Covid-19 preparedness. The Shire also participated in several joint Emergency Services exercises.

"Leavers Alive", a joint exercise with St John and Denmark VFRS, highlighted road safety for new drivers and combined training in Road Crash Rescue with Police, St John and Denmark VFRS also SES Marine Rescue, Denmark Surf Club and Denmark Police.

Bushfire brigade volunteer numbers continue to grow and participation with local delivery of training courses. Denmark volunteers deployed to assist with out of region bushfires in Wooroloo and Red Gully. The Shire successfully obtained \$45,000 for three 120,000L water tanks for strategic locations, Peaceful Bay, Mehniup and Parryville.

The State Emergency Management Committee (SEMC) formally congratulated the Shire of Denmark on its emergency management achievements since 2017. SEMC noted the vital work that the Shire had completed over this time.

Bushfire Mitigation

In 2020/21, the Shire successfully gained \$500,000 in funding through the Mitigation Activity Fund and applied this to treat risks on Shire owned and managed lands.

The money went to mitigate the risk of bushfire and improving our evacuation routes on 16.4km of our road network and 18.5km of strategic access and reserves within the Shire. In the 2021/22 year, the Shire reapplied to the fund and successfully secured a further \$497,000 to use on our road network and Shire managed reserves. Works included, but were not limited to, mulching, slashing, weed control, drainage works and prescribed burning.

Bushfire Ready

In 2020/21, 35 Bushfire Ready Groups were registered in the Shire of Denmark. A Bushfire Ready Group is a local community action group that encourages residents to work together to prepare and protect their families and properties against bushfires. Bushfire Ready Groups provide an opportunity to network with neighbours, share ideas and information to develop and implement strategies to reduce their bushfire risk. A fire truck may not protect every home in a bushfire, meaning residents and homeowners need to be responsible for their safety.

Forever Project - Fire Wise Garden

More than 30 residents attended a fire wise gardening demonstration at the Plane Tree Precinct in Strickland St, learning how to make their gardens more fire resilient. Chris Ferreira and his expert team from the Forever Project narrated the installation of a sustainable, fire wise garden from the ground up, providing insight into the reasons and science behind the design.

Book a Ranger

The Shire trialled the Book a Ranger service leading into the 2020 fire season. The new service, where landowners could book a one-on-one onsite meeting with a ranger to better understand the fire compliance regulations related to low fuel boundaries and fuel load. The community supported the program, with rangers visiting 25 properties ahead of the fire season.

Fire Management Notice Inspections

The community welcomed the annual visits from the Fire Inspection Officer ahead of the fire season. Landowners had plenty of questions regarding the Fire Management Notice, the new Low Fuel Boundary Access specifications, driveway access issues, and overhanging tree inquiries. In total, the Shire undertook 1,036 property inspections with 863 inspections conducted in priority 1, 2 or 3 areas (high fire danger areas). The Fire Inspection Officer worked with 402 landowners who failed inspection to rectify issues.

Ranger Callouts 2020

13 snakes

27 straying stock

28 injured and dead kangaroos

10 dog attacks

6 barking dogs

38 dogs found



Public Safety Statistics 2020/21

35 onsite conventional septic system approvals

15 aerobic treatment unit approvals

192 water samples

1 food sample

7 Covid-19 event approvals

1 asbestos fibre identification sample

149 food premises assessments

52 stall holder licenses

3 section 39 certificates

11 alfresco and dining licenses

2 childcare and family day-care inspections

5 trading in thoroughfare and public place permits

11 home holiday accommodation inspections

8 Peaceful Bay leasehold properties inspections

1 temporary accommodation approval

2 lodging house inspections

52 home inspections (regarding noise, air pollution etc)

17 public building inspections

80 meat inspections

9 caravan and camping inspections

Focus on a Volunteer

Lez Baines, Chief Bushfire Control Officer

Like many volunteers, Lez was tapped on the shoulder by an existing bushfire volunteer, Don Nekel, who gave Lez lots of encouragement to join the local bushfire brigade.

Apart from his keen interest in understanding and managing bushfires, Lez undertook training as a Level 1 Incident Controller and Level 2 Operations Officer that eventually saw him move from local FCO to Deputy Chief and now Chief. His experience has broadened by attending several local bushfire incidents and deployment to the Yarloop fires and being given a level of responsibility with crews under his direction during these deployments.

In 2015, Lez received the Shire of Denmark's Citizen of the Year Award and, in 2018, a Certificate of Distinction Award from DFES for his role as Acting Chief during multiple fires over a 48hr period.

The bushfire brigade volunteers in our Shire are from all over the world, all walks of life and all backgrounds, and we gain great benefit from that mix. Lez loves to assist people and is keen to make sure Denmark is a safe place to live. Lez also acknowledges that the time commitment to be in a volunteer leadership role is achieved with the support of his wife, Marie.



L5.0

Our Local Government

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

L5.1 To be high functioning, open, transparent, ethical and responsive

L5.2 To have meaningful, respectful and proactive collaboration with the community

L5.3 To be decisive and to make consistent and well considered decisions

L5.4 To be fiscally responsible

L5.5 To embrace change, apply technological advancement and pursue regional partnerships that drive business efficiency

L5.6 To seek two-way communication that is open and effective

L5.0

Our Local Government **20/21 Highlights**

Corporate Planning and Reporting

As part of the Local Government Integrated Planning and Reporting Framework, critical strategic documents that guide the long-term planning of the Shire's operations continued to evolve in 2020/21. The main focus on updating the Long Term Financial Plan resulted from Covid-19 impacts and the State Government decision to have zero rates and fees and charges increases across WA Local Governments in the 2020/21 financial year. Officers also undertook a review of the Corporate Business Plan with Council presented with a revised format for the 2021-2024 Corporate Business Plan. The flow-on effect of updating the Long Term Financial Plan will see minor reviews of the Strategic Asset Management Plan and Workforce Plan in 2021/22.

Human Resources

March 2021 saw the recruitment and appointment of the Shire of Denmark's new Chief Executive Officer. The flow from this appointment meant the Shire could fill several temporary positions, including Director Corporate and Community Services, Manager Community Services and the Communication and Engagement Officer. These appointments gave welcome stability to both the organisation and employees after a difficult period during the pandemic.

Negotiations commenced in May 2021 for a new Enterprise Bargaining Agreement for the outside workforce. The negotiating parties consist of three outside employee representatives, three Shire Administration representatives and one representative from the Australian Services Union. Negotiations continue, and the EBA is on schedule to submit to the Fair Work Commission in the new financial year.

Information Technology

The Shire of Denmark has the main administration building plus four remote locations, three of which have NBN services. Each site is linked for phone services, but all staff must connect remotely to the administration network to access data. A project completed during 2020/21 was to implement the current Sophos firewall security devices across all sites in conjunction with enterprise security software and configure these firewalls to enable site-to-site encrypted networks.

This enabled;

- o a more secure network at each site, protecting internal networks
- o integration of computers with central server(s) enabling secure management of devices
- o secure management of user accounts
- o ability for staff to run applications and access data in the same way as administration staff

The Shire has migrated from an on-premises email server to Microsoft 365. This project required a review of all user accounts and mailbox storage, as well as an audit of email addresses and mail system resources. The migration to Microsoft 365 provides an opportunity to implement new technology and processes, with the suite of applications that are included in the Microsoft 365 subscription. One of the first applications to be implemented is Microsoft Teams which provides a platform for collaboration, document sharing, online meetings and more.

Records Management

The Shire's Recordkeeping Plan (RKP) completed its five-year review, and the State Records Commission approved RKP 2021005. The review highlighted that the Shire had some improvements that needed addressing before December 2021 and noted shortfalls with some personnel and cemetery documents and the absence of a Records Disaster Management Plan. The review also noted inadequate storage for State Archives.

The Shire created a new Records & Information Management Policy and Process Manual (RIMPPM) as part of RKP 2021005. The manual addresses recordkeeping training and outlines a program that will include:

- o one on one induction training on commencement of employment
- o annual compulsory recordkeeping training refresher
- o yearly training for elected members
- o individual online training and assessment on the requirements of keeping business evidence
- o technical support to all staff during working hours

The Shire's induction program aims to provide training to all new staff within one month of commencement. The program includes information on the requirement to keep business evidence, the responsibilities of all Shire officers and training on the use of the electronic Documents & Records Management System (eDRMS), with staff receiving a copy of the RKP and the RIMPPM. On-going evaluation of the training program to determine its effectiveness includes assessing staff training records, feedback through the annual performance review process and monitoring the number of records created, thus gauging staff participation in records management.

This financial year, the Shire recorded 8,535 pieces of incoming correspondence, 5,912 pieces of outgoing mail and 2,473 internal memos, reflecting a 32% increase in records volume over the last financial year and a 42.8% since 2018/19.

Department of Transport Licencing

Year	Transactions	Average per month
2020/21	8421	702
2019/20	7625	635
2018/19	8470	705
2017/18	9133	761

Community Engagement

Communication and engagement activities continued to progress in 2020/21.

Engagement Statistics

1 July 2020 - 30 June 2021

Your Denmark	9500+ total visits
Facebook	290,551 reach (up from 67,529 in 19/20)
Website	312,048 page views
SMS alerts	993 subscribers (at 25 June 2021)
e-newsletter	283 subscribers (at June 2021)
News	141 news items published to website 'noticeboard'

Media Statistics

14 December 2020 - 30 June 2021

Denmark Bulletin	63 articles (approx 6000 copies distributed monthly)
Albany Advertiser	14 articles (average monthly readership 30,335)
Extra	14 articles (average monthly readership 15,187)
Great Southern Weekender	22 articles (average monthly readership 15,500)
ABC News/Radio	8 pieces
GWN7 News	1 piece
Walpole Weekly	3 articles
Other	4 articles/pieces
129 references to Shire of Denmark TOTAL (approximate)	

Elected Member Training

Continuing Professional Development for Elected Members Register (as at 2 December 2020)

Elected Member	First/Last Elected	Course/Workshop	Completion	Status
Cr Mark Allen	29 Apr 16 / 21 Oct 17	Elected Member Essentials (compulsory) - online	To be completed by Oct 2020	In progress
		Understanding Financial Reports and Budgets - CLGF	9 Feb 17	Complete
		Infrastructure Asset Management - CLGF	10 Feb 17	Complete
		Understanding Strategic Policy - CLGF	15 Mar 17	Complete
Cr Geoff Bowley	19 Oct 19 / 19 Oct 19	Elected Member Essentials (compulsory) - online	20 Sep 20	Complete
Cr Ceinwen Gearon	17 Oct 15 / 19 Oct 19	Elected Member Essentials (compulsory) - online	To be completed by Oct 2020	In progress
		Meeting procedures and debating	5 Feb 16	Complete
Cr Kingsley Gibson	21 Oct 17 / 21 Oct 17	Elected Member Essentials (compulsory) - online	3 Oct 20	Complete
Cr Steve Jones	19 Oct 19 / 19 Oct 19	Elected Member Essentials (compulsory) - online	9 Nov 20	Complete
Cr Jan Lewis	15 Oct 11 / 19 Oct 19	Elected Member Essentials (compulsory) - online	To be completed by Oct 2020	In progress
Cr Ian Osborne	21 Oct 17 / 21 Oct 17	Elected Member Essentials (compulsory) - online	To be completed by Oct 2020	In progress
Cr Janine Phillips	29 Nov 16 / 19 Oct 19	Elected Member Essentials (compulsory) - online	18 Oct 20	Complete
		Understanding Financial Reports and Budgets - CLGF	20 Apr 17	Complete
Cr Roger Seeney	21 Oct 17 / 21 Oct 17	Elected Member Essentials (compulsory) - online	To be completed by Oct 2020	In progress

Compliance

Register of Complaints

A Local Government is required to keep a register of minor complaints that result in a finding by the Local Government Standards Panel. During 20/21, there were no minor 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 2019 to 31 December 2020, the Shire achieved 100% compliance. A copy of the CAR is available on Council's website at <https://www.denmark.wa.gov.au/our-council/compliance-audit-returns.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 three months of commencing a relevant position. An Annual Return must then be completed prior to 31 August each year. All required Financial Returns were submitted on time in the 20/21 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 within 10 days of their acceptance. In 20/21 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.

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 20/21.

Citizenship Ceremonies

Australian Citizenship Ceremonies are important events. Whilst fulfilling the requirements under Australian citizenship law, they also offer Local Governments 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 20/21 the Shire Deputy President officiated four ceremonies, welcoming 11 new Australian citizens.

Local Laws

During 2020/21 Council did not create, adopt or amend any local laws.

Freedom of Information

In the 2020/21 financial year, the Shire received four valid applications for access to non-personal information. Only two of the applications were completed within this financial year. There were no applications for Internal Review. The Shire collected a total of \$622, comprising the statutory application fee for four applications and the remainder for the time spent processing the applications. The average time to complete each application was 38 days of the 45 permitted.

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 \$130,000 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%.

2020/21 Employee Remuneration

Salary Range \$	Number of Employees
130,000 - 139,999	
140,000 - 149,999	2
150,000 - 159,999	
160,000 - 169,999	
170,000 - 179,999	
180,000 - 189,999	1

Risk Management

Shire's policy is to achieve best practice (aligned with AS/NZS ISO 31000:2018 Risk Management) in managing all risks that may affect the Shire, its customers, people, assets, functions, objectives, operations, or members of the public. A Risk Management Framework ensures:

- strong corporate governance
- compliance with relevant legislation, regulations, and internal policies
- compliance with Integrated Planning and Reporting requirements
- uncertainty and its effects on objectives are understood

This Framework aims to balance a documented, structured and systematic process with the current size and complexity of the Shire.

Contributions, Donations and Waivers

The Shire of Denmark made \$536,255 budgeted contributions, donations and waivers to community organisations and groups located within the Shire:

	2019/20	2020/21
Contributions	\$421,461	\$404,309
Donations	\$7,526	\$8,546
Rate Waivers	\$46,906	\$47,777
Rates Waivers - statutory property revaluations (one-off Covid-19 response)	\$0	\$74,493
Awards	\$1,300	\$1,130

Disability Access and Inclusion

Under the Disability Services Act 1993, all Western Australian public authorities are required to develop and implement a Disability Access and Inclusion Plan, addressing seven desired outcomes;

1. People with disability have the same opportunities as other people to access the services of the Shire of Denmark and any events organised by the Shire of Denmark.
2. People with disability have the same opportunities as other people to access the buildings and other facilities of the City Shire of Denmark.
3. People with disability receive information from the Shire of Denmark in a format that enables them to access the information as readily as other people are able to access it.
4. People with disability receive the same level and quality of service from the staff of the Shire of Denmark as other people receive.
5. People with disability have the same opportunities as other people to make complaints to the Shire of Denmark.
6. People with disability have the same opportunities as other people to participate in any public consultation with the Shire of Denmark.
7. People with disability have the same opportunities as other people to obtain and maintain employment with the Shire of Denmark.

Throughout 2020/21, the Shire continued to improve access, information and awareness of the needs of people with disability and their families. Some of the key successes included:

- The Reading with Dogs Program at the Denmark Public Library
- Upgrade of Lights Beach, which included ACROD bays, accessible toilets, two accessible lookouts and accessible pathways
- The Shire operated a monthly audiobook group for people with visual disabilities
- Delivery of an outreach service during the Covid-19 lockdown, delivering books to at-risk people, including people with disabilities, who could not access the library in person
- Provided employment opportunities for the local trainers with lived disability experience to facilitate a Diversity Inclusion and Capacity Building Training program

Financial Health Measures

The Shire's financial performance for the year is detailed in the 2020/21 Audited Financial Report. The report includes the major financial statements and highlights the various financial ratios in relation to asset management, debt management and liquidity. While not a statutory requirement, the Department of Local Government, Sport and Cultural Industries (DLGSC) use these ratios to produce data on the MyCouncil website and to determine a Financial Health Indicator (FHI).

Financial Indicators		Benchmark	2021	2020	2019
Own Source Revenue Coverage	The Shire's ability to cover operating expenses from own source revenue	40-60%	65%	65%	67%
Rates Income Ratio	The proportion of the Shire's rates revenue that contributes to total income		52%	54%	51%
Rates Expenditure Ratio	The Shire's dependence on rates revenue to fund operations		42%	44%	44%
Operating Surplus/Deficit	The proportion of operating surplus to own source income	0.0-0.15	(0.30)	(0.30)	(0.22)
Current	Extent to which short term liabilities can be met by short term assets	1.0	1.05	1.38	0.98
Debt Service Cover (mandatory)	Extent to which the Shire's operating surplus before depreciation and interest expenses meets debt repayment obligations	>2.0	4.93	4.29	5.35
Debt Ratio	Measures the Shire's solvency		7.1%	5.8%	7.5%
Asset Consumption	The extent to which depreciable assets have aged by comparing written down values to replacement costs	50-70%	59%	59%	62%
Asset Renewal Funding	Indicates the Shire's capacity to fund asset renewals as required and maintain existing service levels without additional funding	75-95%	89%	106%	93%
Asset Sustainability	Indicates the extent to which the Shire is replacing existing assets as they reach the end of their useful lives	90-110%	123%	87%	134%
Financial Health Indicator	Overall Financial Health Indicator	70+	67	68	66



Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 Shire of Denmark

To the Councillors of the Shire of Denmark

Report on the audit of the annual financial report

Opinion

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

- the Statement of Financial Position at 30 June 2021, 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
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

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

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 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 section below. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the 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.

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 financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibility for the audit of the financial report

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

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

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

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' standard for the past 3 years. The financial ratios are reported at Note 33 to the financial report.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.


Other information

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

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

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Denmark for the year ended 30 June 2021 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 financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the 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 financial report to confirm the information contained in this website version of the financial report.



Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
2 December 2021

DRAFT

SHIRE OF DENMARK
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Index of Notes to the Financial Report	9
Independent Auditor's Report	60

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

**SHIRE OF DENMARK
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Denmark for the financial year ended 30 June 2021 is based on proper accounts and records to present fairly the financial position of the Shire of Denmark at 30 June 2021 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the

30th day of November 2021



Chief Executive Officer

David Schober

Chief Executive Officer

SHIRE OF DENMARK
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	24(a)	6,578,908	6,559,632	6,679,282
Operating grants, subsidies and contributions	2(a)	2,417,208	1,698,942	2,321,797
Fees and charges	2(a)	3,186,752	3,085,512	3,075,245
Interest earnings	2(a)	83,080	97,488	180,274
Other revenue	2(a)	289,180	92,610	137,555
		<u>12,555,128</u>	<u>11,534,184</u>	<u>12,394,153</u>
Expenses				
Employee costs		(6,560,422)	(6,231,571)	(6,161,811)
Materials and contracts		(3,244,949)	(3,627,756)	(3,013,910)
Utility charges		(219,277)	(210,150)	(213,221)
Depreciation on non-current assets	11(b)	(4,647,759)	(4,459,461)	(4,711,784)
Interest expenses	2(b)	(112,481)	(111,765)	(128,833)
Insurance expenses		(423,325)	(443,283)	(426,654)
Other expenditure	2(b)	(411,539)	(457,350)	(498,122)
		<u>(15,619,752)</u>	<u>(15,541,336)</u>	<u>(15,154,335)</u>
		(3,064,624)	(4,007,152)	(2,760,182)
Non-operating grants, subsidies and contributions	2(a)	4,665,549	5,380,602	2,771,295
Profit on asset disposals	11(a)	42,716	51,000	1,760
(Loss) on asset disposals	11(a)	0	0	(277,776)
Fair value adjustments to financial assets at fair value through profit or loss		1,939	0	865
		<u>4,710,204</u>	<u>5,431,602</u>	<u>2,496,144</u>
Net result for the period		1,645,580	1,424,450	(264,038)
Total comprehensive income for the period		1,645,580	1,424,450	(264,038)

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 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
	2(a)			
Governance		121,471	37,307	70,843
General purpose funding		7,873,810	7,208,594	7,994,444
Law, order, public safety		858,975	875,476	619,440
Health		24,369	18,500	21,870
Education and welfare		80,786	53,004	88,209
Housing		0	0	97
Community amenities		1,777,453	1,496,800	1,523,159
Recreation and culture		346,971	295,236	470,846
Transport		231,879	220,154	201,749
Economic services		1,011,342	1,175,313	1,154,134
Other property and services		228,072	153,800	249,362
		<u>12,555,128</u>	<u>11,534,184</u>	<u>12,394,153</u>
Expenses				
	2(b)			
Governance		(847,269)	(849,845)	(821,810)
General purpose funding		(499,287)	(511,047)	(494,226)
Law, order, public safety		(2,447,075)	(2,499,256)	(2,399,498)
Health		(213,743)	(201,391)	(198,384)
Education and welfare		(357,009)	(381,143)	(337,793)
Housing		(35,943)	(25,208)	(88,985)
Community amenities		(3,031,410)	(2,672,637)	(2,690,395)
Recreation and culture		(2,589,859)	(2,877,695)	(2,848,675)
Transport		(4,449,235)	(4,148,177)	(3,917,898)
Economic services		(844,833)	(1,085,076)	(1,023,308)
Other property and services		(191,608)	(178,096)	(204,530)
		<u>(15,507,271)</u>	<u>(15,429,571)</u>	<u>(15,025,502)</u>
Finance Costs				
	2(b)			
Governance		(2,565)	(2,545)	(4,247)
Law, order, public safety		(359)	(14)	(170)
Health		(233)	(6)	(180)
Housing		(28,217)	(28,217)	(31,061)
Community amenities		(1,769)	(1,653)	(4,121)
Recreation and culture		(52,897)	(52,892)	(58,502)
Transport		(2,454)	(2,451)	(2,877)
Economic services		(23,987)	(23,987)	(27,674)
		<u>(112,481)</u>	<u>(111,765)</u>	<u>(128,833)</u>
		<u>(3,064,624)</u>	<u>(4,007,152)</u>	<u>(2,760,182)</u>
Non-operating grants, subsidies and contributions	2(a)	4,665,549	5,380,602	2,771,295
Profit on disposal of assets	11(a)	42,716	51,000	1,760
(Loss) on disposal of assets	11(a)	0	0	(277,776)
Fair value adjustments to financial assets at fair value through profit or loss		1,939	0	865
		<u>4,710,204</u>	<u>5,431,602</u>	<u>2,496,144</u>
Net result for the period		1,645,580	1,424,450	(264,038)
Total comprehensive income for the period		1,645,580	1,424,450	(264,038)

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



**SHIRE OF DENMARK
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	NOTE	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	3	8,254,599	6,802,245
Trade and other receivables	6	637,417	658,569
Other financial assets	5(a)	22,872	22,048
Inventories	7	112,195	160,415
Contract assets	2(a)	694,095	213,775
Other assets	8	109,518	50,279
TOTAL CURRENT ASSETS		9,830,696	7,907,331
NON-CURRENT ASSETS			
Trade and other receivables	6	70,008	45,367
Other financial assets	5(b)	540,347	561,280
Property, plant and equipment	9	29,948,657	30,999,214
Infrastructure	10	62,595,734	60,283,474
Right of use assets	12	222,018	240,456
TOTAL NON-CURRENT ASSETS		93,376,764	92,129,791
TOTAL ASSETS		103,207,460	100,037,122
CURRENT LIABILITIES			
Trade and other payables	14	2,992,431	1,529,621
Contract liabilities	15	474,570	200,789
Lease liabilities	16(a)	104,743	119,315
Borrowings	17(a)	199,801	245,164
Employee related provisions	18	1,228,532	1,199,636
TOTAL CURRENT LIABILITIES		5,000,076	3,294,525
NON-CURRENT LIABILITIES			
Contract liabilities	15	430,238	424,747
Lease liabilities	16(a)	116,738	121,141
Borrowings	17(a)	1,666,467	1,866,268
Employee related provisions	18	127,771	109,851
TOTAL NON-CURRENT LIABILITIES		2,341,214	2,522,007
TOTAL LIABILITIES		7,341,290	5,816,532
NET ASSETS		95,866,170	94,220,590
EQUITY			
Retained surplus		25,951,030	24,583,041
Reserves - cash backed	4	4,653,656	4,376,065
Revaluation surplus	13	65,261,484	65,261,484
TOTAL EQUITY		95,866,170	94,220,590

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



SHIRE OF DENMARK
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2019		26,320,890	4,504,542	65,261,484	96,086,916
Change in accounting policy	28(b)	(131,968)	0	0	(131,968)
De-recognition of Vested Land Assets		(1,470,320)	0	0	(1,470,320)
Restated Balance as at 1 July 2019		24,718,602	4,504,542	65,261,484	94,484,628
Comprehensive income					
Net result for the period (restated)		(264,038)	0	0	(264,038)
Total comprehensive income		(264,038)	0	0	(264,038)
Transfers from reserves	4	448,886	(448,886)	0	0
Transfers to reserves	4	(320,409)	320,409	0	0
Balance as at 30 June 2020		24,583,041	4,376,065	65,261,484	94,220,590
Comprehensive income					
Net result for the period		1,645,580	0	0	1,645,580
Total comprehensive income		1,645,580	0	0	1,645,580
Transfers from reserves	4	520,523	(520,523)	0	0
Transfers to reserves	4	(798,114)	798,114	0	0
Balance as at 30 June 2021		25,951,030	4,653,656	65,261,484	95,866,170

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



SHIRE OF DENMARK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual	2021 Budget	2020 Actual
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		6,569,493	6,559,632	6,636,871
Operating grants, subsidies and contributions		2,851,663	1,636,437	2,758,687
Fees and charges		3,186,752	3,085,512	3,075,245
Interest received		83,080	97,488	180,274
Goods and services tax received		397,496	0	0
Other revenue		289,180	92,610	137,555
		<u>13,377,664</u>	<u>11,471,679</u>	<u>12,788,632</u>
Payments				
Employee costs		(6,472,164)	(6,231,571)	(6,042,541)
Materials and contracts		(2,295,378)	(3,627,756)	(2,986,012)
Utility charges		(219,277)	(210,150)	(213,221)
Interest expenses		(112,481)	(111,765)	(128,833)
Insurance paid		(423,325)	(443,283)	(426,654)
Goods and services tax paid		(566,295)	0	(240,792)
Other expenditure		(411,539)	(457,350)	(498,122)
		<u>(10,500,459)</u>	<u>(11,081,875)</u>	<u>(10,536,175)</u>
Net cash provided by (used in) operating activities	19	<u>2,877,205</u>	<u>389,804</u>	<u>2,252,457</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	9(a)	(844,906)	(1,037,000)	(1,291,080)
Payments for construction of infrastructure	10(a)	(4,966,861)	(5,990,937)	(2,947,085)
Non-operating grants, subsidies and contributions	2(a)	4,665,549	5,380,602	2,771,295
Proceeds from financial assets at amortised cost - self supporting loans		22,049	22,048	53,853
Proceeds from sale of property, plant & equipment	11(a)	72,880	117,000	149,449
Refund Non-Operating Grant		0	0	(2,153,504)
Net cash provided by (used in) investment activities		<u>(1,051,289)</u>	<u>(1,508,287)</u>	<u>(3,417,072)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(245,165)	(245,165)	(298,573)
Payments for principal portion of lease liabilities	16(b)	(128,395)	(98,027)	(119,315)
Net cash provided by (used in) financing activities		<u>(373,560)</u>	<u>(343,192)</u>	<u>(417,888)</u>
Net increase (decrease) in cash held		<u>1,452,354</u>	<u>(1,461,675)</u>	<u>(1,582,506)</u>
Cash at beginning of year		6,802,245	6,802,246	8,384,751
Cash and cash equivalents at the end of the year	19	<u><u>8,254,599</u></u>	<u><u>5,340,571</u></u>	<u><u>6,802,245</u></u>

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



**SHIRE OF DENMARK
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	25 (c)	1,659,493	1,504,620	829,667
		<u>1,659,493</u>	<u>1,504,620</u>	<u>829,667</u>
Revenue from operating activities (excluding rates)				
Governance		123,410	37,307	71,708
General purpose funding		1,294,902	648,962	1,268,256
Law, order, public safety		872,702	891,476	619,440
Health		24,369	18,500	21,870
Education and welfare		80,786	53,004	88,209
Housing		0	0	97
Community amenities		1,777,453	1,496,800	1,523,159
Recreation and culture		350,192	296,236	470,846
Transport		257,647	254,154	203,510
Economic services		1,011,342	1,175,313	1,154,134
Other property and services		228,072	153,800	249,362
		<u>6,020,875</u>	<u>5,025,552</u>	<u>5,670,591</u>
Expenditure from operating activities				
Governance		(849,834)	(852,390)	(826,057)
General purpose funding		(499,287)	(511,047)	(494,226)
Law, order, public safety		(2,447,434)	(2,499,270)	(2,506,450)
Health		(213,976)	(201,397)	(198,564)
Education and welfare		(357,009)	(381,143)	(337,793)
Housing		(64,160)	(53,425)	(120,046)
Community amenities		(3,033,179)	(2,674,290)	(2,694,516)
Recreation and culture		(2,642,756)	(2,930,587)	(2,907,177)
Transport		(4,451,689)	(4,150,628)	(4,091,769)
Economic services		(868,820)	(1,109,063)	(1,050,982)
Other property and services		(191,608)	(178,096)	(204,530)
		<u>(15,619,752)</u>	<u>(15,541,336)</u>	<u>(15,432,110)</u>
Non-cash amounts excluded from operating activities	25(a)	4,645,341	4,408,461	5,235,206
Amount attributable to operating activities		<u>(3,294,043)</u>	<u>(4,602,703)</u>	<u>(3,696,646)</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	4,665,549	5,380,602	2,771,295
Proceeds from disposal of assets	11(a)	72,880	117,000	149,449
Proceeds from financial assets at amortised cost - self supporting loans		22,049	22,048	53,853
Purchase of property, plant and equipment	9(a)	(844,906)	(1,037,000)	(1,291,080)
Purchase and construction of infrastructure	10(a)	(4,966,861)	(5,990,937)	(2,947,085)
Amount attributable to investing activities		<u>(1,051,289)</u>	<u>(1,508,287)</u>	<u>(1,263,568)</u>
FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(245,165)	(245,165)	(298,573)
Payments for principal portion of lease liabilities	16(b)	(128,395)	(98,027)	(119,315)
Transfers to reserves (restricted assets)	4	(798,114)	(803,452)	(320,409)
Transfers from reserves (restricted assets)	4	520,523	898,000	448,886
Transfer back Grants Unspent		0	0	182,931
Amount attributable to financing activities		<u>(651,151)</u>	<u>(248,644)</u>	<u>(106,480)</u>
Surplus/(deficit) before imposition of general rates		<u>(4,996,483)</u>	<u>(6,359,632)</u>	<u>(5,066,695)</u>
Total amount raised from general rates	24(a)	6,578,908	6,559,632	6,726,188
Surplus/(deficit) after imposition of general rates	25(c)	<u>1,582,425</u>	<u>200,000</u>	<u>1,659,493</u>

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

SHIRE OF DENMARK
INDEX OF NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

Note 1	Basis of Preparation	10
Note 2	Revenue and Expenses	11
Note 3	Cash and Cash Equivalents	16
Note 4	Reserves - Cash backed	17
Note 5	Other Financial Assets	18
Note 6	Trade and Other Receivables	19
Note 7	Inventories	20
Note 8	Other Assets	21
Note 9	Property, Plant and Equipment	22
Note 10	Infrastructure	24
Note 11	Fixed Assets	26
Note 12	Leases	29
Note 13	Revaluation Surplus	30
Note 14	Trade and Other Payables	31
Note 15	Contract Liabilities	32
Note 16	Lease Liabilities	33
Note 17	Information on Borrowings	34
Note 18	Employee Provisions	36
Note 19	Notes to the Statement of Cash Flows	37
Note 20	Total Assets Classified by Function and Activity	38
Note 21	Contingent Liabilities	39
Note 22	Commitments	40
Note 23	Related Party Transactions	41
Note 24	Rating Information	44
Note 25	Rate Setting Statement Information	49
Note 26	Financial Risk Management	50
Note 27	Events occurring after the end of the Reporting Period	53
Note 28	Initial Application of Australian Accounting Standards	54
Note 29	Correction of Error	55
Note 30	Trust Funds	56
Note 31	Other Significant Accounting Policies	57
Note 32	Activites/Programs	58
Note 33	Financial Ratios	59

1. BASIS OF PREPARATION

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

The Local Government Act 1995 and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

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

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.

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 30 to these financial statements.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

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

The impact of adoption of these standards is described at Note 28.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

- *AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- *AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- *AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

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

CRITICAL ACCOUNTING ESTIMATES

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

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

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/departure event
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions			
Governance	45,222	7,900	17,135
General purpose funding	1,104,709	496,962	1,059,775
Law, order, public safety	830,577	842,176	585,418
Education and welfare	64,486	36,704	71,909
Community amenities	6,123	2,000	3,007
Recreation and culture	56,979	47,500	219,005
Transport	120,435	144,700	119,732
Economic services	10,000	10,000	42,000
Other property and services	178,677	111,000	203,816
	2,417,208	1,698,942	2,321,797
Non-operating grants, subsidies and contributions			
Law, order, public safety	43,678	0	350,280
Community amenities	250,000	250,000	6,004
Recreation and culture	128,710	139,333	232,777
Transport	4,243,161	4,991,269	2,182,234
	4,665,549	5,380,602	2,771,295
	7,082,757	7,079,544	5,093,092
Total grants, subsidies and contributions			
Fees and charges			
Governance	17,250	13,747	28,550
General purpose funding	85,717	53,000	71,014
Law, order, public safety	26,339	32,700	30,909
Health	24,369	18,500	21,870
Education and welfare	16,300	16,300	16,300
Community amenities	1,621,124	1,479,800	1,484,902
Recreation and culture	275,017	230,652	234,996
Transport	111,160	68,700	73,599
Economic services	1,001,342	1,165,313	1,106,865
Other property and services	8,134	6,800	6,240
	3,186,752	3,085,512	3,075,245

Grants, subsidies and contributions

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

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

Fees and Charges

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

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Contracts with customers and transfers for recognisable non-financial assets			
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:			
Operating grants, subsidies and contributions	895,713	1,698,942	603,148
Fees and charges	2,450,677	3,085,512	2,464,185
Other revenue	4,000	92,610	4,000
Non-operating grants, subsidies and contributions	4,665,549	5,380,602	2,771,295
	<u>8,015,939</u>	<u>10,257,666</u>	<u>5,842,628</u>

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

Contracts with customers included as a contract liability at the start of the period	0	0	0
Performance obligations satisfied in the previous year	0	0	0
Other revenue from contracts with customers recognised during the year	3,350,390	4,877,064	3,071,333
Transfers intended for acquiring or constructing recognisable non financial assets included as a contract liability at the start of the period	0	0	131,968
Other revenue from performance obligations satisfied during the year	4,665,549	5,380,602	2,639,327
	<u>8,015,939</u>	<u>10,257,666</u>	<u>5,842,628</u>

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

Trade and other receivables from contracts with customers	45,358		200,541
Contract assets	694,095		213,775
Contract liabilities from contracts with customers	(904,808)		(625,537)

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2021. Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'. Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met. Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less. Consideration from contracts with customers is included in the transaction price. Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	6,578,908	6,686,083	6,679,282
Statutory permits and licences	285,144	145,000	161,674
Fines	4,131	9,500	12,347
Public open space contributions	0	0	161,917
	<u>6,868,183</u>	<u>6,840,583</u>	<u>7,015,220</u>

Other revenue

Reimbursements and recoveries	289,180	92,610	137,555
	<u>289,180</u>	<u>92,610</u>	<u>137,555</u>

Interest earnings

Financial assets at amortised cost - self supporting loans	12,749	15,584	15,780
Interest on reserve funds	17,631	22,970	65,409
Rates instalment and penalty interest (refer Note 24(c))	39,787	42,500	59,985
Other interest earnings	12,913	16,434	39,100
	<u>83,080</u>	<u>97,488</u>	<u>180,274</u>

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
Auditors remuneration			
- Audit of the Annual Financial Report	32,000	36,000	32,000
- Other services	3,100	3,000	5,100
	<u>35,100</u>	<u>39,000</u>	<u>37,100</u>
Interest expenses (finance costs)			
Borrowings	107,778	107,771	122,671
Lease liabilities	4,703	3,994	6,162
	<u>112,481</u>	<u>111,765</u>	<u>128,833</u>
Other expenditure			
Sundry expenses	411,539	457,350	498,122
	<u>411,539</u>	<u>457,350</u>	<u>498,122</u>

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SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

3. CASH AND CASH EQUIVALENTS

	<u>NOTE</u>	<u>2021</u>	<u>2020</u>
		\$	\$
Cash at bank and on hand		940,312	925,190
Term deposits		7,314,287	5,877,055
Total cash and cash equivalents		<u>8,254,599</u>	<u>6,802,245</u>

Restrictions

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

- Cash and cash equivalents	5,558,464	5,001,601
- Financial assets at amortised cost	0	0
	<u>5,558,464</u>	<u>5,001,601</u>

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

Reserves - cash backed	4	4,653,656	4,376,065
Contract liabilities from contracts with customers	15	904,808	625,536
Contract liabilities from transfers for recognisable non financial assets	15	0	0
Unspent grants, subsidies and contributions		0	0
Total restricted assets		<u>5,558,464</u>	<u>5,001,601</u>

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

4. RESERVES - CASH BACKED

	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance	2021 Budget Opening Balance	2021 Budget Transfer to	2021 Budget Transfer (from)	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Employee Entitlements Reserve	446,261	2,149	0	448,410	446,261	2,631	0	448,892	438,523	7,738	0	446,261
(b) Plant Reserve	588,265	202,833	(205,000)	586,098	588,265	203,468	(205,000)	586,733	578,065	10,200	0	588,265
(c) Parry Inlet Reserve	197,497	951	0	198,448	197,497	1,164	0	198,661	245,495	4,332	(52,330)	197,497
(d) Cemetery Reserve	2,108	10	0	2,118	2,108	12	0	2,120	2,072	36	0	2,108
(e) Lime Quarry Rehabilitation Reserve	382,857	31,844	0	414,701	382,857	32,257	0	415,114	327,086	55,771	0	382,857
(f) Infrastructure Reserve	425,218	294,560	(10,000)	709,778	425,218	294,430	0	719,648	329,406	95,812	0	425,218
(g) Waste Services Reserves	654,706	53,153	(86,232)	621,627	654,706	54,035	(70,000)	638,741	600,188	60,590	(6,072)	654,706
(h) Parks and Gardens Reserve	78,606	379	0	78,985	78,606	463	0	79,069	77,243	1,363	0	78,606
(i) Aquatic Facility Development Reserve	101,375	488	(5,000)	96,863	101,375	598	(15,000)	86,973	99,617	1,758	0	101,375
(j) Lionsville Reserve	262,326	1,263	(57,999)	205,590	262,326	1,547	(58,000)	205,873	314,965	5,557	(58,196)	262,326
(k) Peaceful Bay Reserve	120,988	88,553	0	209,541	120,988	88,683	0	209,671	94,324	26,664	0	120,988
(l) Rivermouth Caravan Park Reserve	95,752	5,461	0	101,213	95,752	5,565	0	101,317	84,265	11,487	0	95,752
(m) Peaceful Bay Caravan Park Reserve	57,964	5,279	0	63,243	57,964	5,342	0	63,306	47,132	10,832	0	57,964
(n) Recreation Centre Reserve	85,273	10,411	0	95,684	85,273	10,503	0	95,776	64,141	21,132	0	85,273
(o) Denmark East Development Reserve	876,869	780	(156,292)	721,357	876,870	2,754	(550,000)	329,624	1,202,020	7,137	(332,288)	876,869
(p) Strategic Reserve	0	100,000		100,000	0	100,000	0	100,000	0	0	0	0
	4,376,065	798,114	(520,523)	4,653,656	4,376,066	803,452	(898,000)	4,281,518	4,504,542	320,409	(448,886)	4,376,065

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Employee Entitlements Reserve	Ongoing	- to be used to fund employee leave entitlements as required.
(b) Plant Reserve	Ongoing	- to be used to fund major plant purchase requirements.
(c) Parry Inlet Reserve	Ongoing	- to develop and maintain the Parry facility including Parryville Hall upgrades and maintenance of adjoining recreation reserves.
(d) Cemetery Reserve	2022	- to develop and maintain the Cemetery.
(e) Lime Quarry Rehabilitation Reserve	Ongoing	- to maintain or rehabilitate the Lime Quarry site.
(f) Infrastructure Reserve	Ongoing	- to be used for the purchase or construction or upgrade of Infrastructure Assets including Land and Buildings.
(g) Waste Services Reserves	Ongoing	- to be used for the purpose of providing for the proper performance of all or any of the waste services provided by Council.
(h) Parks and Gardens Reserve	2022	- to be used for upgrades to or the development of Parks and Gardens within the Shire.
(i) Aquatic Facility Development Reserve	Ongoing	- to be used for the development of aquatic facilities.
(j) Lionsville Reserve	Ongoing	- to be used for the repayment of the Lionsville loan fund.
(k) Peaceful Bay Reserve	Ongoing	- to be used for future requirements, including those linked to the asset management plan.
(l) Rivermouth Caravan Park Reserve	Ongoing	- to be used for future requirements with respect to site and end of lease conditions including adjoining recreation reserves.
(m) 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.
(n) Recreation Centre Reserve	Ongoing	- to be used for upgrades to the Recreation Centre facility including equipment.
(o) Denmark East Development Reserve	2023	- to be used for the Denmark East Development Project.
(p) Strategic Reserve	Ongoing	- to be used to fund strategic projects as identified in the Shire's Strategic Community Plan & Corporate Business Plan as required.

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

5. OTHER FINANCIAL ASSETS

	2021	2020
	\$	\$
(a) Current assets		
Financial assets at amortised cost	22,872	22,048
	<u>22,872</u>	<u>22,048</u>
Other financial assets at amortised cost		
Self supporting loans	22,872	22,048
	<u>22,872</u>	<u>22,048</u>
(b) Non-current assets		
Financial assets at amortised cost	484,892	507,764
Financial assets at fair values through profit and loss	55,455	53,516
	<u>540,347</u>	<u>561,280</u>
Financial assets at amortised cost		
Self supporting loans	350,193	373,065
Other Financial Assets	134,699	134,699
	<u>484,892</u>	<u>507,764</u>
Financial assets at fair values through profit and loss		
Units in Local Government House Trust	55,355	53,416
Denmark Co-op - Shares	100	100
	<u>55,455</u>	<u>53,516</u>

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 17(b) as self supporting loans.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 26.

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable

Trade and other receivables

GST receivable

Non-current

Pensioner's rates and ESL deferred

	2021	2020
	\$	\$
	392,444	427,212
	45,358	200,541
	199,615	30,816
	<u>637,417</u>	<u>658,569</u>
	70,008	45,367
	<u>70,008</u>	<u>45,367</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 26.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

7. INVENTORIES

Current

Fuel and materials

	2021	2020
	\$	\$
	112,195	160,415
	112,195	160,415

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

Additions to inventory

Carrying amount at end of period

	160,415	62,995
	(267,854)	(433,413)
	219,634	530,833
	112,195	160,415

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. OTHER ASSETS

Other assets - current

Accrued income

	2021	2020
	\$	\$
	109,518	50,279
	<u>109,518</u>	<u>50,279</u>

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

Accrued Income

Accrued income is income which has been earned but not yet received. Income must be recorded in the accounting period in which it is earned. Therefore, accrued income must be recognized in the accounting period in which it arises rather than in a subsequent period in which it will be received.

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9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land - freehold land \$	Total land \$	Buildings - non- specialised \$	Total buildings \$	Total land and buildings \$	Furniture and equipment \$	Plant and equipment \$	Total property, plant and equipment \$
Balance at 1 July 2019	3,244,309	3,244,309	23,228,701	23,228,701	26,473,010	100,738	5,586,219	32,159,967
Additions	0	0	825,222	825,222	825,222	52,741	413,117	1,291,080
(Disposals)	0	0	0	0	0	0	(425,465)	(425,465)
Depreciation (expense)	(37,792)	(37,792)	(632,687)	(632,687)	(670,479)	(44,057)	(1,311,832)	(2,026,368)
Balance at 30 June 2020	3,206,517	3,206,517	23,421,236	23,421,236	26,627,753	109,422	4,262,039	30,999,214
Comprises:								
Gross balance amount at 30 June 2020	3,206,517	3,206,517	25,396,964	25,396,964	28,603,481	569,117	8,498,290	37,670,888
Accumulated depreciation at 30 June 2020	0	0	(1,975,728)	(1,975,728)	(1,975,728)	(459,695)	(4,236,251)	(6,671,674)
Balance at 30 June 2020	3,206,517	3,206,517	23,421,236	23,421,236	26,627,753	109,422	4,262,039	30,999,214
Additions	0	0	272,782	272,782	272,782	0	572,124	844,906
(Disposals)	0	0	0	0	0	0	(30,164)	(30,164)
Depreciation (expense)	0	0	(642,007)	(642,007)	(642,007)	(43,266)	(1,180,026)	(1,865,299)
Balance at 30 June 2021	3,206,517	3,206,517	23,052,011	23,052,011	26,258,528	66,156	3,623,973	29,948,657
Comprises:								
Gross balance at 30 June 2021	3,206,517	3,206,517	25,579,463	25,579,463	28,785,980	569,117	8,907,647	38,262,744
Accumulated depreciation at 30 June 2021	0	0	(2,527,452)	(2,527,452)	(2,527,452)	(502,961)	(5,283,674)	(8,314,087)
Balance at 30 June 2021	3,206,517	3,206,517	23,052,011	23,052,011	26,258,528	66,156	3,623,973	29,948,657

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2017	Using market value
Buildings - non-specialised	2	Market	Independent registered valuer	June 2017	Using market value 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 by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

(ii) Cost

Furniture and equipment	Cost approach using depreciated replacement cost	Cost Approach	Price per item
Plant and equipment	Cost approach using depreciated replacement cost	Cost Approach	Price per item

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

10. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - Roads & Paths	Infrastructure - Parks & Reserves	Infrastructure - Airstrip	Infrastructure - Bridges	Total Infrastructure
	\$	\$	\$	\$	\$
Balance at 1 July 2019	48,890,218	2,691,369	748,784	7,572,119	59,902,490
Additions	2,134,428	42,068	50,589	720,000	2,947,085
Depreciation (expense)	(2,198,306)	(197,832)	(18,507)	(151,456)	(2,566,101)
Balance at 30 June 2020	48,826,340	2,535,605	780,866	8,140,663	60,283,474
Comprises:					
Gross balance at 30 June 2020	96,002,223	4,590,040	962,734	12,506,167	114,061,164
Accumulated depreciation at 30 June 2020	(47,175,883)	(2,054,435)	(181,868)	(4,365,504)	(53,777,690)
Balance at 30 June 2020	48,826,340	2,535,605	780,866	8,140,663	60,283,474
Additions	3,231,531	54,577	0	1,680,753	4,966,861
Depreciation (expense)	(2,270,022)	(199,583)	(19,213)	(165,783)	(2,654,601)
Balance at 30 June 2021	49,787,849	2,390,599	761,653	9,655,633	62,595,734
Comprises:					
Gross balance at 30 June 2021	99,233,754	4,644,618	962,734	14,186,920	119,028,026
Accumulated depreciation at 30 June 2021	(49,445,905)	(2,254,019)	(201,081)	(4,531,287)	(56,432,292)
Balance at 30 June 2021	49,787,849	2,390,599	761,653	9,655,633	62,595,734

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

10. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - Roads & 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.

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

Refer to Note 12 that details the significant accounting policies applying to leases (including ROU assets).

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

11. FIXED ASSETS

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and equipment	\$ 30,164	\$ 72,880	\$ 42,716	\$ 0	\$ 66,000	\$ 117,000	\$ 51,000	\$ 0	\$ 425,465	\$ 149,449	\$ 1,760	\$ (277,776)
	30,164	72,880	42,716	0	66,000	117,000	51,000	0	425,465	149,449	1,760	(277,776)

The following assets were disposed of during the year:

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
Plant and Equipment	\$	\$	\$	\$
By Program				
Law, order, public safety				
Dual Cab Utility - Ranger Services	9,000	22,727	13,727	0
Recreation and culture				
Front Mount Ride on Mower	4,000	7,220	3,220	0
Ford Mower	1,072	1,569	497	0
Transport				
Dual Cab Utility - DE 15	10,092	28,636	18,544	0
Utility - DE 198	6,000	12,727	6,727	0
	30,164	72,880	42,716	0

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11. FIXED ASSETS

(b) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	642,007	646,435	670,479
Furniture and equipment	43,266	36,041	44,057
Plant and equipment	1,180,026	1,076,164	1,311,832
Infrastructure - Roads & Paths	2,270,022	2,230,796	2,198,306
Infrastructure - Parks & Reserves	199,583	203,164	197,832
Infrastructure - Airstrip	19,213	18,151	18,507
Infrastructure - Bridges	165,783	150,683	151,456
Right of use assets - plant and equipment	127,859	98,027	119,315
	4,647,759	4,459,461	4,711,784

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation pavement seal	not depreciated
- bituminous seals	50 years
- asphalt surfaces	20 years
Gravel roads formation pavement	25 years
Footpaths - slab	not depreciated
Sewerage piping	50 years
Water supply piping and drainage systems	40 years
Right of use (buildings)	100 years
Right of use (plant and equipment)	75 years
	Based on the remaining lease
	Based on the remaining lease

Depreciation on revaluation

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

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

12. LEASES

Right of Use Assets

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

	Right of use assets - plant and equipment	Right of use assets Total
	\$	
Balance at 30 June 2019	333,529	333,529
Additions	26,242	26,242
Depreciation (expense)	(119,315)	(119,315)
Balance at 30 June 2020	240,456	240,456
Additions	136,186	136,186
Revaluation (loss) / reversals transferred to profit or loss	(26,765)	(26,765)
Depreciation (expense)	(127,859)	(127,859)
Balance at 30 June 2021	222,018	222,018

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

	2021 Actual	2020 Actual
	\$	\$
Depreciation expense on lease liabilities	(127,859)	(119,315)
Interest expense on lease liabilities	(4,703)	(6,162)
Total amount recognised in the statement of comprehensive income	(132,562)	(125,477)
Total cash outflow from leases	(133,098)	(125,477)

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-Use Assets - Valuation

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

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

Right of Use Assets - Depreciation

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

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

13. REVALUATION SURPLUS

	2021 Opening Balance \$	2021 Revaluation Increment \$	2021 Revaluation (Decrement) \$	Total Movement on Revaluation \$	2021 Closing Balance \$	2020 Opening Balance \$	2020 Revaluation Increment \$	2020 Revaluation (Decrement) \$	Total Movement on Revaluation \$	2020 Closing Balance \$
Revaluation surplus - Land & Buildings	12,301,927	0	0	0	12,301,927	12,301,927	0	0	0	12,301,927
Revaluation surplus - Plant and equipment	2,572,846	0	0	0	2,572,846	2,572,846	0	0	0	2,572,846
Revaluation surplus - Other Infrastructure	50,386,711	0	0	0	50,386,711	50,386,711	0	0	0	50,386,711
	65,261,484	0	0	0	65,261,484	65,261,484	0	0	0	65,261,484

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

Vested land no longer required to be recognised. Land under golf courses, showgrounds, racecourses or any other sporting or recreational facility of State, or regional significance should no longer be recognised.

14. TRADE AND OTHER PAYABLES

Current

	2021	2020
	\$	\$
Sundry creditors	2,227,640	655,509
Prepaid rates	91,646	111,188
Accrued salaries and wages	183,959	142,517
Bonds and deposits held	247,147	114,433
Accrued Interest on Loans	10,714	11,791
Income in Advance	11,389	3,409
Accrued Expenses	219,936	490,774
	<u>2,992,431</u>	<u>1,529,621</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

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

Prepaid rates

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

15. OTHER LIABILITIES

	<u>2021</u>	<u>2020</u>
	\$	\$
Current		
Contract liabilities from contracts with customers	474,570	200,789
	<u>474,570</u>	<u>200,789</u>
Non-current		
Contract liabilities from contracts with customers	430,238	424,747
	<u>430,238</u>	<u>424,747</u>
	<u>904,808</u>	<u>625,536</u>

Performance obligations from contracts with customers are expected to be recognised as revenue in accordance with the following time bands:

	<u>Contract Liabilities</u>
	\$
Less than 1 year	474,570
1 to 2 years	0
2 to 3 years	0
3 to 4 years	210,786
4 to 5 years	0
> 5 years	219,452
	<u>904,808</u>

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

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

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

16. LEASE LIABILITIES

(a) Lease Liabilities	2021	2020
	\$	\$
Current	104,743	119,315
Non-current	116,738	121,141
	221,481	240,456

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Budget	30 June 2021	30 June 2021	30 June 2021	30 June 2021	Actual	30 June 2020	30 June 2020	30 June 2020	30 June 2020
					Lease Principal 1 July 2020	Actual New Leases	Lease Principal Repayments	Lease Principal Outstanding	Lease Interest Repayments	Lease Principal 1 July 2020	Budget New Leases	Lease Principal Repayments	Lease Principal Outstanding	Lease Interest Repayments	Lease Principal 1 July 2019	Actual New Leases	Lease Principal Repayments	Lease Principal Outstanding	Lease Interest Repayments
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance																			
Admin - Managed Print Services (Old)		Classic Funding Group	2.10%	48 months	0	0	0	0	0	56,020	0	22,059	33,961	957	77,626	0	21,606	56,020	1,410
Mitel Phone System		Capital Finance (Telstra)	2.10%	60 months	50,439	0	15,571	34,868	902	50,439	0	15,571	34,868	902	65,690	0	15,251	50,439	1,222
Subaru Forestor - DE 09		CBA	2.00%	36 months	12,547	0	10,013	2,534	158	12,546	0	10,013	2,533	158	22,363	0	9,817	12,546	354
Toyota RAV4 - DE 245		CBA	1.70%	36 months	19,785	0	8,701	11,084	267	19,786	0	8,701	11,085	267	0	26,242	6,455	19,787	271
Nissan X-Trail - DE 7005		CBA	2.00%	36 months	15,254	0	13,053	2,201	185	12,121	0	10,372	1,749	147	22,290	0	10,169	12,121	350
Subaru XV - DE 87		CBA	2.00%	36 months	8,985	0	7,169	1,816	114	8,984	0	7,169	1,815	114	17,558	0	8,573	8,985	270
Toyota Camry - 1HBO 848		CBA	1.10%	36 months	0	22,705	5,603	17,102	166	0	0	0	0	0	0	0	0	0	0
Admin - Managed Print Services (New)		3E Advantage	1.20%	36 months	0	91,134	25,004	66,130	774	0	0	0	0	0	0	0	0	0	0
Law, order, public safety																			
Isuzu Ute - 1GJH 357		CBA	2.10%	36 months	21,360	0	9,006	12,354	359	3,091	0	3,091	0	14	12,869	0	9,778	3,091	170
Health																			
Nissan X-Trail - DE 992		CBA	2.00%	36 months	2,290	0	2,290	0	5	2,289	0	2,289	0	6	13,798	0	11,508	2,290	180
Toyota RAV4 - DE 992		CBA	1.30%	36 months	0	22,347	6,732	15,615	228	0	0	0	0	0	0	0	0	0	0
Community amenities																			
Subaru Forestor - DE 45		CBA	2.10%	36 months	9,429	0	8,068	1,361	120	1,576	0	1,576	0	4	10,920	0	9,344	1,576	138
Recreation and culture																			
Gym Cardio Equipment		MAIA	2.10%	48 months	23,087	0	7,536	15,551	395	23,087	0	7,537	15,550	395	30,469	0	7,382	23,087	550
Gym Strength Equipment		MAIA	2.30%	72 months	50,514	0	9,649	40,865	1,030	50,513	0	9,649	40,864	1,030	59,946	0	9,432	50,514	1,246
					213,690	136,186	128,395	221,481	4,703	240,452	0	98,027	142,425	3,994	333,529	26,242	119,315	240,456	6,162

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

17. INFORMATION ON BORROWINGS

(a) Borrowings

	2021	2020
	\$	\$
Current	199,801	245,164
Non-current	1,666,467	1,866,268
	<u>1,866,268</u>	<u>2,111,432</u>

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2021	30 June 2021	30 June 2021	Budget	30 June 2021	30 June 2021	30 June 2021	Actual	30 June 2020	30 June 2020	30 June 2020
				Principal 1 July 2020	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Principal 1 July 2020	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Principal 1 July 2019	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance															
Photovoltaic System	153	WATC	4.06%	0	0	0	0	0	0	0	0	13,976	13,976	371	0
Housing															
Lionsville	142	WATC	6.88%	383,613	29,782	28,217	353,831	383,613	29,782	28,217	353,831	411,447	27,834	30,362	383,613
Community Amenities															
Rubbish Truck	156	WATC	3.70%	54,868	54,868	1,649	0	54,868	54,868	1,649	0	107,761	52,893	3,982	54,868
Recreation and Culture															
Recreation Centre	144	WATC	5.96%	0	0	0	0	0	0	0	0	9,640	9,640	520	0
Tennis Club	145	WATC	5.96%	0	0	0	0	0	0	0	0	8,162	8,162	441	0
Football Clubrooms	147	WATC	6.37%	146,810	10,894	10,185	135,916	146,810	10,894	10,180	135,916	157,042	10,232	10,912	146,810
Riverside Club - Stage 1	159	WATC	3.11%	425,274	20,075	15,718	405,199	425,274	20,075	15,718	405,199	444,739	19,465	16,482	425,274
Purchase Lot 228 Res. 18587	158	WATC	2.70%	309,606	48,204	9,985	261,402	309,606	48,204	9,985	261,402	356,535	46,929	11,603	309,606
Transport															
Airport	143	WATC	6.26%	36,636	6,453	2,454	30,183	36,636	6,453	2,451	30,183	42,703	6,067	2,877	36,636
Economic services															
Visitors Centre	131	WATC	6.91%	69,579	33,608	4,795	35,971	69,579	33,608	4,794	35,971	100,980	31,401	7,255	69,579
Purchase Reserve 27101	152	WATC	6.04%	289,933	19,232	19,192	270,702	289,934	19,232	19,192	270,702	308,054	18,121	20,419	289,933
				<u>1,716,319</u>	<u>223,116</u>	<u>92,194</u>	<u>1,493,204</u>	<u>1,716,320</u>	<u>223,117</u>	<u>92,187</u>	<u>1,493,204</u>	<u>1,961,039</u>	<u>244,720</u>	<u>105,224</u>	<u>1,716,319</u>
Self Supporting Loans															
Housing															
Lionsville (Self Supporting)	123	WATC	7.98%	0	0	0	0	0	0	0	0	28,741	28,741	698	0
Recreation and culture															
Scouts (Self Supporting)	129	WATC	5.84%	13,388	3,550	715	9,838	13,388	3,550	715	9,838	16,736	3,348	944	13,388
F/Ball Clubrooms (Self Supporting)	148	WATC	5.96%	0	0	0	0	0	0	0	0	3,856	3,856	208	0
Riverside Club (Self Supporting)	157	WATC	3.27%	381,725	18,499	14,869	363,226	381,724	18,498	14,869	363,226	399,633	17,908	15,597	381,725
				<u>395,113</u>	<u>22,049</u>	<u>15,584</u>	<u>373,064</u>	<u>395,112</u>	<u>22,048</u>	<u>15,584</u>	<u>373,064</u>	<u>448,966</u>	<u>53,853</u>	<u>17,447</u>	<u>395,113</u>
				<u>2,111,432</u>	<u>245,165</u>	<u>107,778</u>	<u>1,866,268</u>	<u>2,111,432</u>	<u>245,165</u>	<u>107,771</u>	<u>1,866,268</u>	<u>2,410,005</u>	<u>298,573</u>	<u>122,671</u>	<u>2,111,432</u>

* WATC = WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 5 as other financial assets at amortised cost.
 All other loan repayments were financed by general purpose revenue.

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

17. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2020/21

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2021 Actual	2021 Budget	2021 Actual	2021 Budget		
					\$	\$	\$	\$	\$	\$
					0	0	0	0	0	0

There were no new borrowings during 2020/2021.

(c) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance 1 July 2020	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2021
		\$	\$	\$	\$
		0	0	0	0

There were no unspent borrowings during 2020/2021

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

	2021	2020
	\$	\$
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	20,000	20,000
Credit card balance at balance date	(3,303)	0
Total amount of credit unused	16,697	20,000

Loan facilities

Loan facilities - current	199,801	245,164
Loan facilities - non-current	1,666,467	1,866,268
Lease liabilities - current	104,743	119,315
Lease liabilities - non-current	116,738	121,141
Total facilities in use at balance date	2,087,749	2,351,888

Unused loan facilities at balance date

0 0

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 26.

18. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave & RDO's \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2020			
Current provisions	751,554	448,082	1,199,636
Non-current provisions	0	109,851	109,851
	751,554	557,933	1,309,487
Adjustment to provision	47,023	(207)	46,816
Balance at 30 June 2021	798,577	557,726	1,356,303
Comprises			
Current	798,577	429,955	1,228,532
Non-current	0	127,771	127,771
	798,577	557,726	1,356,303
Amounts are expected to be settled on the following basis:	2021	2020	
	\$	\$	
Less than 12 months after the reporting date	437,517	492,602	
More than 12 months from reporting date	1,000,675	752,892	
Expected reimbursements from other WA local governments	(81,889)	63,993	
	1,356,303	1,309,487	

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

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

Short-term employee benefits

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

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

Other long-term employee benefits

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

Other long-term employee benefits (Continued)

Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Provisions

Provisions are recognised when the Shire has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

19. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	8,254,599	5,340,571	6,802,245
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	1,645,580	1,424,450	(264,038)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(1,939)	0	(865)
Depreciation on non-current assets	4,647,759	4,459,461	4,711,784
(Profit)/loss on sale of asset	(42,716)	(51,000)	276,016
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(3,489)	0	341,764
(Increase)/decrease in other assets	(59,239)	0	182,709
(Increase)/decrease in inventories	48,220	0	(97,420)
(Increase)/decrease in contract assets	(480,320)	0	(213,775)
Increase/(decrease) in payables	1,462,810	0	(2,640,928)
Increase/(decrease) in provisions	46,816	0	81,432
Increase/(decrease) in contract liabilities	279,272	(62,505)	493,569
Refund Non-Operating Grant	0	0	2,153,504
Non-operating grants, subsidies and contributions	(4,665,549)	(5,380,602)	(2,771,295)
Net cash from operating activities	<u>2,877,205</u>	<u>389,804</u>	<u>2,252,457</u>

20. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	<u>2021</u>	<u>2020</u>
	\$	\$
Governance	4,034,915	4,066,721
General purpose funding	462,452	472,580
Law, order, public safety	3,251,460	3,703,077
Health	15,615	2,290
Education and welfare	251,750	258,743
Housing	205,590	262,326
Community amenities	2,638,531	2,588,573
Recreation and culture	18,870,949	19,220,438
Transport	61,608,860	58,636,119
Economic services	3,263,413	3,296,077
Other property and services	2,657,311	2,853,732
Unallocated	5,946,614	4,676,446
	<u>103,207,460</u>	<u>100,037,122</u>

DRAFT

21. CONTINGENT LIABILITIES

In compliance with the Contaminated Sites Act 2003 Section 11, the Shire has listed a site to be possible sources of contamination. Details of that site are:

- McIntosh Road Denmark Waste Management Facility

The Shire has a licence agreement with the Department of Water and Environmental Regulation which requires the site to be remediated at the end of its current permitted use.

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

DRAFT

22. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

	2021	2020
	\$	\$
- capital expenditure projects	554,084	119,198
	<u>554,084</u>	<u>119,198</u>

Payable:

- not later than one year	554,084	119,198
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The Shire had a capital commitment in relation to ongoing works being undertaken by two suppliers for upgrades to and development of the Plane Tree Precinct as at 30 June 2020. This work was budgeted for and completed during the 2020/2021 financial year.

As at 30 June 2021 the Shire has two (2) capital commitments in relation to ongoing works. The first is to Denmark Plumbing Service in relation to the water re-use pipeline project works at McLean Oval and totals \$206,397 inclusive of GST. The second relates to ongoing works for the reconstruction of a section of Peaceful Bay Road for a tender awarded to WCP Civil. The amount outstanding as at 30 June 2021 is \$347,687 inclusive of GST. Both projects have been budgeted for completion during the 2021/2022 financial year.

(b) Operating Lease Commitments

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

Payable:

	2021	2020
	\$	\$
- not later than one year	0	0
- later than one year but not later than five years	0	0
- later than five years	0	0
	<u>0</u>	<u>0</u>

SIGNIFICANT ACCOUNTING POLICIES

Leases

Up to 30 June 2019, operating leases were expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from leased assets.

From 1 July 2019, the Shire has recognised right of use assets and corresponding lease liabilities for all non-cancellable operating lease commitments, apart from short term and low value.

23. RELATED PARTY TRANSACTIONS

Elected Members Remuneration	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Elected member Cr C Gearon			
President's allowance	12,671	12,671	12,671
Meeting attendance fees	10,302	10,302	10,302
Annual allowance for ICT expenses	2,472	2,472	2,472
Travel and accommodation expenses	0	2,000	0
	<u>25,445</u>	<u>27,445</u>	<u>25,445</u>
Elected member - Cr M Allen			
Deputy President's allowance	3,168	3,168	2,200
Meeting attendance fees	10,302	10,302	10,302
Other expenses	55	0	0
Annual allowance for ICT expenses	2,472	2,472	2,472
Travel and accommodation expenses	0	1,000	0
	<u>15,997</u>	<u>16,942</u>	<u>14,974</u>
Elected member - Cr I Osborne			
Meeting attendance fees	10,302	10,302	10,302
Annual allowance for ICT expenses	2,472	2,472	2,472
Travel and accommodation expenses	945	1,000	747
	<u>13,719</u>	<u>13,774</u>	<u>13,521</u>
Elected member - Cr J Lewis			
Meeting attendance fees	10,302	10,302	10,302
Annual allowance for ICT expenses	2,472	2,472	2,472
Travel and accommodation expenses	0	1,000	2,415
	<u>12,774</u>	<u>13,774</u>	<u>15,189</u>
Elected member - Cr K Gibson			
Meeting attendance fees	10,302	10,302	10,302
Annual allowance for ICT expenses	2,472	2,472	2,472
Travel and accommodation expenses	0	1,000	0
	<u>12,774</u>	<u>13,774</u>	<u>12,774</u>
Elected member - Cr R Seeney			
Meeting attendance fees	10,302	10,302	10,302
Annual allowance for ICT expenses	2,472	2,472	2,472
Travel and accommodation expenses	0	1,000	0
	<u>12,774</u>	<u>13,774</u>	<u>12,774</u>
Elected member - Cr J Phillips			
Meeting attendance fees	10,302	10,302	10,302
Annual allowance for ICT expenses	2,472	2,472	2,472
Travel and accommodation expenses	0	1,000	0
	<u>12,774</u>	<u>13,774</u>	<u>12,774</u>
Elected member - Cr G Bowley			
Meeting attendance fees	10,302	10,302	7,211
Annual allowance for ICT expenses	2,472	2,472	1,730
Travel and accommodation expenses	0	1,000	0
	<u>12,774</u>	<u>13,774</u>	<u>8,941</u>

23. RELATED PARTY TRANSACTIONS (Continued)

Elected Members Remuneration (continued)

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Elected member - Cr S Jones (retired 2020)			
Meeting attendance fees	5,151	10,302	7,211
Annual allowance for ICT expenses	1,236	2,472	1,730
Travel and accommodation expenses	0	1,000	0
	<u>6,387</u>	<u>13,774</u>	<u>8,941</u>
Elected member - Cr P Caron (retired 2019)			
Deputy President's allowance	0	0	948
Meeting attendance fees	0	0	3,084
Annual allowance for ICT expenses	0	0	740
Travel and accommodation expenses	0	0	297
	<u>0</u>	<u>0</u>	<u>5,069</u>
Elected member - Cr R Whooley (retired 2019)			
Meeting attendance fees	0	0	3,084
Annual allowance for ICT expenses	0	0	740
	<u>0</u>	<u>0</u>	<u>3,824</u>
	<u>125,418</u>	<u>140,805</u>	<u>134,227</u>
Total Elected Member Remuneration			
President's allowance	12,671	12,671	12,671
Deputy President's allowance	3,168	3,168	3,148
Meeting attendance fees	87,567	92,718	92,704
Other expenses	55	0	0
Annual allowance for ICT expenses	0	0	0
Travel and accommodation expenses	21,012	22,248	22,245
Annual allowance for travel and accommodation expenses	945	10,000	3,459
	<u>125,418</u>	<u>140,805</u>	<u>134,227</u>

Key Management Personnel (KMP) Compensation Disclosure

	2021 Actual	2020 Actual
	\$	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:		
Short-term employee benefits	516,224	564,464
Post-employment benefits	61,510	57,028
Other long-term benefits	11,511	14,115
Termination benefits	0	0
	<u>589,245</u>	<u>635,607</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent 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).

23. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

	2021 Actual	2020 Actual
The following transactions occurred with related parties:	\$	\$
Sale of goods and services	95,895	101,788
Purchase of goods and services	29,657	50,113

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.

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

iii. Entities subject to significant influence by the Shire

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.

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

24. RATING INFORMATION

(a) Rates

RATE TYPE		Rate in	Number of	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	2019/20	
Differential general rate / general rate		\$	Properties	Actual Rateable Value	Actual Rate Revenue	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Total Revenue
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Gross rental valuations													
1	Non-Rural Improved	0.095724	2,281	39,852,632	3,764,657	20,630	(5,535)	3,779,752	3,764,657			3,764,657	0
2	Holiday Purposes	0.107095	123	2,006,212	214,855			214,855	214,855			214,855	0
3	Vacant	0.190840	266	2,373,860	453,027			453,027	453,027			453,027	0
	Residential Developed							0				0	2,152,665
	Business/Commercial Developed							0				0	529,626
	Lifestyle Developed							0				0	819,640
	Rural Developed							0				0	258,788
	Holiday Use Developed							0				0	207,990
	Residential Vacant							0				0	191,140
	Business/Commercial Vacant							0				0	34,448
	Rural Vacant							0				0	15,515
	Lifestyle Vacant							0				0	226,478
Unimproved valuations													
4	Rural	0.005038	493	236,150,000	1,185,583			1,185,583	1,185,583			1,185,583	0
	UV Base							0				0	1,108,368
	UV Additional Use 1							0				0	76,361
	UV Additional Use 2							0				0	28,305
	UV Additional Use 3							0				0	22,303
	UV Additional Use 4							0				0	10,587
	Sub-Total		3,163	280,382,704	5,618,122	20,630	(5,535)	5,633,217	5,618,122	0	0	5,618,122	5,682,214

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

24. RATING INFORMATION (Continued)

(a) Rates (continued)

RATE TYPE	Rate in \$	Number of Properties	2020/21 Actual Rateable Value \$	2020/21 Actual Rate Revenue \$	2020/21 Actual Interim Rates \$	2020/21 Actual Back Rates \$	2020/21 Actual Total Revenue \$	2020/21 Budget Rate Revenue \$	2020/21 Budget Interim Rate \$	2020/21 Budget Back Rate \$	2020/21 Budget Total Revenue \$	2019/20 Actual Total Revenue \$
Differential general rate / general rate												
Minimum payment	Minimum \$											
Gross rental valuations												
1 Non-Rural Improved	1,097	576	4,610,164	631,872			631,872	631,872			631,872	0
2 Holiday Purposes	1,208	4	31,282	4,832			4,832	4,832			4,832	0
3 Vacant	1,109	183	765,610	202,947			202,947	202,947			202,947	0
Residential Developed							0				0	432,218
Business/Commercial Developed							0				0	152,500
Lifestyle Developed							0				0	50,625
Rural Developed							0				0	31,500
Holiday Use Developed							0				0	7,248
Residential Vacant							0				0	114,655
Business/Commercial Vacant							0				0	5,700
Rural Vacant							0				0	1,109
Lifestyle Vacant							0				0	45,900
Unimproved valuations												
4 Rural	1,343	170	33,061,600	228,310			228,310	228,310			228,310	0
UV Base							0				0	178,619
UV Additional Use 1							0				0	20,678
UV Additional Use 2							0				0	3,222
UV Additional Use 3							0				0	0
UV Additional Use 4							0				0	0
Sub-Total		933	38,468,656	1,067,961	0	0	1,067,961	1,067,961	0	0	1,067,961	1,043,974
		4,096	318,851,360	6,686,083	20,630	(5,535)	6,701,178	6,686,083	0	0	6,686,083	6,726,188
Discounts (Note 24(b))							0				0	0
Total amount raised from general rate							6,701,178				6,686,083	6,726,188
Concessions or Waivers (Note 24(b))							(122,270)				(126,451)	(46,906)
Totals							6,578,908				6,559,632	6,679,282

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer.

Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

24. RATING INFORMATION (Continued)

(b) Discounts, Incentives, Concessions, & Write-offs
Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$
Rates A5731 - Denmark Arts Council	Waiver	100%	0	5,026	5,065	0
Rates A5585 - Denmark Boating & Angling Club	Waiver	100%	1,477	1,343	1,477	1,477
Rates A5587 - DB&AC, Denmark Sea Rescue Group	Waiver	100%	1,477	1,343	1,477	1,477
Rates A3565 - Denmark Clay Target Club	Waiver	100%	1,477	1,343	1,477	1,477
Rates A5584 - Denmark Cottage Crafts Inc.	Waiver	100%	1,220	1,097	1,220	1,220
Rates A3088 - Denmark Country Club Inc.	Waiver	100%	2,805	2,613	2,805	2,805
Rates A5960 - Denmark Environment Centre Inc.	Waiver	100%	2,687	2,504	2,678	2,687
Rates A5599 - Denmark Machinery Restoration Group Inc.	Waiver	100%	1,220	1,097	1,220	1,220
Rates A3179 - Denmark Occ. Day Care Centre & Playgroup	Waiver	100%	1,220	1,097	1,220	1,220
Rates A3167 - Denmark Pistol Club	Waiver	100%	1,477	1,343	1,477	1,477
Rates A3189 - Denmark Equestrian Club Inc.	Waiver	100%	1,220	1,097	1,220	1,220
Rates A5601 - Denmark Riverside Club	Waiver	100%	1,220	1,097	1,220	1,220
Rates A3069 - Denmark Surf Life Saving Club	Waiver	100%	1,217	1,134	1,226	1,217
Rates A5588 - Denmark Surf Life Saving Club	Waiver	100%	1,477	1,343	1,477	1,477
Rates A3186 - Denmark Tourism Inc.	Waiver	100%	5,907	5,504	5,907	5,907
Rates A5590 - Green Skills Inc.	Waiver	100%	1,477	1,343	1,477	1,477
Rates A5593 - Kentdale Community Hall Committee Inc.	Waiver	100%	1,477	1,343	1,477	1,477
Rates A5600 - Lions Club of Denmark Inc.	Waiver	100%	1,220	1,097	1,220	1,220
Rates A5591 - Nornalup Residents & Ratepayers Assoc.	Waiver	100%	1,220	1,097	1,220	1,220
Rates A5592 - Parry's Beach Volunteers Management Group	Waiver	100%	1,477	1,343	1,477	1,477
Rates A5615 - Peaceful Bay Progress Association Inc.	Waiver	100%	1,220	1,097	1,220	1,220
Rates A5616 - Peaceful Bay Progress Association Inc.	Waiver	100%	1,220	1,097	1,220	1,220
Rates A5596 - Peaceful Bay RSL Sub Branch	Waiver	100%	1,220	1,097	1,220	1,220
Rates A5595 - Peaceful Bay Sea Rescue Group Inc.	Waiver	100%	1,220	1,097	1,220	1,220
Rates A5597 - Scouts Association of Australia	Waiver	100%	1,220	1,097	1,220	1,220
Rates A3097 - RSL of Australia (WA Branch) Inc.	Waiver	100%	1,220	1,097	1,220	1,220
Rates A5594 - Tingedale Hall Committee Inc.	Waiver	100%	1,477	1,343	1,477	1,477
Rates A3041 - Scotsdale Hall & Tennis Courts	Waiver	100%	1,477	1,343	1,477	1,477
Rates A5729 - Denmark Community Resource Centre Inc.	Waiver	100%	1,220	1,097	1,220	1,220
Rates A5730 - Denmark Over 50's Association	Waiver	100%	1,220	1,097	1,220	1,220
Rates A3256 - Denmark Historical Society Inc.	Waiver	100%	1,220	1,111	1,220	1,220
General Rates - New Rating System 2020/21	Concession	N/A	Variable	74,493	74,480	0
				122,270	126,451	46,906
Total discounts/concessions (Note 24(a))				122,270	126,451	46,906

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

24. RATING INFORMATION (Continued)

(b) Discounts, Incentives, Concessions, & Write-offs (continued)
Waivers or Concessions (continued)

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Rates A5731 - Denmark Arts Council	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A5585 - Denmark Boating & Angling Club	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A5587 - DB&AC, Denmark Sea Rescue Group	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A3565 - Denmark Clay Target Club	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A5584 - Denmark Cottage Crafts Inc.	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A3088 - Denmark Country Club Inc.	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A5960 - Denmark Environment Centre Inc.	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A5599 - Denmark Machinery Restoration Group Inc.	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A3179 - Denmark Occ. Day Care Centre & Playgroup	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A3167 - Denmark Pistol Club	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A3189 - Denmark Equestrian Club Inc.	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A5601 - Denmark Riverside Club	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A3069 - Denmark Riverside Club	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A5588 - Denmark Surf Life Saving Club	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A3186 - Denmark Tourism Inc.	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A5590 - Green Skills Inc.	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A5593 - Kentdale Community Hall Committee Inc.	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A5600 - Lions Club of Denmark Inc.	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A5591 - Nornalup Residents & Ratepayers Assoc.	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A5592 - Parry's Beach Volunteers Management Group	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A5615 - Peaceful Bay Progress Association Inc.	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A5616 - Peaceful Bay Progress Association Inc.	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A5596 - Peaceful Bay RSL Sub Branch	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A5595 - Peaceful Bay Sea Rescue Group Inc.	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A5597 - Scouts Association of Australia	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A3097 - RSL of Australia (WA Branch) Inc.	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A5594 - Tingledale Hall Committee Inc.	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A3041 - Scotsdale Hall & Tennis Courts	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A5729 - Denmark Community Resource Centre Inc.	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A5730 - Denmark Over 50's Association	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
Rates A3256 - Denmark Historical Society Inc.	LG Act 1995 S4.47 & Policy P110102	Community Group	Community Group
General Rates - New Rating System 2020/21	Current year differential rate levy higher than prior year levy	Rates levy for 2020/2021 year not to be higher than 2019/2020 year	

24. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	23/09/2020	0.00	0.00%	7.00%
Option Two				
First instalment	23/09/2020	0.00	0.00%	7.00%
Second instalment	25/11/2020	10.00	3.50%	7.00%
Option Three				
First instalment	23/09/2020	0.00	0.00%	7.00%
Second instalment	25/11/2020	10.00	3.50%	7.00%
Third instalment	27/01/2021	10.00	3.50%	7.00%
Fourth instalment	31/03/2021	10.00	3.50%	7.00%
		2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates		30,319	26,500	39,624
Interest on instalment plan		9,468	16,000	20,361
Charges on instalment plan		18,893	28,000	34,665
		58,680	70,500	94,650

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

25. RATE SETTING STATEMENT INFORMATION

Note	2020/21	2020/21	2020/21	2019/20	
	(30 June 2021 Carried Forward)	Budget (30 June 2021 Carried Forward)	(1 July 2020 Brought Forward)	(30 June 2020 Carried Forward)	
	\$	\$	\$	\$	
(a) Non-cash amounts excluded from operating activities					
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .					
Adjustments to operating activities					
Less: Profit on asset disposals	11(a)	(42,716)	(51,000)	(1,760)	(1,760)
Less: Movement in liabilities associated with restricted cash		48,958	0	248,923	248,923
Less: Fair value adjustments to financial assets at fair value through profit and loss		(1,939)		(865)	(865)
Movement in pensioner deferred rates (non-current)		(24,641)	0	(6,622)	(6,622)
Movement in employee benefit provisions (non-current)		17,920	0	5,970	5,970
Add: Loss on disposal of assets	11(a)	0	0	277,776	277,776
Add: Depreciation on non-current assets	11(b)	4,647,759	4,459,461	4,711,784	4,711,784
Non cash amounts excluded from operating activities		4,645,341	4,408,461	5,235,206	5,235,206
(b) Non-cash amounts excluded from investing activities					
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Rate Setting Statement					
Adjustments to investing activities					
Movement in non current liability from transfers to acquire or construct non-financial assets to be controlled by the entity		0	0	0	0
Movement in non current service concession liability		0	0	0	0
Movement in non current capital expenditure provisions		0	0	0	0
Movement in current unspent non-operating grants associated with restricted cash		0	0	0	0
Movement in current capital expenditure provision associated with restricted cash		0	0	0	0
Non cash amounts excluded from investing activities		0	0	0	0
(c) Surplus/(deficit) after imposition of general rates					
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.					
Adjustments to net current assets					
Less: Reserves - cash backed	4	(4,653,656)	(4,281,518)	(4,376,065)	(4,376,065)
Less: Financial assets at amortised cost - self supporting loans	5(a)	(22,872)	(22,048)	(22,048)	(22,048)
Less: Current assets not expected to be received at end of year - Other Adjustments		0	0	(9,469)	(9,469)
Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings	17(a)	199,801	0	245,165	245,165
- Current portion of lease liabilities		0	(26,642)	119,315	119,315
- Employee benefit provisions		1,228,532	0	1,089,789	1,089,789
Total adjustments to net current assets		(3,248,195)	(4,330,208)	(2,953,313)	(2,953,313)
Net current assets used in the Rate Setting Statement					
Total current assets		9,830,696	6,502,301	7,907,331	7,907,331
Less: Total current liabilities		(5,000,076)	(1,972,093)	(3,294,525)	(3,294,525)
Less: Total adjustments to net current assets		(3,248,195)	(4,330,208)	(2,953,313)	(2,953,313)
Net current assets used in the Rate Setting Statement		1,582,425	200,000	1,659,493	1,659,493
(d) Adjustments to current assets and liabilities at 1 July 2020 on application of new accounting standards					
Total current liabilities at 30 June 2020					
Adjustments on application of new accounting standards	28(a)			(3,294,525)	0
Total current liabilities at 1 July 2020				(3,294,525)	

26. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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
	%	\$	\$	\$	\$
2021					
Cash and cash equivalents	0.002%	8,254,599	7,314,287	930,040	10,272
2020					
Cash and cash equivalents	1.13%	6,802,245	5,877,055	919,210	5,980

Sensitivity

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

	2021	2020
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	82,546	68,022

* Holding all other variables constant

Borrowings

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

26. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is able to charge interest on overdue rates and annual charges at higher than market rates, which further encourage 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 2020 or 1 July 2021 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.

The loss allowance as at 30 June 2021 and 30 June 2020 for rates receivables was determined as follows:

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2021					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	217,794	97,334	48,104	29,212	392,444
Loss allowance	0	0	0	0	0
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	91,327	142,473	100,621	92,790	427,212
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	32,133	901	6,258	6,066	45,358
Loss allowance	0	0	0	0	0
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	159,728	23,213	0	17,601	200,541
Loss allowance	0	0	0	0	0

26. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk - that is the risk that sufficient funds may not 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 to maintain an adequate cash buffer.

The contractual undiscounted cash flows of the Shire's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2021					
Payables	2,992,431	0	0	2,992,431	2,992,431
Borrowings	284,233	1,003,338	1,116,919	2,404,490	1,866,268
Lease liabilities	104,743	116,738	0	221,481	221,481
	3,381,407	1,120,076	1,116,919	5,618,402	5,359,452
2020					
Payables	1,529,621	0	0	1,529,621	1,529,621
Borrowings	340,821	1,016,327	1,350,108	2,707,256	2,111,432
Lease liabilities	119,315	121,141	0	240,456	240,456
	1,989,757	1,137,468	1,350,108	4,477,333	3,881,509

27. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire of Denmark did not have any events occurring after the reporting date that have a significant effect on the financial statements.

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28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 1059: Service Concession Arrangements: Grantors

Service concession assets are those assets where a third-party operator constructs assets for the Shire, upgrades existing assets of the Shire or uses existing assets of the Shire to operate and maintain the assets to provide a public service, for a specified period of time. Where, in these circumstances, the third-party operator provides a public service on behalf of the Shire and is deemed to manage at least some of the services under its own discretion, the assets are classified as service concession assets. Newly constructed or upgraded assets are measured at current replacement cost in accordance with the cost approach to fair value in AASB 13 *Fair Value Measurement*. In the case of existing assets, these are reclassified and treated in the same manner with any difference at the date of reclassification between the carrying amount of the assets and their fair value (current replacement cost) being treated as if it is a revaluation of the asset.

Subsequent to initial recognition or reclassification, service concession assets are accounted for by depreciating or amortising in accordance with AASB 116 *Property, Plant and Equipment* or AASB 138 *Intangible Assets*. Where appropriate, any impairment is recognised in accordance with AASB 136 *Impairment of Assets*.

At the end of the term of any service concession arrangement, the Shire will reclassify the service concession asset based on its nature or function, and account for it in accordance with the accounting standards and policies applicable to the relevant asset classification.

Where the Shire recognises a service concession asset in relation to a newly constructed or upgraded asset, it also recognises a liability. This liability is initially measured at the same amount as the service concession asset, adjusted by the amount of any other consideration provided by the Shire to the third-party operator or from the third-party operator to the Shire.

The Shire does not recognise a liability in the circumstances where an existing asset of the Shire is reclassified as a service concession asset except in circumstances where additional consideration is provided by the third-party operator.

Subsequent to initial recognition, the Shire accounts for the liability as an unearned portion of the revenue arising from the exchange of assets with the third-party operator and reduces the liability according to the economic substance of the service concession arrangement.

The Shire adopted AAAB 1059 Service Concession Arrangements: Grantors (issued December 2014) on 1 July 2020 resulting in changes to accounting policies. In accordance with the transition provisions of AASB 1059, the Shire adopted the new rules retrospectively by recognising and measuring service concession assets and related liabilities on 1 July 2020. The review

The review conducted identified no service concession arrangements applicable to the Shire's activities and as such no adjustments have been recognised in the statement of financial position at the date of initial application (1 July 2020).

29. CORRECTION OF ERROR

In 2020 the gross carrying amount balance and accumulated depreciation balance disclosed for Property, Plant and Equipment Assets in Note 9 (a) - Movement in Balances were understated due to the outcome of a previous fair value revaluation of assets which was not adjusted within the general ledger and asset register. The net carrying value disclosed was correct.

Adjusted values have been applied for the 2020 comparative figure to show the full carrying amount and depreciation amount which align to the amounts contained within the asset register.

The net carrying value of these asset classes was not affected by this adjustment in disclosure remains unchanged.

Note 9 (a) - Property, Plant and Equipment (Extract)	30 June 2020	Increase/ (Decrease)	01 July 2020 (Restated)
	\$	\$	\$
Furniture and Equipment	336,615	232,502	569,117
Furniture and Equipment - Accumulated Depreciation	(227,193)	(232,502)	(459,695)
Balance at 30 June 2020	<u>109,422</u>	<u>0</u>	<u>109,422</u>
Plant and Equipment	9,070,509	(572,219)	8,498,290
Plant and Equipment - Accumulated Depreciation	(4,808,470)	572,219	(4,236,251)
Balance at 30 June 2020	<u>4,262,039</u>	<u>0</u>	<u>4,262,039</u>

30. TRUST FUNDS

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

	<u>1 July 2020</u>	<u>Amounts Received</u>	<u>Amounts Paid</u>	<u>30 June 2021</u>
	\$	\$	\$	\$
DPI Licensing	0	1,223,250	(1,223,250)	0
Denmark Parks & Trails	850	0	0	850
	<u>850</u>	<u>1,223,250</u>	<u>(1,223,250)</u>	<u>850</u>

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SHIRE OF DENMARK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

31. 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 regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

32. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES

GOVERNANCE

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

ACTIVITIES

Administration and operation of facilities and services to elected members of Council; other costs that relate to strategic planning, policy making and assisting elected members and ratepayers on matters which do not directly relate to other specific Council services.

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of Council services.

Rates, interest revenue and other general purpose government funding grants together with any expenses incurred in realising these incomes.

LAW, ORDER, PUBLIC SAFETY

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

Supervision and enforcement of various Local Laws, fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

To provide an operational framework for environmental and community health needs.

Inspections and controls of various food outlets, noise control, waste disposal compliance, pest control.

EDUCATION AND WELFARE

To provide services for the elderly, children and youth.

Youth service, disability service and aged service support programs.

HOUSING

To provide and maintain elderly residents housing.

Costs associated with the remediation of Hardy Street property.

COMMUNITY AMENITIES

To provide a range of general amenity services required by the community.

Includes rubbish collection and disposal services, recycling initiatives, septic tank inspection services, urban stormwater drainage networks, environmental protection initiatives, cemetery facility operation costs, as well as the administration of Council's Town Planning Scheme and associated policies and obligations.

RECREATION AND CULTURE

To establish and effectively manage infrastructure and resources which assist in the social well-being of the community.

Maintenance of public halls, swimming areas and beaches, various recreation and natural reserves, recreation programs, the operation of the library facility, the maintenance and operation of the Recreation Centre and assistance to local sporting clubs and organisations.

TRANSPORT

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

Construction and maintenance of roads, bridges, drainage networks, footpaths, parking facilities, local traffic signs and the depot facility. This program also includes street cleaning, street lighting and the control and maintenance of the regional airport. Road Plant purchases.

ECONOMIC SERVICES

To help promote the Shire and its economic wellbeing.

The regulation and provision of tourism initiatives and facilities including the Denmark Tourism Association, Parry Beach camping grounds and area promotion. Building Controls, sale yard facilities and operation of the lime sand quarry. Provision of rural services including standpipes.

OTHER PROPERTY AND SERVICES

To monitor and control Council's overheads operating accounts.

Private works operations, plant repairs and operation costs, engineering supervision operating costs, stock and salaries & wages allocations.

33. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	1.05	1.38	0.98
Asset consumption ratio	0.59	0.59	0.62
Asset renewal funding ratio	0.89	1.06	0.93
Asset sustainability ratio	1.23	0.87	1.34
Debt service cover ratio	4.93	4.29	5.36
Operating surplus ratio	(0.30)	(0.30)	(0.22)
Own source revenue coverage ratio	0.65	0.65	0.68

The above ratios are calculated as follows:

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