



## *Shire of Denmark*

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# **Shire of Denmark Annual Report 2012/2013**

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

Alternative formats are also available free of charge on request, such as Braille, audio tape and computer disk. (s29 of Disability Services Act 2003)

## Welcome To Denmark

Denmark is a very attractive environment and community. It comprises the Valley of the Giants forests, Wilderness National Parks, rivers, ocean, hills and the picturesque Scotsdale Valley.

A mixture of welcoming villages and inviting landscapes, Denmark has many of the highly desirable characteristics of a rural community. It also has a well-developed cultural and environmental life that has accrued over many years.

The town of Denmark is located on the Denmark River and Wilson Inlet convenient to the regional centre of Albany, 50 kilometres to the east.

Community visions for economic development encompass a wide range of strategic directions.

The most prominent goal however is to foster an increased entrepreneurial culture that consciously plans for business and development initiatives within sustainability values, thereby managing a balance of local and externally funded initiatives.

### CURRENT STATUS

Population (2011 Census)	5677
Median Age (2011 Census)	47
Population (est - 1 July 2013)	5796
<small>(Source – ABS website)</small>	
Annual Population Growth Rate	2.1%(est*)
<small>(* Source – Shire of Denmark Local Planning Strategy)</small>	
Area	- 1860 sq km
Length of Roads	
- Sealed	- 207 km
- Unsealed	- 436 km
Area of Parks & Reserves	- 1290 sq km
Length of Coastline	- 84 km
Length of Estuary Foreshores	- 73 km
Number of Dwellings	- 3234

### Educational Institutions

- Pre-Schools
- Primary Schools
- High School
- College of Agriculture
- TAFE

### VISION

The Shire of Denmark's long term vision for the Shire is:

Denmark in the year 2031 is a leading example of a dynamic, connected, caring and cohesive community, in tune with its environment.



### MISSION

The Shire of Denmark aims, through vision and integrity to serve its whole community and value its natural environment.

### VALUES

The Shire of Denmark holds the following values:

- Sustainability,
- Effectiveness,
- Teamwork,
- Transparency,
- Respect,
- Visionary Leadership,
- Honesty & Integrity,
- Creativity,
- Commitment,
- and Trust

### FREEMAN OF THE SHIRE OF DENMARK

Mr Percy Berridge (Dec) (17/11/1973)  
Mrs Eileen Lunan (10/2/2006)

### 2013 CITIZENSHIP AWARD WINNERS

#### Citizen of the Year Award

Christine Venkatachalam

#### Young Citizen of the Year Award

Kit Davies

#### Community Group of the Year Award

Denmark Little Athletics Centre Inc.

### 2012 SPORTS AWARD WINNERS

#### Senior Sportsperson of the Year

Kea Mumford (Cycling)

#### Junior Sportsperson of the Year

Daniella Atkinson (Swimming)

#### Services to Sport

Andrew Finigan (AFL)

## SHIRE PRESIDENT’S REPORT AND INTRODUCTION

It is my pleasure to present the Shire of Denmark Annual Report for the 2012/2013 financial year in what has again been an extremely busy one for Council.

I am sure that most residents would agree that the Shire has undergone a major transformation in recent years, with some of the major projects completed over the past twelve months being:

- Stage 4 of the Strickland St CBD works,
- Completion of the McLean Park redevelopment,
- Extension of the Peaceful Bay footpath network,
- Widening of Scotsdale Road,
- Stage 3 of the Denmark Country Club Redevelopment,
- Kwoorabup Community Park facilities, and
- Indigenous dual naming project.

Of course these works could not occur if not for the significant financial contribution provided to all of these projects by the WA State Government. This contribution comes predominantly in the form of the Royalties for Regions funding program, road project grants and general purpose payments.

Unfortunately we have learnt that changes to the Royalties for Regions funding program have seen a loss of direct allocation of much of this funding. Please be assured that Council will continue to work hard to lobby and leverage new funding opportunities to ensure best outcomes for the community.

A project of significance that Council is presently investigating is the purchase of land (Kernutts Road) from the Water Corporation for a waste disposal site.

Our present practice of carting waste to Albany is expensive in fees and freight. With no long term contract with the City of Albany for this to continue Council must find an alternative.

Council undertook significant consultation with our local community and property owners through the year with respect to the formation of a Strategic Community Plan where members of the community invested time and energy into contributing to the various workshops, meetings, calls for submissions etc, that formed part of this process. I thank all members of the community that took part in this process for their valued involvement and input.

The Shire of Denmark Strategic Community Plan was adopted by Council in October 2013.

Further plans are required to be adopted such as a Corporate Business Plan and Long Term Financial Plan which will form part of a series of critical documents that will provide better planning and coordination of the long term strategic direction of the Shire.

Once this process is completed and adopted, they will link to the Local Planning Strategy, adopted in October 2011, to provide a blueprint for the future direction of the Shire and where we will be in twenty years from now.

As a result of the Local Planning Strategy having been adopted, Council has initiated the preparation of Local Planning Scheme No. 4 (LPS 4). LPS 4, which will revoke current Town Planning Scheme No. 3 upon gazettal, will become the statutory document that controls and guides land use, development and subdivisions. The preparation of LPS 4 will require consultation with the community and I encourage everyone’s input into this important planning document for the Shire of Denmark.

Council undertook a major review of its rating system in the year assessing the various anomalies, inconsistencies and opportunity for improvement. The outcome of this review has now been implemented and Council believes this review has resulted in greater fairness and equity in its rating of property.

Council, noting the Minister for Local Government's directive of 5 February 2009 in relation to Councillor numbers being voluntarily reduced to between 6 and 9, together with likely significant increases in Governance costs associated with Councillors allowances moving to being regulated by the Salaries and Allowances Tribunal with effect from 1 July 2013, resolved to undertake a Ward and Elected Member Representation Review in 2012/2013.

The review proposed that there be no change to its current 3 Ward structure but that its number of elected representatives be reduced to 9 by reducing one Councillor from each ward. The review was then advertised and the community consulted with a six week public submission period.

Council considered submissions received at a Special Meeting of Council held on 24 April 2013 where they resolved that there be no change to its current three (3) Ward structure but that the number of elected representatives be reduced from twelve (12) to nine (9) effective from the October 2013 Local Government Elections. This was subsequently approved by the Local Government Advisory Board and implemented by Council for the October 2013 Elections.

I consider it a great personal honour to serve in the capacity as Councillor and President of the Shire of Denmark and I would like to thank and acknowledge my fellow Councillors for their ongoing support and commitment to dealing with the many difficult issues that they are confronted with on a monthly basis.

I also take this opportunity to thank and acknowledge former Councillors, Alex Syme, Barbara Marshall and Adrian Hinds who all completed service as Councillors in October 2013, for their valued contribution to the Shire.

In closing I encourage all electors to continue to take a high level of interest in your community's affairs and urge you to contact your Councillors or staff if you have any questions, issues or concerns with Council matters. Your input is vital to ensure that the services and strategic direction of the Council represents your views.












**Cr Ross Thornton**  
**Shire President**  
**SHIRE OF DENMARK**



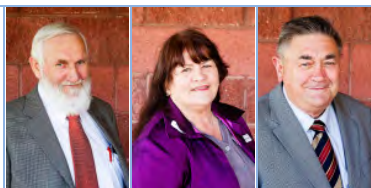


## COUNCILLORS CONTACT DETAILS

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### Former Councillors during 2012/2013

Thank you to former Councillors, Alex Syme, Barbara Marshall and Adrian Hinds who all completed service as Councillors in October 2013 for their valued contribution to the Shire.



Cr  
Alex  
Syme

Cr  
Barbara  
Marshall

Cr  
Adrian  
Hinds

## CHIEF EXECUTIVE OFFICER’S REPORT

It has once again been a very busy twelve month period for the Shire of Denmark, with major capital works and strategic planning issues occupying a significant amount of staff resources over the past year.

The following is a summary of major projects and services undertaken by the Shire over the past year and I would welcome any comment or questions from Electors regarding these issues.

### **Structural Reform and Amalgamation**

The Shire of Denmark remains firm in its view that it does not wish to amalgamate with any of our immediate neighbours, although it is always willing to explore partnerships that result in real benefits and/or savings to ratepayers and residents.

The State Government is committed to undertaking structural reform of the local government sector in the Metropolitan area and it would appear a reasonable conclusion that rural Western Australia will be the next focus of their reform agenda.

Council remains confident that we have all the necessary processes in place to ensure that we can demonstrate to the State we are a strong and vibrant local authority, with its own unique character, that is well placed to meet the future and current requirements of our residents.

### **Staffing**

The Shire workforce continues to remain relatively stable which provides many benefits to the organisation, including increased corporate knowledge and skills and reduced staff recruitment and attraction expenses.

Council continues to receive much positive feedback in regard to the high level of service received from employees and I would like to thank all employees for the commitment they have displayed to their duties over the past twelve months.

### **Customer Service Charter**

The Shire takes great pride in the commitment displayed by our employees to providing the highest level of service possible to our community. In order to establish minimum customer service standards a Charter has been adopted by Council to both enshrine these standards and allow our performance to be measured and analysed for future improvement.

The 2013 Biennial Survey was forwarded to 4,379 electors in early December 2012, with surveys being returned by 23 January 2013. The results were adopted by Council in April 2013.

The response rate of 14.96% (655) for the survey was considered to be an excellent response from a statistical perspective, although it was acknowledged that there were certain limitations to the results of the survey, predominately relating to the demographics of electors within the Shire.

I am pleased to report that Council employees meet these minimum customer service standards on a consistent basis as evidenced by the results in the 2013 Community Needs and Customer Satisfaction Survey, our internal reporting processes and other feedback received.

I would encourage all residents to read the results of the surveys which are available on the Shire website.

### **CBD Redevelopment**

The third stage of the Strickland St upgrade was completed during 2012/13. This resulted in the car park and works at the North Street end of Strickland Street providing much needed additional parking within this area.

These works have attracted a lot of positive feedback and have improved the CBD streetscape and improved access for motorists and pedestrians around the CBD area.



*CBD and Public Art Works*

### **Kwoorabup Community Park Construction**

Stage 2 works that were due to be undertaken in 2011/12 were deferred to undertake further liaison with local indigenous representatives and seek further advice on options for the costly installation of utilities such as power, sewerage etc.

The works undertaken during 2012/13 included the construction of an adventure park, public art, landscaping and ablution facilities.



*Kwoorabup Community Park*



### Denmark Country Club – Grassed Greens

As part of an ongoing three year upgrade, Stage 3 of the redevelopment of Country Club facilities were completed during 2012/13, with the greens being transformed from oiled sand to grass.



*Denmark Country Club – Grassed Greens*

### McLean Park Redevelopment

The final stage of the McLean Park redevelopment was finalised in 2012/13, with the completion of the carpark and perimeter fencing works.



*McLean Park facilities from Brazier Street*

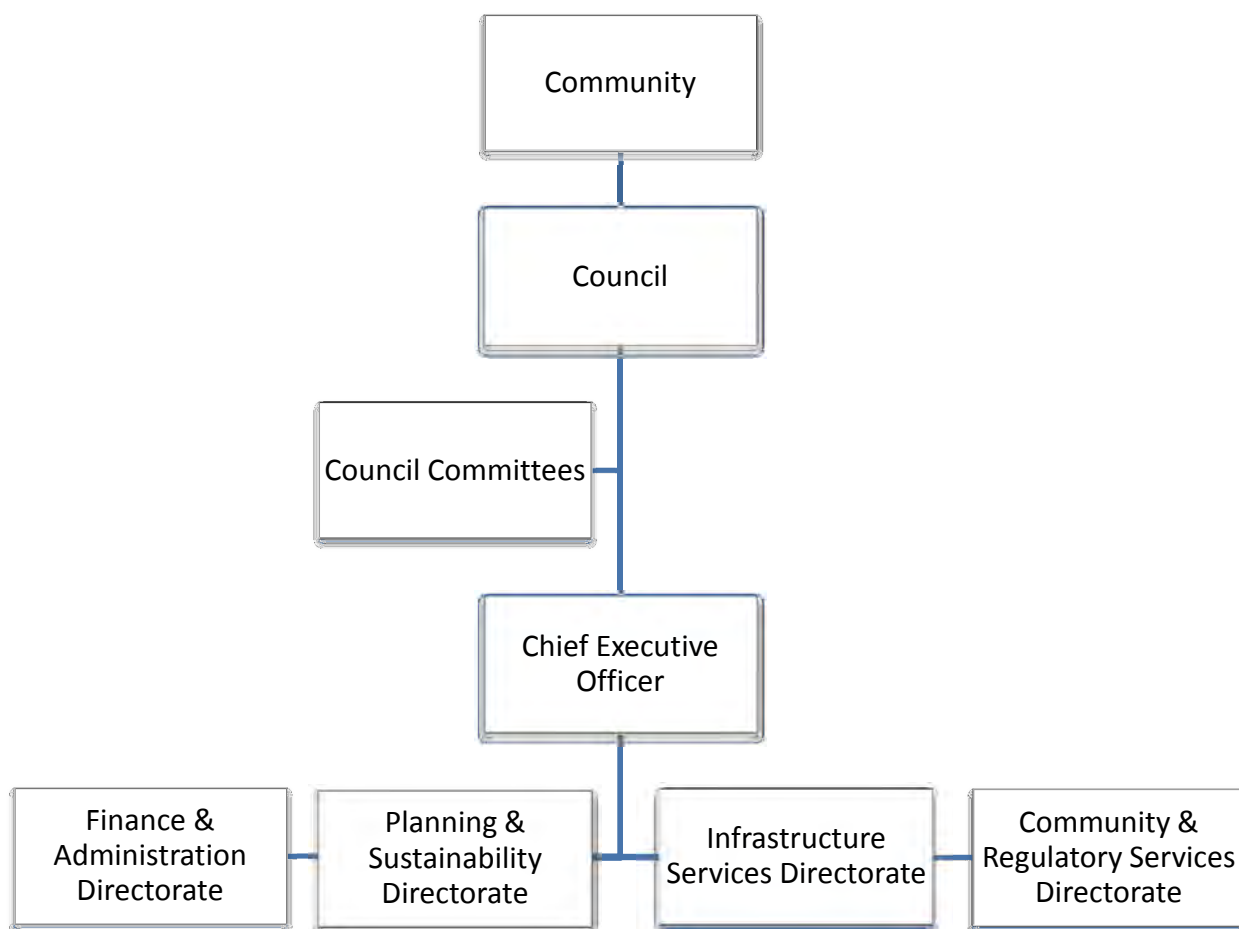
In closing I would like to again thank all employees for their commitment and passion to serving the Shire and invite feedback from ratepayers and electors on information contained within the Annual report or any other Shire related matter.



Mr Dale Stewart  
**Chief Executive Officer**



## SHIRE OF DENMARK ORGANISATION CHART



### Executive Team

**Chief Executive Officer**

**Director of Finance & Administration**

**Director of Planning & Sustainability**

**Director of Infrastructure Services**

**Director of Community & Regulatory Services**

**Mr Dale Stewart**

**Mr Kim Dolzadelli**

**Mrs Annette Harbron**

**Mr Rob Whooley**

**Mr Gregg Harwood**

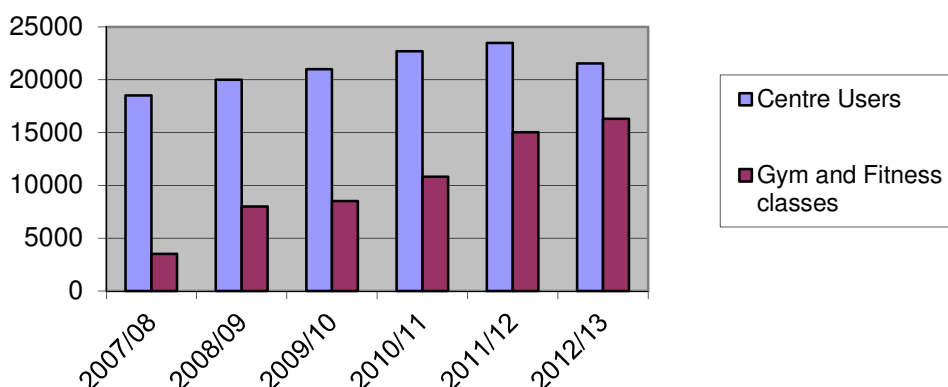
## SUMMARY OF SHIRE SERVICES 2012/2013

### Denmark Recreation Centre

The Recreation Centre recorded growth of 8% in Gym Fitness attendances for the year 2012/13. Total attendances came to 37,849. Gym/Fitness attendances reached 16,307.



**Fig 1 - Recreation Centre and Gymnasium Attendance**



The Recreation Centre's Fitness Instructor Helen Powley won the Most Outstanding Regional Instructor Award at the annual State Living Longer Living Stronger awards. This is a great credit to the staff at the Centre and instructor Helen Powley. The Centre was also runner up in the Most Outstanding Regional Provider award.

### New Programs introduced in 2012/2013

- The Centre started 3 new programs – Fast 5 Netball (4 teams competing), Junior Indoor Cricket Coaching and Gymnastics, these new programs attracted new clientele to the Centre and increased revenue streams,
- New equipment for gym - 2 x new bikes and 1 x Cross trainer have been added to the Centre's gym as per Council's budget for 2012/2013,
- The Centre was successful in obtaining funding from the Heart Foundation to promote their Swap IT Don't Stop It message. The grant was used to:
  - Run an 8 week program of 2 hour sessions once per week offering a 1 hour exercise class followed by a 1 hour health workshop with a crèche service offered to cater for parents,
  - Form a walking group 2 sessions per week for 8 weeks followed by a healthy morning tea, and
  - Form a cycling group 1 session per week followed by a healthy morning tea.
- Denmark's Biggest Loser  
The Centre ran two 10 week programs starting in July 2012 & May 2013 called Denmark's Biggest Loser. Teams of 6 were invited to nominate and take part in a 10 week fitness/healthy lifestyle program run from the Recreation Centre with the aim of losing weight and improving their lifestyles.  
The program was launched on the 23 July with 18 participants taking part initially and 24 participants for the May event. ABC radio was on hand to conduct some interviews and



promote the event. Dietician Steve Pratt delivered the opening presentation on healthy lifestyles.

- The Recreation Centre turned 20 in October and on Saturday, 13 October the Centre held a Free Open day. The day included a Super Fitness Class, Gym Physical Challenges, Gym tours, Basketball All Stars game, Kids Corner, Bouncy Castle, Face Painting, Sausage Sizzle, morning tea, Rippaball, Walking Challenge on McLean Park and before/after display for the Centre.

### **Recreation Centre maintenance/upgrades in 2012/2013**

- The sports courts were recoated as part of their ongoing maintenance schedule.

### **Club Development Officer Scheme:**

- Training offered to clubs included;
  - Safe Clubs for Kids
  - Member Protection
  - Responsible Service of Alcohol training
  - Organising a Sports taping

### **Clubs**

- Riverside Clubs - The Council in conjunction with the Riverside Clubs was successful in obtaining a Regional Development grant for Round 3 and applied to the Department of Sport & Recreation for a CSRFF grant which will be decided in February/March 2014.
- Tingedale Tennis Club – Council was successful in obtaining a grant from Lotterywest for the construction of a new public toilet block with disabled facility and a shelter area.
- Denmark Surf Lifesaving Club – Have draftsman's plans for the re-development of their facilities. They are now looking to develop fully costed architects drawings which they hope to have within the next 6 months. Once the full costs of the project are known they will be looking to source funding to implement their plans.
- Denmark Equestrian Club was successful in obtaining a CSRFF small grant to construct new holding yards.
- McLean Park - Long Jump pit installed on the eastern side of McLean Park for Little Athletics. The power box on tiered seating has rubber stripping fixed to the sharp edges softening any potential impact. New entrance constructed south of previous opening.

### **Events:**

- The Shire of Denmark's Sports person of Year Awards closed with 16 nominations. 2012 Winners were:  
Senior Sports person of the Year – Kea Mumford (Cycling)  
Junior Sports person of the Year – Daniella Atkinson (Swimming)  
Service to Sport Award – Andrew Finigan (AFL)

### **Other projects:**

- The Youth Support Service funded by the Department of Child Protection organised in partnership with the Denmark High School, two adventure camps to Margaret River for 10 teenage boys and girls. The camps ran for one week each and included the Youth Centre Coordinator as a leader. The camps focused on developing an increase in self-esteem, leadership and life skills.
- The Denmark Country Club has finished their 3<sup>rd</sup> and final year of their 3 year project to provide reticulation to the fairways, upgrade the club house and install grass greens. Once again DSR have provided financial assistance through the CSRFF process.
- Kidsport - The idea of the program is to provide financial assistance to health care card holders for their children to be involved in community sport. The grant will assist with club fees, equipment and uniforms etc. Council was successful in receiving a grant for \$45,000 to operate the program. An information session was run for all clubs, organisations and referral agents to attend. Michelle Farrow the Customer Service

Officer at the Recreation Centre has assumed the administration of the program. There have been 186 children utilise the opportunity. A fantastic response and a benefit to the sporting community.

- Through the efforts of the Riverside Clubs community group Council has received a \$30,359 Recreational Boating Facilities Scheme Grant which with a \$15,041 Shire contribution will be used to fund the development of a plan for the future development of the Denmark River foreshore from a boating perspective. A working group has been formed and local architects Pixel Trix have been engaged as principal consultants, together with Denmark Greenskills, Denmark Survey & Mapping, Graham Townley, Jez Fleming and Callum Neil in their respective disciplines. The resultant plan will address environmental and cultural heritage issues and will be a blueprint for the future development of these areas.



Geoff Bowley, Jack Ricketts & Cr Ian Osborne on the deck of local classic boat the Tiki during the project team's cruise up and down the river to ground truth the scoping of the Denmark River Strategic Boating Plan.

### **Shire of Denmark Public Library**

This has been yet another busy and rewarding year for the Denmark Public Library. As one of Council's most valued services, the Denmark Public Library enjoys a high level of community satisfaction and support.

The library provides access to a diverse range of collections, services and activities that support intellectual, educational and creative development across the community. Several events were held for National Year of Reading in 2012. Celebrations concluded in December with a final wrap up event which highlighted those events and acknowledged the support of schools, businesses and individuals in the community.

### **Programs and Services**

The library hosted many regular programs for children and adults throughout 2012/2013.

### **Adult Programs**

Programs for adults included a Library based book group, scrabble club for seniors and monthly writing workshops, which were hosted by ABC Open's Susannah Lyons.

All programs are patronised to their full capacity and are enjoyed by all who participate.

### **Children's Programs**

Children's programs, *Better Beginnings*, *Better Beginnings Plus* and *A Smart Start* are regular programs which assist in nurturing a lifelong love of books and reading.

Current AEDI (Australian Early Development Index) results confirm that levels of language and cognitive skills have improved in Denmark, which is a very positive outcome.

A Smart Start, which is now in its 13<sup>th</sup> year of operation in the Great Southern upgraded all the information manuals making this program one to be very proud to be a part of.

Story-Time and Rhyme-Time continue to be one of the most popular activities for children in the Library.

Better Beginnings Morning Teas are held each term for families with new babies. The purpose of the morning tea is to introduce families to the Library and inform them of the services available for children in the community. These morning teas have been very well received.



### **Children's Book Week**

Children's Book Week 2012, which is celebrated each August, is a time to celebrate children's books, authors and illustrators. It was a privilege to invite Broome based author, Brenton McKenna to Denmark. Brenton, who visited all the schools in Denmark, is Australia's first indigenous graphic novelist.

### **Author Events**

Popular children's author Mark Greenwood presented lively workshops in November 2012, to Denmark Primary and High School students. Mark's visit which was sponsored by Writing WA was a National Year of Reading event.

"Meet the Author" events, with Isobelle Carmody and Karen Thompson Walker were enjoyed by over 160 people. These events were made possible by working in collaboration with Bookmark and Write in the Great Southern, and Perth International Arts Festival.

Annabel Smith visited in late February to a smaller audience and in June author Deborah Abela was invited to present a workshop for 12 students from the Denmark Primary School and Golden Hill Steiner School. This workshop was extremely worthwhile and the students who attended were most appreciative.

## E Resources

While the Denmark Public Library will continue to provide access to all resources, public libraries are at a critical point in the evolution of information technology. The State Library of WA has sought to include EBooks in the catalogues and have purchased a state wide license to EBooks using Overdrive.

Denmark Library is participating with Overdrive and Library patrons can utilise this service using their library card. The number of EBooks downloaded has increased each month, and have doubled since September 2012 when State Library of WA bought the state wide license and made this resource available.

## Regional Activity Plan

The Shire of Denmark agreed to participate in the Regional Library Network for the Great Southern for 2013/14.

Future plans for the region, in conjunction with Albany Public Library as the host/regional Library which includes support, coordination of regional meetings, training, annual visits and shared contributions to author visits and events.

## Statistics

2012/2013 is the first year that the library statistics have decreased. This appears to be a trend with other libraries and may be due to the popularity of the EBook.

In regards to loans issued, the decrease related to Adult Fiction books and the junior issue has in fact increased.

Category	2010/2011	2011/2012	2012/2013
Loans	67,732	67,838	62,101
Visits	50,243	50,787	48,093
Membership	3,544	3,488	3,367
Enquiries	6,488	8,239	7,720
ILL's	5,060	5,008	5,246

Library staff work hard to provide a space that is welcoming to the public, but are very aware of keeping up with the technological trend.

Free internet access is available for research purposes, an increase in the amount of public access computers, a more prominent public catalogue, access to EBooks, active Facebook page and up to date information on the website are some of the ways we hope to keep up in this changing technological environment.



### Ministerial Visits

Council had the opportunity to meet with the Hon Colin Barnett, Premier of Western Australia, on 2 May 2013 where the Shire President and Councillors took the opportunity to advocate on behalf of the community on a number of important community matters including:

- Waste Water Treatment Plant,
- Sale of Surplus Rural Zoned Land owned by the Water Corporation to the Shire of Denmark for a Shire Waste Facility,
- Light Industrial land acquisition from the Department of Education,
- Blue Wren Lodge – Aged Care Places,
- Transfer of State Community Housing Assets to Not for Profits – (LG Rate Exemption Impacts),
- Country Local Government Funding, and
- Local Government Structural Reform.



There were also two other Ministerial visits during this period, beginning with the Hon Robyn McSweeney, the then Minister for Child Protection; Community Services; Seniors and Volunteering; Women's Interests and Youth, who was extremely impressed by the programs being delivered and the Leadership camps that are facilitated.



The Hon Terry Redman, the then Minister for Corrective Services and Housing, also visited and presented a cheque for \$15,000 in Anti-Graffiti funding.

Minister Redman was extremely positive about the programs now being delivered and the work being done by the Youth Centre team.



### Denmark Youth Services

National Youth Week was used as a platform by the Youth Centre to launch itself under the new name of Denmark Youth Services (DYS) and retain the Friday night drop in program as “Tha House” due to the community’s strong local association with the name. The new name reflects the expanded role and multi-agency usage of the Centre and allows those roles to differentiate the Friday night “drop in” Centre from the additional programs.

### **New Youth Agencies at DYS**

Youth Connections an Albany based youth agency which assist young people disengaged from education and training are trialling the use of the DYS facility for their Youth Worker to meet and work with Denmark based youth clients once a week.

In addition to this a youth worker from the Great Southern Community Drug Service Team (Palmerston) has begun fortnightly visits to the DYS program “Tha House” on Friday evenings.

### **Skate Program Grants**

The Shire of Denmark, City of Albany and Shire of Plantagenet joined forces with Skateboarding Australia to create the Great Southern Skate Hub. This partnership has been successful in obtaining a \$9,000 grant from the Department of Sport and Recreation, on the basis of a matching \$3,000 contribution from each Shire. This grant was used to deliver a series of skate workshops and events throughout our region over a six month period. The Skate Boarding Australia “Great Southern Hub” program is run by Tim Hill who is a local young person and an accredited skateboard coach.



### **Mentoring Young People**

Staff were able to give a Work Placement young person valuable experience of the varied skills needed when working in the youth and social services industry. Denmark Youth Centre was also able to provide time for a young person to complete their Community Service hours as administered by the Youth Justice Team.

### **Arts Program**

During 2012/2013 the Graf Art program was a significant part of the Youth Centre's activities and Denmark was awarded the 2012 Tidy Towns Young Legends Awards for the work done on these projects.

During November and December the Denmark Youth Centre delivered a two day spray can art workshop funded by the Office of Crime Prevention's Anti-Graffiti fund. The workshop involved designing images, priming the surfaces and painting of the Denmark Country Women Association's outside toilet blocks.



The Youth Centre has also been trialling a new art program for young people identified as potentially in need of additional support on Monday afternoons, and the Albany Youth Support Association's Open Access Youth Art Studio began delivering a Wednesday program that was open to all youth. These programs have attracted both new and previous attendees to the Centre with the Wednesday class being the more successful.



### **Monday After School Art Class**

Hazel Moon facilitated the Monday afternoons art class from 3pm to 6pm and has a consistent average attendance of 12 young people. These young people have been identified as in need of additional support, but the focus is on art and providing additional support in developing social skills through common art themes and projects.



### **Wednesday Open Access Youth Art Studio**

The Albany Youth Support Association sponsors an Open Access Youth Art Studio on Wednesdays from 3.30pm to 6pm. This has become one of the most popular and well attended DYS based programs for 2013 with an average attendance of 18 for most sessions, with numbers swelling to 25 at times. It also created more parental involvement with many popping in to check their young peoples' work and tour the facility.

### **Brave New Works Exhibition**

On Saturday 2 March 2013, art works from both classes was set up in a gallery format as part of the Denmark Arts Brave New Works festival. The exhibition featured over forty pieces of art by local young people, several pieces from visiting artists and displays of the art projects completed around the Denmark town site.



*Artist Hazel Moon during the Brave New Works Exhibition*

### **Saturday Art Workshops**

The Saturday Art Workshops have provided a platform for more "Urban Art" in the form of spray painting local power poles along Ocean Beach Road and Brazier Street. These artworks have been positively received with some locals requesting that their home "poles" be painted.

Graffiti vandalism which had occurred below the Denmark Medical Centre sign opposite Supa IGA has now been repainted by 2 local young people, designing and painting their work over the vandalism. New artist Jessie Vincent has captured the interest of local young people with her amazing designs and art ability.

Albany Youth Support Association's Open Access program has provided a Parkour/Acrobatic facilitator to run workshops on Saturday afternoons. These have been successful in attracting new young people to the Youth Centre.



*Denmark youth musicians perform during the Youth Fest*

### **National Youth Week and Youth Fest Event**

The National Youth Week celebrations had the DYS facility open nine out of the ten days between Friday 5 April and Sunday 14 April.

### **School Holiday Program**

During the April/May school holiday period 2013 DYS launched its most comprehensive school holiday program to date, with the facility being open 11 days of the 16. Several new programs were trialed, including a new “Street ball” program based at the Denmark Recreation Centre, which attracted 10 young people. Two days of activities facilitated by “Youth with a Mission”, involving cooking, games, hairstyling and a photography exercise, attracted approximately 10 young people per day. A new program of writing “hip hop” rhymes was trialed with 4 participants.

The October School Holiday Program included a Graffiti Workshop which culminated in the growing number of murals on the Denmark Skate Park designed by a local 12 year old who has been recently developing his artistic skills at the ongoing Wednesday art workshops. Digital DJ, “Wand” making and cooking workshops were also on offer over the holiday period.

### **DYS Street ball**

This program was trialed during the recent school holiday period with Paul Rogers the DYS facilitator, Paul Rogers has previously captained the Perth Wildcats and played in the Australian Olympic Basketball team. This program encourages self-responsibility, fair play and inclusiveness through a self-regulated style of umpiring through a format of not keeping score and balancing the teams for an even game.



*Paul Rogers grabbing a rebound*

### **New clients and parents visiting**

DYS staff have been extremely encouraged to see many new youth attendees during the March and April months, with many parents visiting the facility and returning regularly to pick up their young people and view their art, or contacting the DYS in regards to their young people being in attendance. Many of these are the next generation of attendees only recently turning 12 and several are new to the area. Parent communication is at the highest level the current staff can recall, and is a promising indication for the future of the DYS programs.

### **“Adventure Out – Challenge Within” Leadership Camp**

Another successful challenge camp was run in collaboration with the Denmark High School, the Department of Child Protection and Reconnect Youth Worker Leigh Harris. This camp was run in the Margaret River region with activities such as caving, abseiling, orienteering and rafting.

It is an excellent example of how Denmark Youth Centre is now providing a range of services benefiting young people, other agencies, and the community that are not traditionally offered by a Youth Centre and is more indicative of a more complete youth service.

### **Outward Bound Camp**

Three young Denmark people participated in the April Outward Bound Navigator program. The Denmark Lions Club raised the funding to cover \$1,600 of the \$1,875 course fees for each young person to attend a 12 day leadership program held in Walpole.



## Planning Services

### Planning & Subdivision Applications

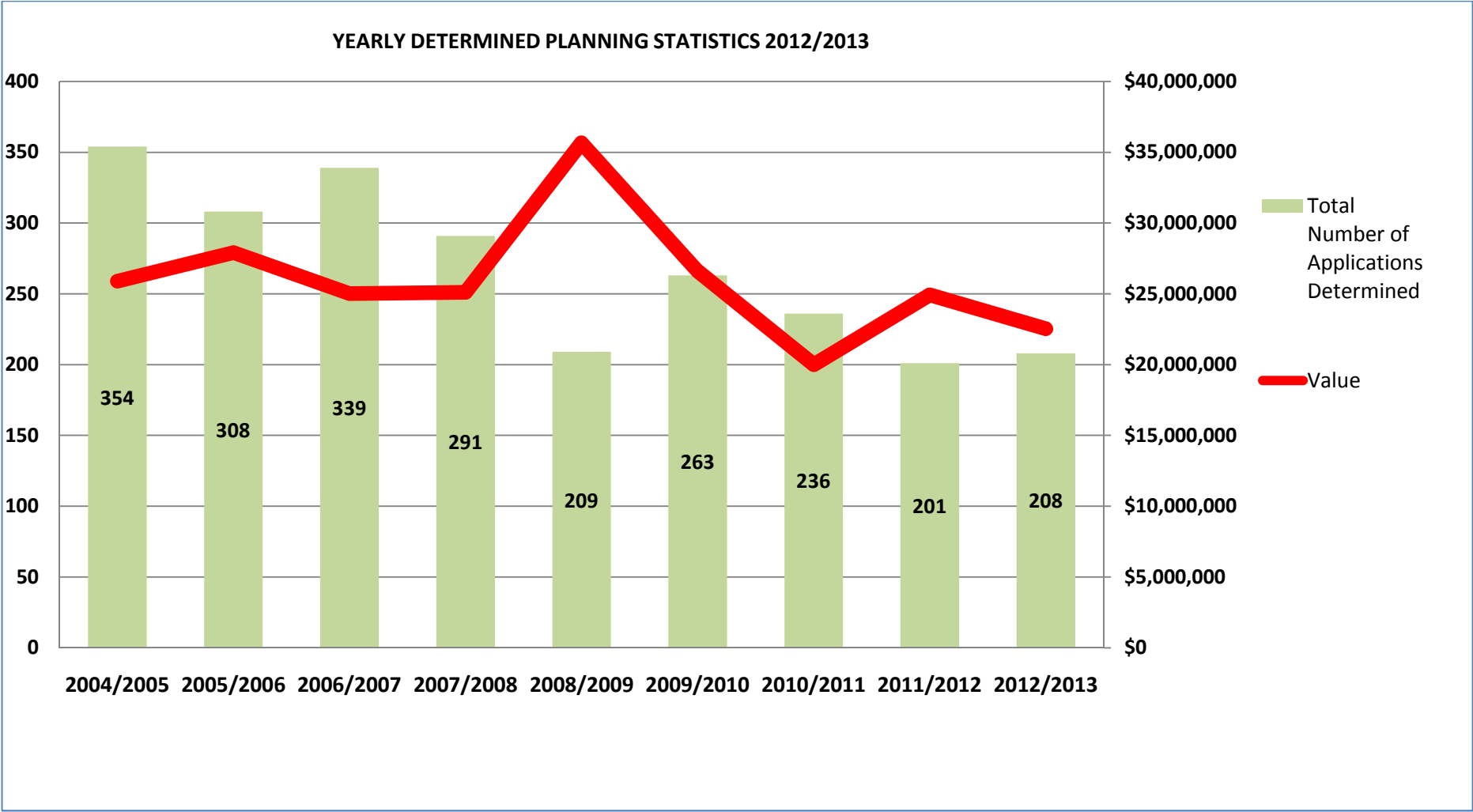
During 2012/2013, Planning Services determined a total of 208 planning applications, with a total value of \$22,502,948. Of the 208 planning applications, 198 (representing approximately 95%) were determined under delegated authority to Planning Services.

Type of Application	Number of Applications Determined	Cost of Development
Single House	60	\$15,171,601
Single House Additions/Alterations	46	\$3,110,987
Grouped Dwellings	1	\$1,073,000
Second House	0	\$316,400
Modification to Building Envelope	1	-
Holiday Home (Standard)	5	-
Holiday Home (Large)	3	-
Holiday Accommodation	6	\$20,000
Outbuilding	53	\$1,195,370
Change of Use	4	\$240,000
Home Occupation	3	-
Signage	4	\$1,500
Aquaculture	2	\$47,500
Use Not Listed	1	-
Commercial & Industrial	15	\$1,609,500
Rainwater Tank	3	\$29,990
Dam	1	\$4,500
<b>Total</b>	<b>208</b>	<b>\$22,502,948</b>

In addition to the above planning applications, one (1) planning application was considered by the Great Southern Joint Development Assessment Panel in 2012/2013, being:

- Planning Refusal of Proposed Park Home Development at No. 421 (Lot 84) Mount Shadforth Road, Denmark (development value of \$18 million).

In relation to subdivision proposals, Planning Services provided recommendations on 18 subdivision applications (freehold and strata subdivisions) to the Western Australian Planning Commission (being the determination body for subdivisions) and under delegated authority from the Western Australian Planning Commission approved 3 built strata applications. Of the 21 subdivision applications, a total of 129 new lots were proposed – 102 residential/special residential lots, 2 special rural lots, 15 tourist lots, 5 rural lots (includes conservation lots) and 5 commercial lots.



### **Local Planning Scheme No. 4**

At the Ordinary Meeting of Council held on 26 March 2013, Council resolved to prepare Local Planning Scheme No. 4 (LPS 4) for the entire municipal area of the Shire of Denmark. Planning Services staff are working on the draft LPS 4 with the aim of substantially progressing it in the 2013/14 financial year.

### **Town Planning Scheme Amendments**

During 2012/2013, the number of Scheme Amendments (including Scheme Amendment requests) progressed were:

- 1 x Scheme Amendment request was lodged with Planning Services for initial consideration by Council as to whether Council supported proceeding to the formal Scheme Amendment request stage, and
- 1 x Scheme Amendment was initiated by Council for advertising purposes.

### **Town Planning Scheme Policies**

Town Planning Scheme Policies are guidelines used to assist the Shire of Denmark in making decisions under Town Planning Scheme No. 3 and may address land use as well as development requirements. During 2012/2013, a review of a range of Town Planning Scheme policies was undertaken and this resulted in the following:

- Adoption of Policy No. 19.4: Holiday Homes,
- Adoption of Policy No. 13.4: Outbuildings,
- Adoption of Policy No. 44: As-of-Right Development, and
- Rescission of Policy No. 2.5: Residential Areas.

## **Sustainability Services**

### **Biodiversity Management**

Sustainability Services staff implement continual ongoing management actions to conserve biodiversity values within Shire bushland, coastal, foreshore and road reserves. Biodiversity activities/projects undertaken in 2012/2013 include:

- Weed eradication and control activities with the Denmark Weed Action Group,
- Biodiversity surveys (flora and birds) on Mt Hallowell and Wilson Inlet Foreshore Reserves with grant funding of \$19,560 provided from State NRM Community Grant Program,
- Facilitation of weed-spraying activities on road verges,
- Finalisation of Memorandum of Understanding with Denmark Weed Action Group in relation to assistance with weed management activities on Shire reserves,
- Revegetation and fencing of waterways on private properties within the Wilson Inlet catchment with the Wilson Inlet Catchment Committee (WICC),
- Installation of seating at Lights Beach viewing platform, and
- Vehicle access management works at Boat Harbour with grant funding provided via South Coast Management Group from the Coastwest funding programme.



*New Seating at Lights Beach viewing platform*

### **Climate Change**

During 2012/2013, Sustainability Services staff worked on the following projects/activities:

- Launch, promotion and marketing of commuter car park near the Denmark Townsite Eastern Approach Tourist Pull-In Bay, and
- Energy and greenhouse gas emissions reporting platform – tracks and reports on greenhouse gas emissions, energy consumption and energy production.



*Cr John Sampson opening the new commuter car park*



## Environmental Education and Community Events/Projects

Environmental education and community events/projects that the Shire supported in 2012/2013 were as follows:

- Sustainable Living Expo,
- Small Property & Harvest Festival,
- Development of the Wilson Inlet Management Strategy,
- Munda Biddi Trail,
- Planning for Salty Summer Community Education Program, and
- Community Flora Survey Field Day.

## Engineering Services

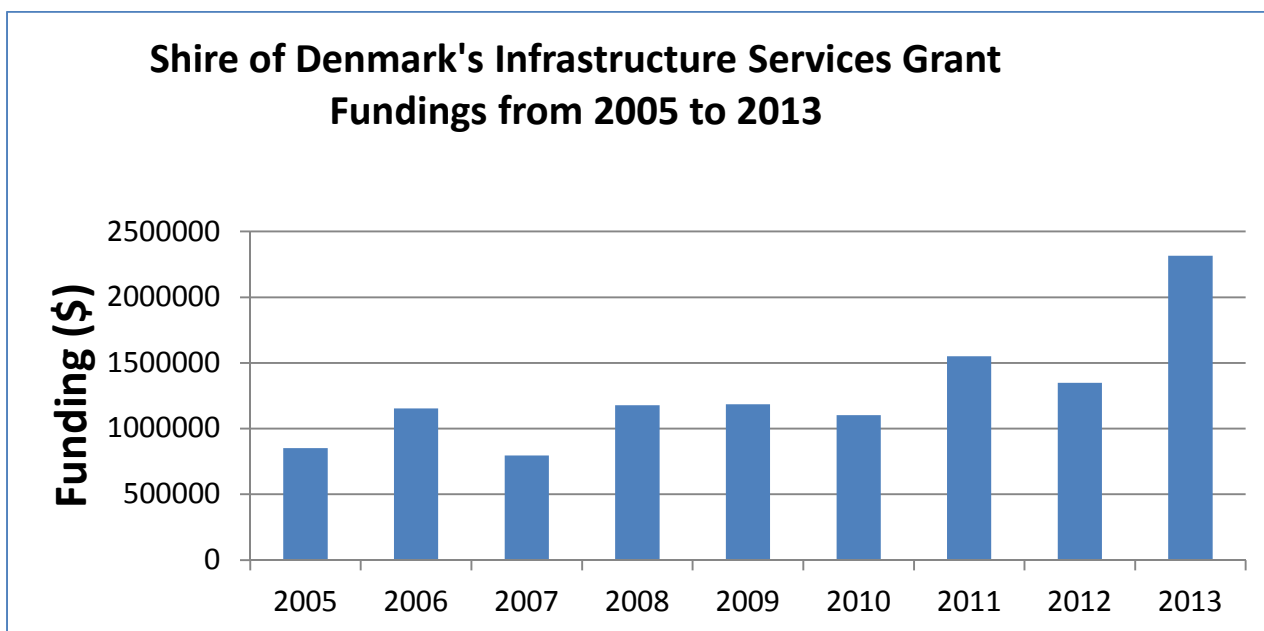
The Shire Works Crew, which comprises road works, parks and gardens and refuse workers were again busy in ensuring vital services and infrastructure continued to meet the expectations of local residents and visitors alike. The following major projects were completed in 2012/2013;

• MRWA Project - Scotsdale Rd	\$1,170,402
• MRWA Project - William Bay Reseal	\$31,190
• CRF - Fernley Rd Gravel Re Sheeting	\$54,741
• CRF - Board Rd Gravel Re Sheeting	\$121,421
• CRF - Kordabup Rd Gravel Re Sheeting	\$102,513
• CRF - Sunny Glen Rd Gravel Re Sheeting	\$33,628
• Roads to Recovery - Harewood Rd Re Seal	\$95,241
• Roads to Recovery - Re sheeting Program	\$89,024
• Bridge Construction - Valley of the Giants	\$51,000
• Bridge Construction - Heritage Trail Rail Bridge	\$118,543
• Bridge Construction - Scotsdale Rd Bridge #4260	\$240,000
• Blackspot Project - Mt Shadforth Rd	\$107,114
• Blackspot Project - South Coast Hwy	\$57,350
• Commuter Car Park - Denmark Country Club	\$6,018
• Hamilton & Howe Rd's Sealing	\$12,162
• Randall Park - Car Parking & Footpath	\$68,898
• Regional Bicycle Network - Horsley Rd	\$109,386
• Royalties for Regions - CBD Redevelopment	\$262,634
• Royalties for Regions - Peaceful Bay Footpath	\$80,003

Council's Infrastructure Services continues to source competitive external funding from State and Federal Governments to undertake key infrastructure projects throughout the Shire.

The major contributors are:

- Main Roads WA with road project and Blackspot funding to improve road safety and help preserve significant local roads of regional importance. Examples of the use of this funding are improvements to Scotsdale Road, the Highway through town, resealing of Valley of the Giants Road and various bridge repairs.
- Country Pathways with footpath network improvements intended to link larger communities with key destinations like town centres, schools, recreational areas using safe alternatives to motor vehicles. Path improvements have included Ocean Beach Road, Inlet Drive and Horsley Road.
- Recreational Boating and Fishing with projects like Denmark Rivermouth jetty area and Nornalup jetty carpark.
- Commodity Route funding designed to assist with improvements to minor roads transporting commodities like timber, grain and minerals to get to major roads, and
- Lotterywest providing funding for miscellaneous projects that cannot be financed elsewhere like the recent maintenance to the Heritage Trail Rail Bridge.



Shire of Denmark Developer Contributions is a funding mechanism designed to assist with the inevitable future upgrades to existing infrastructure as the Shire population increases.

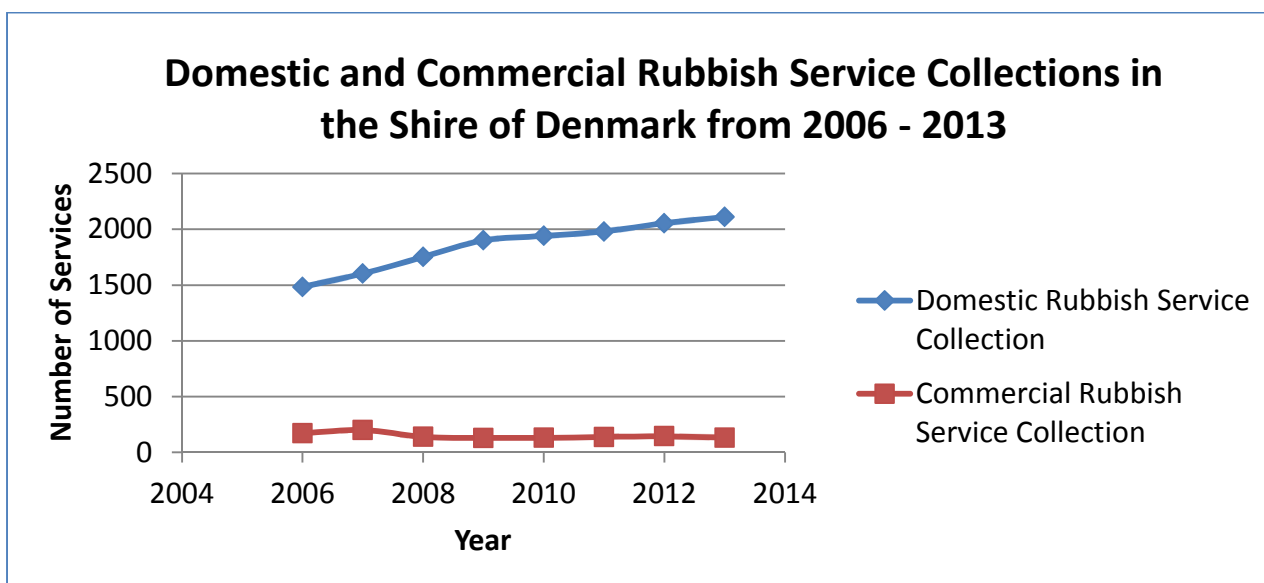
The initiative commenced in 2010 and is linked to future population densities as shown in the town planning scheme. Developers are required to partially contribute to existing infrastructure within the town centre and along the major roads feeding into the town centre.

As the town develops this fund will grow. The contributions are only paid once actual development occurs. The money will be used for upgrades to roads, footpaths, intersections, drainage and street lighting.

### Domestic and Commercial Rubbish Services

Population growth continues to put upward pressure on current resources for dealing with waste. A review of the collection services will be undertaken in 2014 to try to reduce some of the current pressure points that exist.

Commercial collections have slowly declined since 2007 as regional contractors supply diversified services to businesses like bulk skip bins.



## **Fire Prevention and Emergency Management**

### **Prevention**

#### **Prescribed Burn Program**

During the year a large area on the West boundary of the Denmark Cemetery was hazard reduced by burns conducted by the volunteer Bush Fire Brigades supported by the Community Emergency Services Manager (CESM). An area to the north and west of Blue Wren Lane was also subject to hazard reduction burns.

The hazard reduction working group established by the Bush Fire Advisory Committee continues to review Shire land in order to manage fuel loads and schedule burns.

Local Government managed Bush Fire Brigades have also been contracted to undertake a number of private property hazard reduction burns that have reduced the fuel load across these properties and have provided a useful “hot” training opportunity for volunteer firefighters.

#### **Community Information**

Leading up to the 2012/2013 fire season a public display and information stall was conducted in Strickland Street by the CESM supported by Bush Fire Brigade volunteers. A similar stall was also held in Berridge Park during the Australia Day breakfast celebrations.

The Department of Parks and Wildlife conducted an information session in Denmark to provide information to the public on their prescribed burn program on DPaW managed land across the Shire of Denmark.

#### **Legislative Review**

The Department of Fire and Emergency Services (DFES) have been undertaking a review of the three Acts which govern the operation of emergency services in Western Australia, the Fire Brigades Act 1942, Bush Fires Act 1954 and the Fire and Emergency Services Act 1998. DFES has encouraged comment from individuals and entities. Subsequently the Shire Council provided feedback to the review that they believed that local interests would be best served by the Shire of Denmark retaining management of local Bush Fire Brigades, however conceded that for some local government areas their interests would be better served by DFES taking management control of their brigades.

#### **AWARE Project**

The Shire of Denmark received funding through the “All West Australians Reducing Emergencies” project that is administered by the State Emergency Management Committee.

These funds have been utilised to conduct field work to document details relevant to the risk assessment of Shire managed reserves which will be entered into a data base. This information will assist with the development of hazard reduction plans for each reserve.

### **Preparedness**

#### **Training**

During 2012/2013 training calendars were developed by the CESM in conjunction with DFES District Manager Russell Gould with the following training courses conducted:

- Introduction to Fire Fighting (twice),
- Bush Fire Fighting (twice),
- Sector Commander,
- Fire Bomber Reloading,
- AIIMS Awareness,
- Structural Fire Fighting,
- Pump Operations,
- Fire Control Officer, and
- Senior First Aid.

The CESM continued to work in cooperation with the Shire of Plantagenet, City of Albany and Denmark Volunteer Fire and Rescue Service (DVFRS) training calendars. This has allowed volunteers from Bush Fire Brigades, State Emergency Service and Fire and Rescue Service more options to attend available courses and assists in ensuring that courses are not postponed due to lack of numbers.

There were three zone training sessions in the lead up to the fire season to assist brigades with hands on skill based training. These sessions are designed to bring brigades together to allow volunteers to train collectively and work on their skills for the fire season. An emphasis was placed on radio communication training and navigation in these sessions.

Following on from the introduction of a Denmark Standard Operating Procedure that detailed minimum training standards the CESM has worked with Bush Fire Brigades to upgrade the skills of existing members by drawing on their prior knowledge without having to undertake the formal courses primarily designed for new members.

Basic bushfire safety and survival training was also provided to senior students at the WA College of Agriculture Denmark.

A training session was conducted with relevant Shire employees to refresh their skills in preparing the Emergency Control Room at the Shire offices to ensure that it can swiftly be set up to assist with the management of larger emergency incidents.

### **Emergency Services Cadets**

The emergency service cadet program continues to grow with in excess of twenty five cadets regularly attending training. The cadets continue to be supported by volunteers from various emergency services in Denmark.

### **Emergency Management Equipment and Support**

During the year the fire appliances at Mehniup and Parryville reached the end of their service life and were replaced with new vehicles.

The Shire of Denmark continues to financially support the fire and emergency service activities across the Shire and this expenditure is supplemented by a contribution from the Local Government Grant Scheme (formerly ESL) which is administered by DFES.

Funds were spent to ensure that Bush Fire Brigades were adequately resourced and that existing vehicles, buildings and equipment were maintained.

The Shire continues to maintain two committees that provide support to the efforts of volunteers to maintain readiness to deal with emergencies. The Local Emergency Management Committee (LEMC) is made up of members of relevant government agencies and volunteer organisations and maintains the Local Emergency Management Arrangements that guide agencies in dealing with emergency incidents. LEMC also ensures that local agencies from time to time conduct exercises to test the Arrangements. During the year a LEMC exercise was conducted to test evacuation arrangements in Weedon Hill supported by Bush Fire Brigades, Fire and Rescue Service, State Emergency Services, St John Ambulance and Police from Denmark and Walpole.

The second is the Bush Fire Advisory Committee (BFAC) that comprises Fire Control Officers from across the Shire, DFES, DPaW and a Councillor Representative. BFAC provides advice and recommendations to the Shire Council on matters relating to the ability of the Shire to deal with the threat of Bushfire.

### **Response**

The Shire of Denmark Volunteer Bush Fire Brigades attended to a total of twenty five incidents over the last financial year. Whilst Denmark experienced some severe fire weather conditions there were few sources of ignition and the number of incidents was considerably down on the previous year. All fires were contained as level one incidents thanks to prompt responses by the volunteer brigades and the incident management team and were controlled by either the local



brigades or the CESM. The brigades also provided appliances and firefighters to assist with combatting large fires in the Bremer Bay area.

The SES was also kept busy during the year responding to localised flash flooding and storm damage and also provided assistance responding to incidents outside the Shire.



*Emergency Services in Action*

## **Recovery**

The recovery plans were not invoked during the last financial year.

## **Recognition**

The “Feast Not Fire” Dinner for the Denmark Volunteer Bush Fire Brigades held at Southern End Restaurant in May was again a great success and proudly supported by the Shire of Denmark.

Recognition was also provided to local volunteers through the Thank a Volunteer Day in November and the blessing of the emergency fleet at Walpole.

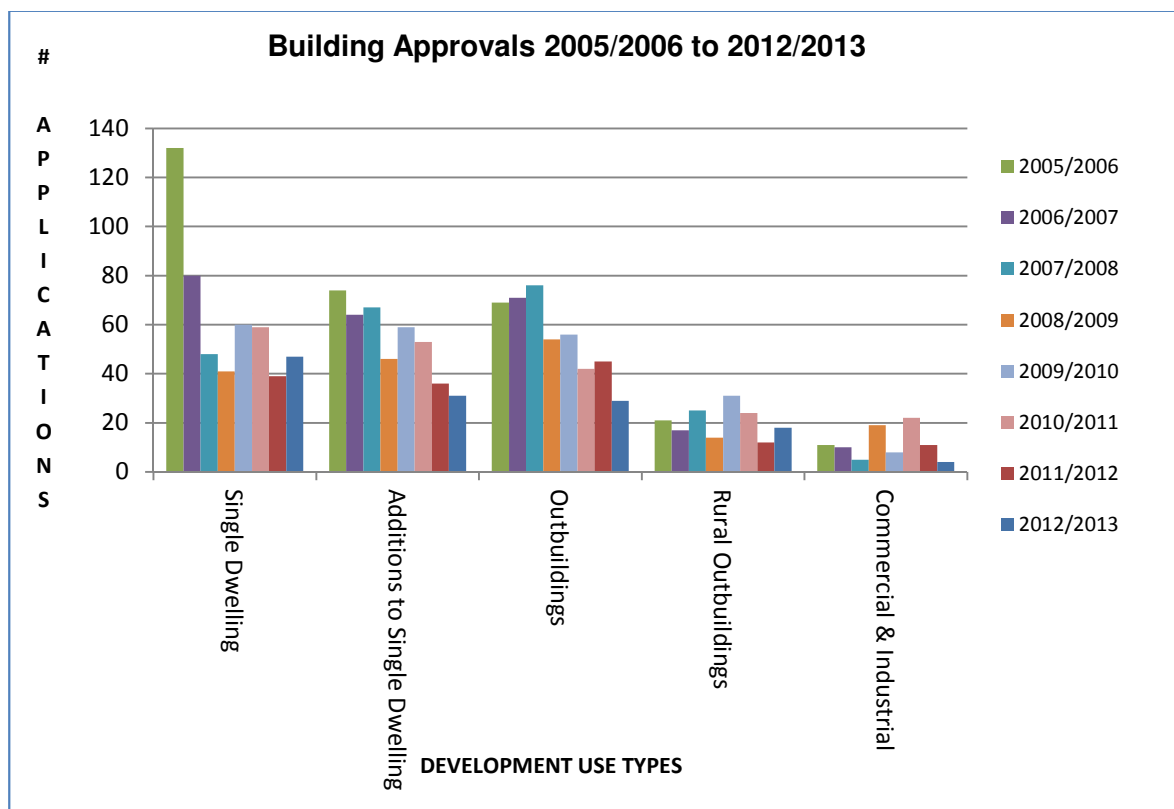
## Building Services

With the introduction of the new Building Act (2011) and Regulations (2012) the process of approving new buildings now involves certification of the building design followed by issue of a building permit. Documentation of this process has required the introduction of a new series of application, certification and completion forms. The Building Commission was slow in releasing the relevant forms and procedural instructions and some which were not in place when the Act came into force leading to a situation where the application of the Building Act is still evolving at a Local Government level.

In terms of building activity it can be seen that the 2012/2013 statistics reflect a similar trend in the number of development approvals in comparison to preceding years and a 5.6% increase in total value of approved work. In fact the first half of the year continued the gradual decline of building activity however the months January to July showed a turn around and increase in building activity.

Building Statistics Summary 2012/2013				
Description	No. of Permits Issued		Total Value of Approved Work	
	2011/2012	2012/2013	2011/2012	2012/2013
Single Houses	39	47	\$ 11,121,630	\$12,663,064
Additions to Single Houses	36	31	\$ 1,102,394	\$841,387
Outbuildings (Not Rural)	45	29	\$ 730,732	\$639,100
Rural Outbuildings	12	18	\$ 241,410	\$422,273
Commercial & Industrial	11	4	\$ 1,117,734	\$602,000
<b>TOTAL</b>	<b>143</b>	<b>129</b>	<b>\$ 14,313,900</b>	<b>\$15,167,824</b>

2012/2013 developments represent a total investment value of \$15,167,824 an increase of \$853,924 from the 2011/2012 financial year.



## Law and Order

Ranger's activity for the 2012/2013 year was as follows, with a comparison of previous years for information purposes:

**Table 1 - Summary of Rangers Activity**

Category	2012/2013	2011/2012	2010/2011	2009/2010	2008/2009
<b>Dog Control</b>					
Impounded	58	39	44	45	53
Cautions	43	62	63	20	73
Verbal Warnings	Not recorded	209	282	196	239
Infringements	12	9	4	11	9
<b>Bushfire</b>					
Cautions/Education	456	85	179	0	0
Warnings	199	0	0	31	38
Fire reports	11	7	10	6	Not recorded
Infringements	27	12	14	1	0
<b>Litter Control</b>					
Verbal Warnings	Not recorded	10	3	0	0
Infringements	1	0	0	0	13
<b>Camping</b>					
Cautions	16	41	44	48	22
Infringements	5	4	0	1	4
<b>Miscellaneous</b>					
Off Road Vehicle warnings	5	2	0	6	44
Off-road Vehicle Infringement	0	1	0	0	0
Kangaroo removal	55	58	55	49	Not recorded
Roaming livestock	98	109	131	99	Not recorded
Livestock Infringement	5	1	0	0	0
Snake removal	13	20	35	37	Not recorded
<b>Car parking</b>					
Cautions	174	59	74	100	140
Verbal warnings	Not recorded	216	343	302	248
Infringements	62	13	4	5	7

The Shire of Denmark Ranger Services has taken on a new look this year with their first female Senior Ranger Charmaine Shelley, after the resignation of Dick Dimmock. The Council recognise his dedication and commitment as Senior Ranger and wish to express thanks to Dick for the excellent 12 years that he devoted to the Shire. David Lonie has recently joined the Rangers team full time after working casual for the past two years, Dave has a lifetime of farming and local knowledge and was the FCO of East Denmark Bush Fire Brigade for 25 years, this all being beneficial to the role of a Ranger.

One of the major roles and the most important for the Ranger Services is Fire Regulation Notice compliance to properties throughout the Shire of Denmark. Rangers are taking a more active role liaising with property owners and contractors to ensure that the work necessary to be carried out will meet requirements of the Fire Regulation Notice. This can be seen with the monthly reports on the increased number of fire regulation education increasing.

Community events attended to by the Rangers this year included the Denmark Arts Markets, Australia Day Breakfast, Anzac Day Parade, Chamber of Commerce Christmas Parade, and New Years Eve at Peaceful Bay. These events all bring an influx of visitors to our town, requiring out of hours attendance and increased work load, requiring casual Rangers to be bought in from time to time to assist.



Ranger Services covers many varying activities throughout the year from public education and awareness, collecting evidence and statements, stock out, unregistered dogs, the new Cat Act 2011 making it law to have cats registered and micro-chipped, and increasing number of visitors, with parking compliance being necessary for the CBD to ensure sufficient parking is available.



*Assistant Ranger Bob Barber at the Wilson Inlet bar opening*

## **Public Health**

During the 2012/13 year the following activities were undertaken by the Principal Environmental Health Officer and by the Director of Community and Regulatory Services:

- 1) A Noise Management Plan for gas guns was advertised for public comment and presented to Council.
- 2) One suspected food-borne disease incident (norovirus) was reported. Inspections were carried out and education was given to the food premises. Patients were interviewed and all related forms were sent to the Health Department. The outcome was that the norovirus was not linked to a specific food premises in Denmark.
- 3) The “I’m Alert” food programme has been a useful tool that most food handlers have completed.
- 4) Ongoing monitoring of smoke pollution in Denmark and advising community members in how to reduce smoke pollution.
- 5) Water sampling regarding the water quality in the Wilson Inlet implemented by the Principal Environmental Health officer is still ongoing. This program was focused on recreational contact points that are near Denmark’s CBD and the Rivermouth sewerage outfall. Ongoing water samples at Peaceful Bay, Nornalup and the McIntosh Tip also have been conducted.
- 6) The preparation of appeals regarding licence conditions and lobbying regarding improvements to the Water Corporation’s Denmark sewerage treatment plant and getting this effluent diverted away from an inlet discharge to a land based irrigation model.
- 7) Providing technical support to elected members that are participating in the DERAG community consultation panel that is assisting the Department of Environmental Regulation and the Water Corporation with establishing licencing conditions for the new plant.



- 8) One Child Care facility is currently busy with their Food Safety Plan & Audit.

The following activities were also undertaken:

**Onsite Effluent Disposal**

46 septic tank approvals were issued.

**Complaint Responses**

49 formal complaints were responded to.

**Sampling Program**

266 water samples were taken comprising, 18 chemical and 247 bacteriological samples and 1 Campylobacter sample.

**Caravan Parks**

7 Caravan and camping ground inspections were undertaken during 2012/2013.

**Food Premises**

210 Food premises assessments were carried out.

11 Food businesses registration certificates were issued.

51 Stall holder's licences have been issued.

**Home Holiday Accommodation**

10 new Home Holiday accommodation and 2 B & B premises were inspected and 16 existing Home Holiday accommodations were inspected.

**Meat Inspections**

12 meat inspections were carried out.



*Principal Environmental Health Officer Robert Ohle taking water samples*

## **STATUTORY REPORTING MATTERS**

(As prescribed by legislation)

### **Overview of Plan for the Future**

(Local Government Act 1995 Section 5.51 (2) (e))

Section 5.56 of the Local Government Act 1995 requires a Local Government to plan for the future of the district.

This requirement, which replaced the previous Principal Activities Plan, has now been further defined by the Act to require all local authorities to adopt a Ten Year Strategic Community Plan and Corporate Business Plan by 30 June 2014. Progress towards achieving these statutory objectives is currently being progressed by staff.

Council undertook significant consultation with our local community and property owners through the year with respect to the formation of a Strategic Community Plan where members of the community invested time and energy into contributing to the various workshops, meetings, calls for submissions etc. that formed part of this process.

The Shire of Denmark Strategic Community Plan was adopted by Council in October 2013.

### **Local Laws**

During the reporting year Council did not adopt nor review any new local laws.

### **Public Interest Disclosure Act 2003**

In accordance with this legislation, procedures have been implemented to facilitate reporting and action on public interest disclosures.

During the 2012/2013 reporting period no public interest disclosures were lodged.

*Responsible Officer: Mr Kim Dolzadelli; Director of Finance and Administration*

### **Disability Access and Inclusion Plan 2013 to 2018**

Council adopted a new Shire of Denmark Disability Access and Inclusion Plan (DAIP) in July 2013 which was subsequently lodged with the Disability Services Commission, pursuant to the Disability Services Act 1993. The next major review of the DAIP is scheduled for June 2018 and the Council's Disability Services Advisory Committee has the ongoing task of working towards achieving the seven (7) major outcomes of the plan.

The DAIP builds on the capacity for people with disabilities to access services, facilities and information in a way that promotes independence, opportunities and inclusion in the community and promotes participation in decision making processes.

The 2013 DAIP identifies 18 strategies to achieve the (7) outcomes. The Disability Services Advisory Committee have commenced working through an Implementation Plan to undertake the actions required to attain the goals which are detailed in the DAIP.

Council has achieved a number of outcomes which were consistent with the previous 2007 Disability Access & Inclusion Plan. These include:

- The Strickland Street CBD upgrade resulted in significant improvements for disabled access around the CBD shopping area, including accessible car parking facilities. The Disability Services Advisory Committee was able to view and make comment on the proposed parking plan for the area.
- The Disability Services Advisory Committee is represented on the Council's Paths & Trails Advisory Committee and the CBD Redevelopment Working Group with dual members.

- Council adopted a Policy in recognition of the needs of the elderly and / or infirmed, to provide a service to those residents utilising Council's wheelie bin rubbish service but are, due to their age or condition, unable to wheel their bin from the front of their property to the kerb line and return.
- In May 2012, Council adopted a Policy about the International Day of People with Disability.
- Council facilitated a Mobility Expo in December 2012 in recognition of the International Day of People with Disability. RAC conducted the training and the event was well attended.
- Monthly Disability Services Advisory Committee meetings were held over the 2012/2013 financial year. The Committee had the opportunity to look at, and comment on, the Department of Parks & Wildlife's William Bay Master Plan, the Council's proposed Civic Centre Redevelopment Concept Plan and the Council's proposed Plane Tree Precinct Concept Plan.
- An ablution block was constructed in the newly established Kwoorabup Community Park and these toilets were made universally accessible.

Accessibility information has been made available on Council's website.

### **Recordkeeping Plans**

During 2004 Council adopted a recordkeeping plan in accordance with the State Records Act 2000. This Plan was comprehensively reviewed during 2009/10 as a result of the introduction of the Electronic Records Management System (ERMS) and again has undergone a further review and amendment in 2012/2013 to reflect recent changes in legislation as well as the initiation of the Shire of Denmark Facebook page and the requirement to amalgamate that information into the records practices of the Shire.

This latest version has been reviewed and rationalised with the assistance and advice of the State Records Office and will be tabled at the March 2014 meeting of the State Records Office committee and subsequently presented to Council.

Arising from this Plan, Council has adopted a series of policies and procedures that will ensure that records are captured, stored and retained in accordance with the State Records Act 2000.

Staff continue to undergo training in the ERMS and record keeping practices generally, to ensure that all appropriate records are captured and retained and that a system is in place to allow the records to be retrieved. The induction manual for all staff also includes directions on recordkeeping requirements, roles and responsibilities.

### **Freedom of Information Requests**

During the 2012/2013 year, Council received one request for information under Freedom of Information Act.

Council prides itself on being both accountable and accessible to electors and unless containing certain matters such as personal information etc. is generally able to satisfy all requests for information on any Council related matter outside of the requirements of this Act.

*Responsible Officer: Mr Kim Dolzadelli; Director of Finance and Administration*

### Complaints Lodged Under Provisions of Local Government Act 1995

The Local Government Act was amended during 2007/2008, providing for a new complaints system for breaches of the Act by Councillors and Staff. No complaints were received during 2012/2013.

*Responsible Officer: Mr Kim Dolzadelli; Director of Finance and Administration*

### Employee's 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 entitlement:

Set out below, in bands of \$10,000, is the number of employees of the Shire remunerated with an annual salary of \$100,000 or more.

Salary Range \$	Number of Employees
100,000 - 109,999	1
110,000 - 119,999	0
120,000 - 129,999	0
130,000 - 139,999	0
140,000 - 149,999	0
150,000 - 159,999	1



*Australia Day Breakfast Berridge Park Denmark*



# Independent Auditor Report



15 November 2013

Councillors  
Shire of Denmark  
PO Box 183  
DENMARK WA 6333

Dear Councillors,

## **Audit for the year ended 30 June 2013**

We are pleased to report that our audit of the Shire of Denmark's financial statements and records for the year ended 30 June 2013 is now complete.

Accordingly we enclose a signed copy of the financial statements and audit certificate for your attention.

We confirm that we will arrange for one copy to be forwarded directly to the Department of Local Government, and the Shire President on your behalf.

Prior to reporting findings for Council and Management of the nature of audit tests conducted. The work undertaken by us to form an opinion is permeated by judgment, in particular regarding the nature, timing and extent of the audit procedures for gathering of audit evidence and the drawing of conclusions based on the audit evidence gathered.

In addition, there are inherent limitations in any audit. These include the use of testing, collusion and the fact that most audit evidence is persuasive rather than conclusive. As a result, our audit provides reasonable – not absolute – assurance that the financial systems of the Shire of Denmark are functioning reliably.

In general we found the financial statements presented for audit were well prepared and supporting audit papers were complete and readily available.

We undertook a complete assessment of the Shire's financial systems and assessed areas of risk.

We are pleased to report that this review confirmed the strong internal controls within the financial and reporting systems of the Shire of Denmark.

.../3

PO 74 Frederick Street PO Box 494, ALBANY WA 6331  
info@lincolns.com.au lincolns.com.au  
(08) 9841 1200 (08) 9842 1034

**Comment on Financial Position**

The following table compares your financial ratios (note 19) to standards prescribed by the Local Government Regulations:

Ratio	Description	Result	Prescribed Standard
Current Ratio	Indicates the Shire's ability to meet short term debt obligations.	1.248	The standard is met if the ratio is greater than 1.
Asset Sustainability Ratio	Indicates that the Shire is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.	1.438	The standard is met if the ratio is 0.9 or higher.
Debt Service Cover Ratio	Indicates the Shire's ability to repay its debt including lease payments.	5.022	A basic standard is met if the ratio is greater than or equal to 2. An advanced standard is met if the ratio is greater than 5.
Operating Surplus Ratio	Indicates the Shire's ability to cover its operational costs and have revenues available for capital funding or other purposes.	(0.091)	A basic standard is met between 0.01 and 0.15. An advanced standard is met if the ratio is greater than 0.15.
Own Source Revenue Coverage Ratio	Indicates the Shire's ability to cover its costs through its own revenue efforts.	0.697	A basic standard is met if the ratio is between 0.4 and 0.6. Intermediate standard is between 0.6 and 0.9. An advanced standard is met if the ratio is greater than 0.9.
Asset Consumption Ratio	Measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost	0.599	The standard is met if the ratio is 0.5 or greater. The standard is improving if the ratio is between 0.6 and 0.75.
Asset Renewal Funding Ratio	Measures the ability of the Shire to fund its projected asset renewal/replacements in the future.	N/A	The standard is met if the ratio is between 0.75 and 0.95. The standard is improving if the ratio is between 0.95 and 1.05.

-3-

Other Matters

During our audit we noted no other matters which we wish to bring to Council's attention.

In conclusion we take this opportunity to thank Steve and your administration staff for their pleasant and co-operative assistance throughout the audit.

Should there be any matters that you would like to discuss further please do not hesitate to contact us.

Kind Regards



Russell Harrison  
Partner

Enc

## INDEPENDENT AUDITOR'S REPORT TO THE RATEPAYERS OF THE SHIRE OF DENMARK



### *Report on the Financial Report*

We have audited the accompanying financial report of the Shire of Denmark, which comprises the balance sheet as at 30 June 2013, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

### *Management's Responsibility for the Financial Report*

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

### *Auditor's Responsibility*

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

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

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

### *Independence*

In conducting our audit, we have followed applicable independence requirements of Australian professional ethical pronouncements.

70-74 Fredericks Street PO Box 494, ALBANY WA 6331  
info@lincolns.com.au lincolns.com.au  
(08) 9841 1200 (08) 9842 1034



## **INDEPENDENT AUDITOR'S REPORT TO THE RATEPAYERS OF THE SHIRE OF DENMARK**

### ***Emphasis of Matter***

Local Government Act 1995 section 6.4 and Local Government (Financial Management) Regulations 1996 (as amended), regulation 50 (1)(c) requires that the annual financial report include an asset renewal funding ratio. Council is unable to calculate the asset renewal funding ratio as supporting data was not available at the time of preparing the annual financial report.

### ***Auditor's Opinion***

In our opinion, except for the above emphasis of matter, the financial report of the Shire of Denmark is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- (a) giving a true and fair view of the Shire's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

### ***Other Matters***

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

- (a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- (b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- (c) All necessary information and explanations were obtained by us.
- (d) All audit procedures were satisfactorily completed in conducting our audit.
- (e) In relation to the Asset Consumption Ratio and Asset Renewal Funding Ratio presented at page 38 (Note 19) of this report, we have reviewed the calculations as presented and in our opinion these are:
  - i) Based on verifiable information; and
  - ii) Reasonable assumptions.



Russell Harrison, Partner  
Lincolns Accountants and Business Advisers  
70 - 74 Frederick Street, Albany WA  
Dated this 15<sup>th</sup> day of November 2013.

## 2012/2013 Annual Financial Report Executive Summary

The following is a summary of the financial position of the Shire of Denmark as at 30 June 2013. It is designed to summarise and provide comment on the financial information contained within the Annual Financial Report to assist Electors in comprehending this information.

### Overall Financial Position

The Shire of Denmark's Net Result was \$2,397,716 a decrease on the 2011/2012 result which was \$3,978,673, however the difference was attributable to the bringing to account approximately \$3.2 million of road assets handed over to Council by property developers in 2011/2012 which were not previously recognised as financial assets of the Shire.

The Council has strong financial reserves and a relatively low loan borrowing position (excluding self supporting loans), all good indicators of our capacity to fund future projects and ongoing financial commitments. The Draft Long Term Financial plan, currently being prepared for Council prior to seeking public comment, addresses this issue over the ten year life of this Plan.

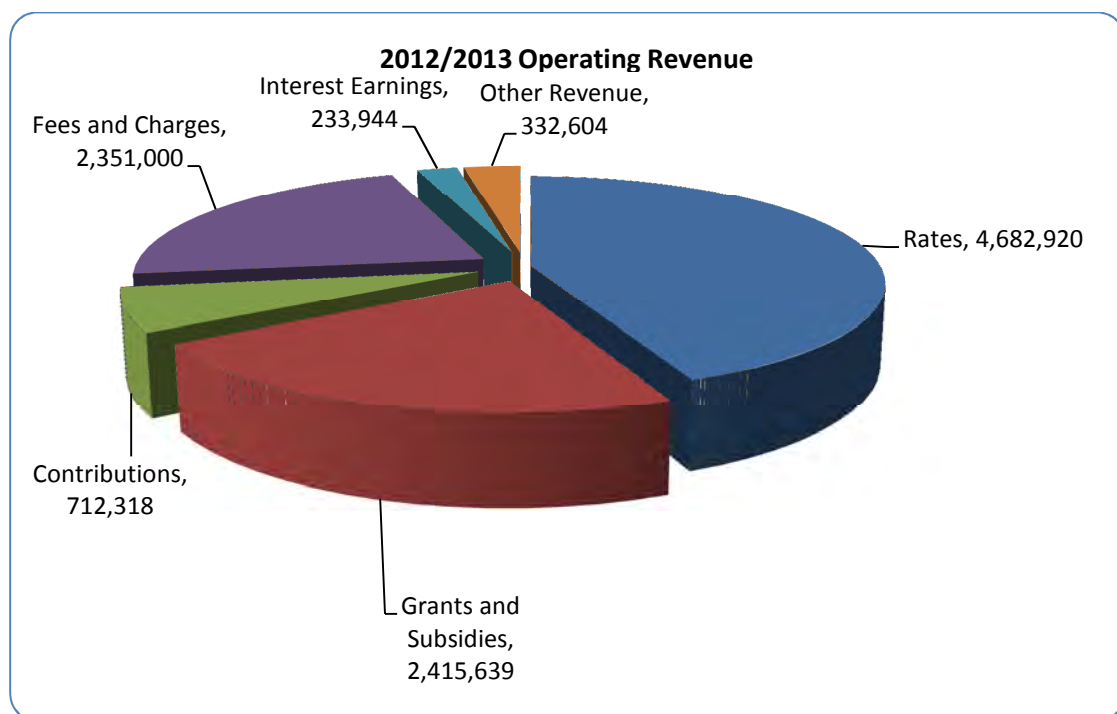
The biggest financial concern for the Shire is our need to carefully manage expenditure, particularly salaries and wages costs as our single biggest expenditure item, and ensure they do not reach levels where annual increases (CPI increases, new positions etc.) do not exceed additional income to be received by Council.

### Summary of Income and Expenditure

Council's various income and expenditure streams are classified into certain types, specified by the Local Government (Financial Management) Regulations 1996. These classifications are based on either Program (Governance, Recreation and Culture etc.) or Nature and Type (employee costs, rates, insurance etc.).

The following graphs are designed to illustrate where the main sources of revenue for the Shire are derived from and where it is spent.

**Fig 1 - 2012/2013 Operating Income by Nature and Type (\$)**



## Rates

Rates paid by property owners are the single largest income stream available to the Shire.

The number of properties that comprised the rates base of the Shire increased by 26 properties which continues a return to the steady growth experienced in the Shire.

This is an important indicator for the Shire, as growth in the number of rateable properties allows the rates burden to be borne by an increased number of owners and reduces the pressure on Council to increase rates on existing owners when determining the annual budget.

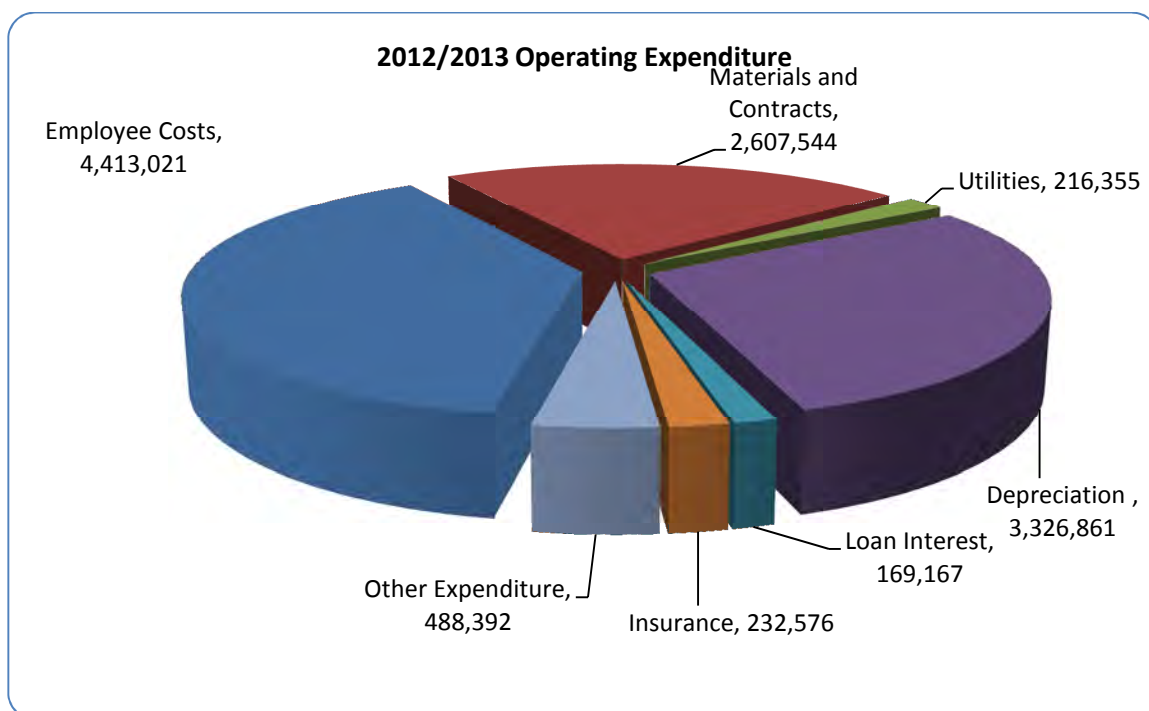
During 2012/2013 Council held numerous workshops to address anomalies in rating of property; after much debate Council introduced a fairly complex set of differential rate codes for implementation effective 1 July 2013.

The average rates, excluding all service charges, paid by the owner of a four bedroom and two bathroom residence was \$1,124.31 up from \$1,038.31 in the previous year.

**Table 1 – Summary of Rates Base History for Shire of Denmark Total Asset Expenditure**

Year	No of Rateable Properties	Total Rates Levied	Ave Residential Rate (A2077)
2012/2013	3,837	\$4,682,290	\$1,124.31
2011/2012	3,811	\$4,242,245	\$1,038.31
2010/2011	3,772	\$3,919,755	\$908.41
2009/2010	3,656	\$3,700,382	\$856.99
2008/2009	3,636	\$3,404,550	\$820.10
2007/2008	3,496	\$3,241,758	\$784.78

**Fig 2 - 2012/13 Operating Expenditure by Nature and Type (\$)**



Employee costs which are a combination of salary and wages, superannuation, workers compensation insurance, protective clothing/uniforms and fringe benefits tax and these are the largest operating expense for the Shire. Notwithstanding pressures of national wage and Enterprise Bargaining Agreements Council has managed to keep these to a manageable level in 2012/2013.

Depreciation is a non-cash expense and is deducted from Shire accounts when adopting the Annual Budget. That said, it is still an important financial indicator as this is the amount Council

should in theory be expending on capital and maintenance works on these assets to preserve their useful life and ensure they maintain their maximum value.

### Loans

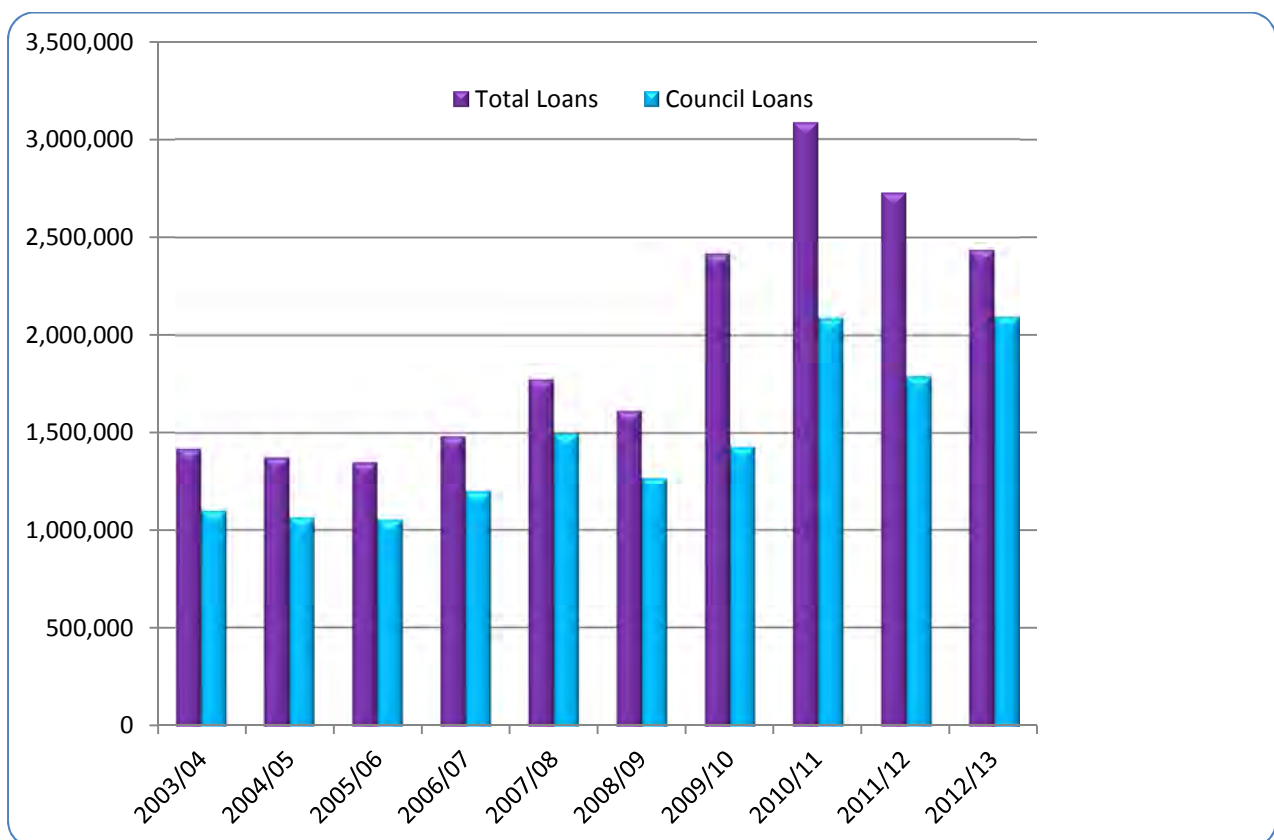
Only one new loan was undertaken by Council during 2012/2013 of \$87,000 to fund the upgrade of the photovoltaic system which will assist Council in reducing power costs.

After principal repayments were made on existing loans, Councils total debt position was \$2,433,905. This amount includes self-supporting loans totaling \$338,212 (or 13.89%) which is payable to Council by the various community organisations to whom these funds have been lent.

All Council loans, including self-supporting loans, are undertaken with the Western Australian Treasury Corporation, a lending arm of State Government Treasury, to take advantage of the lower interest rates available to government organisations.

A summary of total debt outstanding for the past ten years is as follows:

**Fig 3 – Summary of Total Debt Outstanding (\$)**



### Reserves

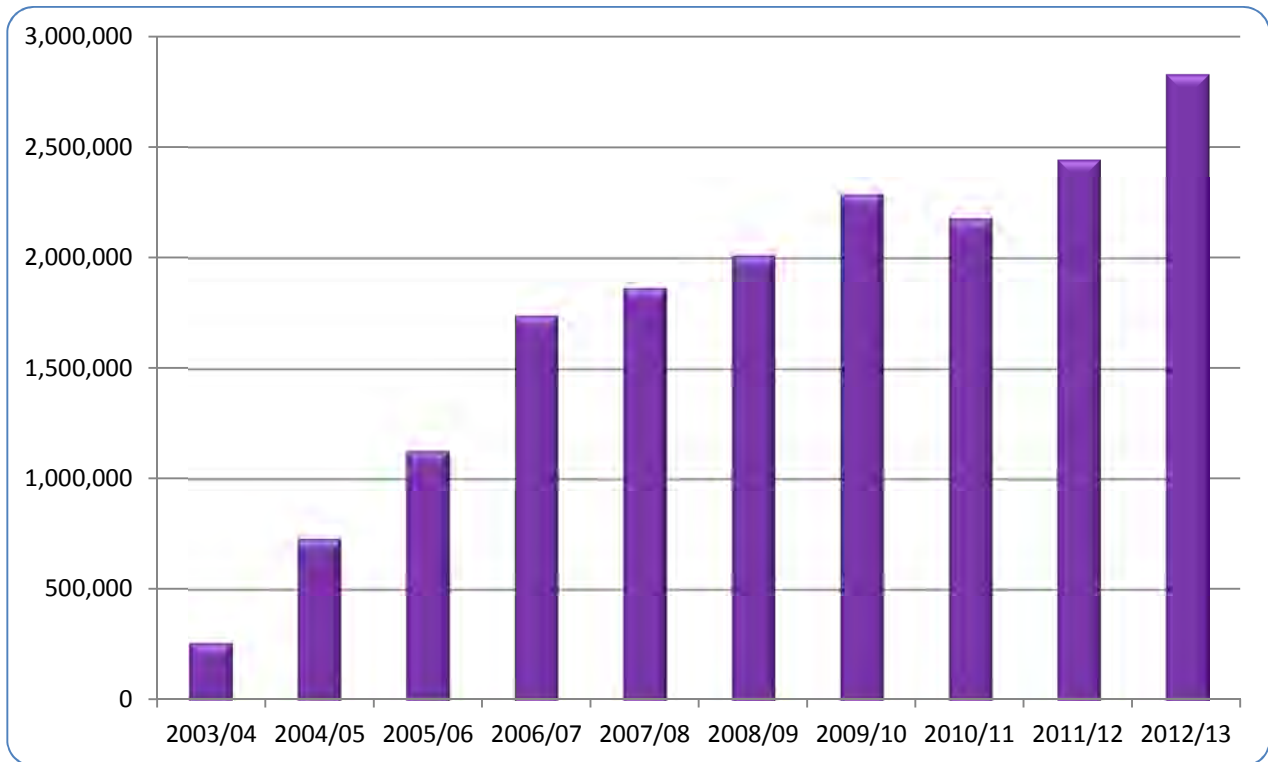
The Shire of Denmark's total cash backed Reserve Funds increased by \$383,917 during the 2012/13 financial year, to reflect the investment interest earned during the past year and in some cases, lump sum transfers from the Municipal Fund to the Reserves as some of these funds were used for the purpose for which they were set aside.

It is the view of Council and Staff that some of these Reserve Funds, namely the Plant Replacement and Waste Management Reserves, are underfunded to finance future expenditures. A strategy to address this situation is to be implemented with the preparation and adoption of a Ten Year Financial Plan for the Shire.

A summary of Reserve Fund balances for the past ten years is as follows;



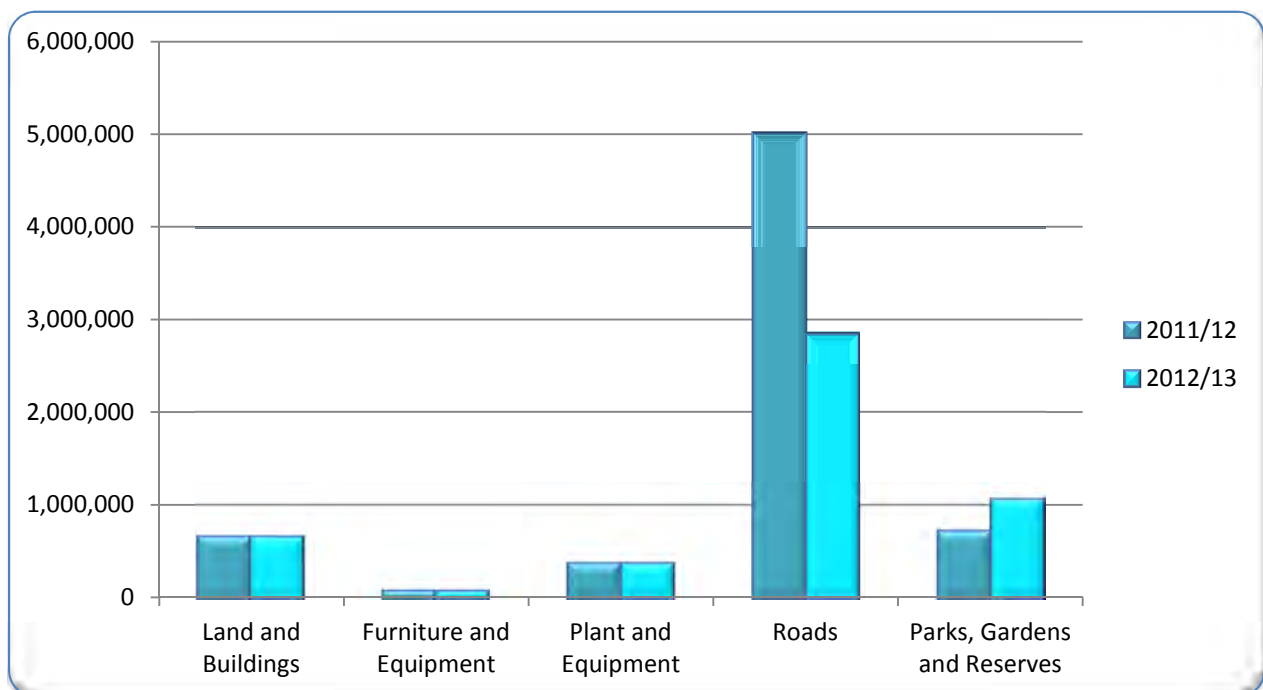
**Fig 4 – Summary of Total Reserve Funds (\$)**



### Capital Expenditure

Expenditure on capital works and purchases for the 2012/2013 year is as follows for the individual classes of assets, with a comparison for the previous financial year for information purposes;

**Fig 5 – Summary of Total Asset Expenditure (\$)**



The difference between 2011/2012 and 2012/2013 expenditure on Roads can be explained by the bringing to account of \$3.2 million worth of Road assets handed over to Council by property developers in 2011/2012, these had previously not been recognised as financial assets of the Shire.

### Key Financial Indicators (Financial Ratios)

Changes to the Local Government (Financial Management) Regulations 1996, Section 50 (1), introduced a new set of Financial Ratios for all Western Australian Local Governments to report on, the new ratios are as follows:

Ratio	Description	Result	Prescribed Standard
Current Ratio	Indicates the Shire's ability to meet short term debt obligations.	1.248	The standard is met if the ratio is greater than 1.
Asset Sustainability Ratio	Indicates that the Shire is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.	1.438	The standard is met if the ratio is 0.9 or higher.
Debt Service Cover Ratio	Indicates the Shire's ability to repay its debt including lease payments.	5.022	A basic standard is met if the ratio is greater than or equal to 2. An advanced standard is met if the ratio is greater than 5.
Operating Surplus Ratio	Indicates the Shire's ability to cover its operational costs and have revenues available for capital funding or other purposes.	(0.091)	A basic standard is met between 0.01 and 0.15. An advanced standard is met if the ratio is greater than 0.15.
Own Source Revenue Coverage Ratio	Indicates the Shire's ability to cover its costs through its own revenue efforts.	0.697	A basic standard is met if the ratio is between 0.4 and 0.6. Intermediate standard is between 0.6 and 0.9. An advanced standard is met if the ratio is greater than 0.9.
Asset Consumption Ratio	Measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost	0.599	The standard is met if the ratio is 0.5 or greater. The standard is improving if the ratio is between 0.6 and 0.75.
Asset Renewal Funding Ratio	Measures the ability of the Shire to fund its projected asset renewal/replacements in the future.	N/A	The standard is met if the ratio is between 0.75 and 0.95. The standard is improving if the ratio is between 0.95 and 1.05.

The Shire of Denmark currently meets all but one of these standards being the Operating Surplus Ratio, albeit by the finest of margins, it will be important to focus on this area to ensure this standard is met into the future.

During 2012/2013 Council held numerous workshops to address anomalies in the Rating of property and after much debate Council introduced a fairly complex set of differential rate codes for implementation effective 1 July 2013.

These changes will assist in meeting the Operating Surplus Ratio standard into the future.

### Summary

Although there are financial challenges ahead for the Shire of Denmark, particularly to provide for the long term replacement of Council's infrastructure (roads, footpaths etc.) and the management of operating costs, the Shire is generally well placed to meet these challenges due to the expected continued population growth and relatively sound financial position of the Shire.

The Annual Financial Statement is a complex document and Council welcomes any comment or questions from ratepayers and residents regarding any of the information contained therein or on the general financial management of the Shire.

## **SHIRE OF DENMARK'S PRINCIPAL PREFERRED CONSULTANTS, ADVISORS AND AGENTS**

### **Solicitors**

McLeods Barristers and Lawyers  
Stirling Law Chambers  
220-222 Stirling Highway  
Claremont WA 6010

### **Auditors**

Lincolns Chartered Accountants  
PO Box 494  
Albany WA 6330

### **Banking Services**

National Australia Bank Ltd  
59 Strickland St  
Denmark WA 6333

### **Debt Recovery Agents**

Austral Mercantile Collections  
Level 12, 256 Adelaide Terrace  
Perth WA 6000

### **Insurance Broking**

Local Government Insurance Services  
PO Box 1003  
West Perth WA 6872

### **Taxation and Accounting**

WALGA Tax Service/UHY Haines Norton Chartered Accountants  
15 Altona St  
West Perth WA 6872

### **Human Resources Consultancy**

WALGA – Workplace Solutions  
15 Altona St  
West Perth WA 6872

### **Risk Management/ Occupational Health and Safety Consultancy**

Local Government Insurance Services  
PO Box 1003  
West Perth WA 6872

(The above list is provided to inform Electors of those companies who provide significant technical advice and expertise to Council. It is not intended to be an exhaustive list of all external parties who are engaged to provide specific services to Council).

**APPENDIX A**

**2012/13**

**ANNUAL FINANCIAL REPORT**





# **SHIRE OF DENMARK**

## **FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2013**

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Notes to and Forming Part of the Financial Report	9 to 50

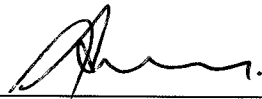
**SHIRE OF DENMARK**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Denmark being the annual financial report and other information for the financial year ended 30th June 2013 are in my opinion properly drawn up to present fairly the financial position of the Shire of Denmark at 30th June 2013 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and regulations under that Act.

Signed on the 14th Day of November 2013



---

Dale Stewart  
Chief Executive Officer

**SHIRE OF DENMARK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
<b>Revenue</b>				
Rates	23	4,682,920	4,673,463	4,242,245
Operating Grants, Subsidies	29	2,415,639	1,387,569	1,755,243
Contributions & Reimbursements		712,318	513,917	470,440
Fees and Charges	28	2,351,000	2,227,950	2,143,527
Service Charges	25	0	0	0
Interest Earnings	2(a)	233,944	219,958	269,206
Other Revenue		332,604	333,935	399,735
		<u>10,728,426</u>	<u>9,356,792</u>	<u>9,280,396</u>
<b>Expenses</b>				
Employee Costs		(4,413,021)	(4,255,175)	(4,524,037)
Materials and Contracts		(2,607,544)	(1,871,903)	(1,690,090)
Utility Charges		(216,355)	(238,075)	(214,096)
Depreciation on Non-Current Assets	2(a)	(3,326,861)	(3,325,863)	(3,213,503)
Interest Expenses	2(a)	(169,167)	(172,583)	(192,223)
Insurance Expenses		(232,576)	(238,040)	(238,914)
Other Expenditure		(488,392)	(551,188)	(481,183)
		<u>(11,453,915)</u>	<u>(10,652,824)</u>	<u>(10,554,046)</u>
		<u>(725,489)</u>	<u>(1,296,032)</u>	<u>(1,273,650)</u>
 Non-Operating Grants, Subsidies and Contributions				
	29	2,864,763	5,042,541	5,195,995
Fair value adjustments to financial assets at fair value through profit or loss		0	0	0
Profit on Asset Disposals	21	15,377	26,541	56,327
Loss on Asset Disposal	21	(19,504)	(82,638)	0
		<u>2,135,147</u>	<u>3,690,412</u>	<u>3,978,672</u>
<b>Net Result</b>				
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	13	262,569	0	0
<b>Total Other Comprehensive Income</b>		<u>262,569</u>	<u>0</u>	<u>0</u>
<b>Total Comprehensive Income</b>		<u><u>2,397,716</u></u>	<u><u>3,690,412</u></u>	<u><u>3,978,673</u></u>

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

**SHIRE OF DENMARK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
<b>Revenue</b>				
General Purpose Funding		5,981,105	5,384,238	5,981,658
Governance		13,475	12,168	13,371
Law, Order, Public Safety		288,156	313,741	222,693
Health		28,959	17,941	16,263
Education and Welfare		33,859	33,592	12,460
Housing		13,548	13,877	34,608
Community Amenities		1,353,315	1,350,518	1,327,489
Recreation and Culture		678,949	514,220	631,999
Transport		1,418,863	862,999	3,372,950
Economic Services		751,593	741,203	713,361
Other Property and Services		166,602	112,291	158,302
		<u>10,728,424</u>	<u>9,356,789</u>	<u>12,485,154</u>
<b>Expenses</b>				
General Purpose Funding		(313,158)	(344,577)	(417,284)
Governance		(467,009)	(467,121)	(498,082)
Law, Order, Public Safety		(1,070,226)	(1,137,668)	(937,590)
Health		(199,086)	(204,790)	(180,711)
Education and Welfare		(244,546)	(237,314)	(225,043)
Housing		(14,689)	(36,126)	0
Community Amenities		(1,867,259)	(2,039,784)	(2,022,762)
Recreation and Culture		(1,875,673)	(1,922,491)	(1,874,631)
Transport		(4,318,811)	(3,211,873)	(3,295,046)
Economic Services		(740,647)	(765,936)	(731,054)
Other Property and Services		(173,644)	(112,558)	(179,620)
		<u>(11,284,746)</u>	<u>(10,480,238)</u>	<u>(10,361,822)</u>
<b>Finance Costs</b>				
Governance		(11,575)	(14,249)	(14,565)
Education and Welfare		(650)	(650)	(1,851)
Housing		(51,864)	(52,150)	(54,392)
Community Amenities		0	(104)	0
Recreation & Culture		(32,813)	(33,164)	(38,150)
Transport		(27,753)	(27,753)	(36,416)
Economic Services		(44,511)	(44,511)	(46,850)
	2(a)	<u>(169,167)</u>	<u>(172,583)</u>	<u>(192,224)</u>
Fair Value Adjustments to Financial Assets at Fair Value through Profit or Loss		0	0	0
<b>Non-Operating Grants, Subsidies and Contributions</b>				
General Purpose Funding		266,000	266,000	34,000
Law, Order, Public Safety		296,955	183,150	183,686
Recreation & Culture		581,841	2,236,195	876,125
Transport		1,719,967	1,760,499	897,428
Economic Services		0	596,697	0
		<u>2,864,763</u>	<u>5,042,541</u>	<u>1,991,238</u>
<b>Profit/(Loss) on Disposal of Assets</b>				
		15,377	26,541	56,327
		<u>(19,504)</u>	<u>(82,638)</u>	<u>0</u>
		<u>(4,127)</u>	<u>(56,097)</u>	<u>56,327</u>
<b>Net Result</b>		<u><b>2,135,147</b></u>	<u><b>3,690,412</b></u>	<u><b>3,978,673</b></u>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	13	262,569	0	0
<b>Total Other Comprehensive Income</b>		<u><b>262,569</b></u>	<u><b>0</b></u>	<u><b>0</b></u>
<b>Total Comprehensive Income</b>		<u><u><b>2,397,716</b></u></u>	<u><u><b>3,690,412</b></u></u>	<u><u><b>3,978,673</b></u></u>

This statement is to be read in conjunction with the accompanying notes.  
Page 4



**SHIRE OF DENMARK  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2013**

	NOTE	2013 \$	2012 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	4,700,001	3,938,059
Trade and Other Receivables	4	1,557,257	512,063
Inventories	5	80,162	90,255
<b>TOTAL CURRENT ASSETS</b>		<b>6,337,420</b>	<b>4,540,377</b>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	470,326	939,364
Inventories	5	4,739	4,739
Property, Plant and Equipment	6	13,471,977	13,564,842
Infrastructure	7	61,301,838	59,580,651
Intangible Assets	8	0	0
<b>TOTAL NON-CURRENT ASSETS</b>		<b>75,248,880</b>	<b>74,089,596</b>
<b>TOTAL ASSETS</b>		<b>81,586,301</b>	<b>78,629,974</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	9	1,858,521	1,078,954
Long Term Borrowings	10	288,921	381,722
Provisions	11	862,460	798,401
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,009,901</b>	<b>2,259,077</b>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	10	2,144,984	2,346,905
Deferred Liabilities	10	106,700	106,700
Provisions	11	88,164	78,462
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,339,848</b>	<b>2,532,067</b>
<b>TOTAL LIABILITIES</b>		<b>5,349,751</b>	<b>4,791,144</b>
<b>NET ASSETS</b>		<b>76,236,547</b>	<b>73,838,831</b>
<b>EQUITY</b>			
Retained Surplus		19,266,200	17,514,970
Reserves - Cash Backed	12	2,828,576	2,444,659
Revaluation Surplus	13	54,141,770	53,879,201
<b>TOTAL EQUITY</b>		<b>76,236,546</b>	<b>73,838,830</b>

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

**SHIRE OF DENMARK  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2013**

			RESERVES		
	NOTE	RETAINED	CASH/ INVESTMENT	REVALUATION	TOTAL
		SURPLUS	BACKED	SURPLUS	EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2011		13,803,994	2,176,963	53,879,201	69,860,158
Changes in Accounting Policy					0
Correction of Errors					0
Restated Balance		13,803,994	2,176,963	53,879,201	69,860,158
Comprehensive Income					
Net Result		3,978,673	0	0	3,978,673
Changes on Revaluation of Non-Current Assets	13	0	0	0	0
Total Comprehensive Income		3,978,673	0	0	3,978,673
Reserve Transfers		(267,697)	267,697	0	0
<b>Balance as at 30 June 2012</b>		<b>17,514,970</b>	<b>2,444,659</b>	<b>53,879,201</b>	<b>73,838,831</b>
Comprehensive Income					
Net Result		2,135,147	0	0	2,135,147
Changes on Revaluation of Non-Current Assets	13	0	0	262,569	262,569
Total Other Comprehensive Income		2,135,147	0	262,569	2,397,716
Reserve Transfers		(383,917)	383,917	0	0
<b>Balance as at 30 June 2013</b>		<b>19,266,200</b>	<b>2,828,576</b>	<b>54,141,770</b>	<b>76,236,546</b>

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

**SHIRE OF DENMARK  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		4,628,425	4,673,463	4,202,541
Operating Grants, Subsidies and Contributions		1,506,584	1,387,569	1,755,243
Fees and Charges		712,318	513,917	470,440
Service Charges		2,351,000	2,227,950	2,958,418
Interest Earnings		0	0	0
Interest Earnings		233,944	219,958	269,207
Goods and Services Tax		4	0	(5,079)
Other Revenue		372,281	360,476	399,735
		<u>9,804,557</u>	<u>9,383,333</u>	<u>10,050,505</u>
<b>Payments</b>				
Employee Costs		(4,344,141)	(4,281,175)	(4,303,205)
Materials and Contracts		(1,819,447)	(1,875,880)	(1,894,235)
Utility Charges		(216,355)	(238,075)	(214,096)
Insurance Expenses		(232,576)	(238,040)	(238,914)
Interest expenses		(172,819)	(172,583)	(196,266)
Goods and Services Tax		(107,630)	0	0
Other Expenditure		(488,392)	(551,188)	(481,183)
		<u>(7,381,361)</u>	<u>(7,356,941)</u>	<u>(7,327,899)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	14(b)	<u>2,423,196</u>	<u>2,026,392</u>	<u>2,722,606</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Development of Land Held for Resale		0	0	0
Payments for Purchase of Property, Plant & Equipment		(881,300)	(3,839,538)	(1,128,253)
Payments for Construction of Infrastructure		(3,903,850)	(4,424,262)	(5,740,112)
Advances to Community Groups		(14,762)	0	0
Payments for Purchase of Investments		0	0	0
Non-Operating Grants, Subsidies and Contributions		2,864,763	5,042,541	5,195,995
Proceeds from Sale of Plant & Equipment		88,409	244,000	70,000
Proceeds from Advances		0	0	0
Proceeds from Sale of Investments		0	0	0
<b>Net Cash Provided By (Used In) Investing Activities</b>		<u>(1,846,741)</u>	<u>(2,977,259)</u>	<u>(1,602,370)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(381,722)	(388,539)	(358,276)
Repayment of Finance Leases		0	0	0
Proceeds from Self Supporting Loans		480,201	59,663	47,483
Proceeds from New Debentures		87,000	1,215,000	0
<b>Net Cash Provided By (Used In) Financing Activities</b>		<u>185,479</u>	<u>886,124</u>	<u>(310,793)</u>
<b>Net Increase (Decrease) in Cash Held</b>		761,936	(64,744)	744,372
Cash at Beginning of Year		3,938,064	3,938,064	3,193,692
<b>Cash and Cash Equivalents at the End of the Year</b>	14(a)	<u><u>4,700,000</u></u>	<u><u>3,873,320</u></u>	<u><u>3,938,064</u></u>

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

**SHIRE OF DENMARK  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 Actual \$	2013 Budget \$	2012 Actual \$
<b>Revenue</b>				
Governance		17,850	12,168	13,371
General Purpose Funding		1,564,185	976,775	1,773,413
Law, Order, Public Safety		585,111	496,891	406,379
Health		32,402	17,941	16,263
Education and Welfare		33,859	33,592	12,460
Housing		13,548	13,877	34,608
Community Amenities		1,353,315	1,350,518	1,327,489
Recreation and Culture		1,260,790	2,750,413	1,508,124
Transport		3,146,390	2,650,039	4,326,705
Economic Services		751,593	1,337,899	713,361
Other Property and Services		166,602	112,290	158,302
		<u>8,925,645</u>	<u>9,752,403</u>	<u>10,290,475</u>
<b>Expenses</b>				
Governance		(313,158)	(481,370)	(512,647)
General Purpose Funding		(480,993)	(344,577)	(417,284)
Law, Order, Public Safety		(1,074,771)	(1,137,668)	(937,590)
Health		(199,086)	(204,790)	(180,711)
Education and Welfare		(245,196)	(237,964)	(226,893)
Housing		(66,552)	(88,276)	(54,392)
Community Amenities		(1,874,475)	(2,039,888)	(2,022,762)
Recreation and Culture		(1,908,486)	(1,955,655)	(1,912,781)
Transport		(4,351,897)	(3,322,264)	(3,331,462)
Economic Services		(785,158)	(810,447)	(777,904)
Other Property and Services		(173,644)	(112,558)	(179,620)
		<u>(11,473,417)</u>	<u>(10,735,457)</u>	<u>(10,554,046)</u>
<b>Net Result Excluding Rates</b>		<b>(2,547,772)</b>	<b>(983,054)</b>	<b>(263,571)</b>
<b>Adjustments for Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure and Revenue</b>				
Initial Recognition of Assets Due to Change to Regulations				
- Intangibles		0	0	0
(Profit)/Loss on Asset Disposals	21	4,127	56,097	(56,327)
Movement in Accrued Interest		0	22,964	0
Movement in Deferred Pensioner Rates (Non-Current)		(12,573)	0	(373)
Movement in Employee Benefit Provisions (Non-Current)	23(b)	500,081	0	63,981
Depreciation and Amortisation on Assets	2(a)	3,326,861	3,325,863	3,213,502
<b>Capital Expenditure and Revenue</b>				
Purchase Land Held for Resale		0	0	0
Purchase Land and Buildings		(266,524)	(2,859,918)	(663,582)
Purchase Infrastructure Assets - Roads		(3,903,850)	(4,424,262)	(5,740,112)
Purchase Plant and Equipment		(558,601)	(916,800)	(377,238)
Purchase Furniture and Equipment		(56,175)	(62,820)	(87,432)
Proceeds from Disposal of Assets	21	88,409	244,000	70,000
Repayment of Debentures	22	(381,722)	(388,539)	(358,276)
Proceeds from New Debentures	22	87,000	1,215,000	0
Self-Supporting Loan Principal Income		479,753	42,328	47,483
Transfers to Reserves (Restricted Assets)	12	(565,168)	(679,500)	(341,213)
Transfers from Reserves (Restricted Assets)	12	181,250	192,250	73,516
<b>ADD</b> Estimated Surplus/(Deficit) July 1 B/Fwd	23(b)	532,733	542,932	710,130
<b>LESS</b> Estimated Surplus/(Deficit) June 30 C/Fwd	23(b)	1,590,748	0	532,733
<b>Total Amount Raised from Rates</b>	23(a)	<u><b>(4,682,920)</b></u>	<u><b>(4,673,463)</b></u>	<u><b>(4,242,245)</b></u>

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



**SHIRE OF DENMARK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

**(a) Basis of Preparation**

The financial report is a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the local Government Act 1995 and accompanying regulations.

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

**Critical Accounting Estimates**

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

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

**(b) The Local Government Reporting Entity**

All Funds through which the Council 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, but a separate statement of those monies appears at Note 20 to these financial statements.

**(c) 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.

**(d) Cash and Cash Equivalents**

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

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

**(e) Trade and Other Receivables**

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

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

**SHIRE OF DENMARK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(e) Trade and Other Receivables cont'd**

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

**(f) Inventories**

***General***

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

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

***Land Held for Resale***

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in the statement of comprehensive income at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

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

**(g) Fixed Assets**

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

***Mandatory Requirement to Revalue Non-Current Assets***

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

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

(a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and

(b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

(c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

Council has commenced the process of adopting Fair Value in accordance with the Regulations.

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

**SHIRE OF DENMARK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(g) Fixed Assets (Continued)**

***Land Under Control***

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

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

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

***Initial Recognition***

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

***Revaluation***

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date.

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

**SHIRE OF DENMARK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(g) Fixed Assets (Continued)**

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value, imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

***Transitional Arrangement***

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** methodology section as detailed above.

***Early Adoption of AASB 13 - Fair Value Measurement***

Whilst the new accounting standard in relation to fair value, *AASB 13 - Fair Value Measurement* does not become applicable until the end of the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to early adopt AASB 13 (as allowed for in the standard).

As a consequence, the principles embodied in *AASB 13 - Fair Value Measurement* have been applied to this reporting period (year ended 30 June 2013).

Due to the nature and timing of the adoption (driven by legislation), the adoption of this standard has had no effect on previous reporting periods.

***Land under Roads***

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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



**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(g) Fixed Assets (Continued)**

***Depreciation of Non-Current Assets***

All non-current assets having a limited useful life (excluding freehold land) are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
clearing and earthworks	not depreciated
construction/road base	50 years
original surfacing and	
major re-surfacing	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
clearing and earthworks	not depreciated
construction/road base	50 years
gravel sheet	20 years
Formed roads (unsealed)	
clearing and earthworks	not depreciated
construction/road base	50 years
Footpaths - slab	40 years

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

***Capitalisation Threshold***

Expenditure on items of equipment under \$2,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

**(h) Intangible Assets**

***Easements***

Due to legislative changes, Easements are required to be recognised as assets.

They are initially recognised at cost and have an indefinite useful life.

**SHIRE OF DENMARK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(i) Financial Instruments**

***Initial Recognition and Measurement***

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

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

***Classification and Subsequent Measurement***

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

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

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

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current. They are subsequently measured at fair value with changes to carrying amount being included in profit or loss.

***(ii) Loans and receivables***

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

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

***(iii) Held-to-maturity investments***

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

**SHIRE OF DENMARK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(i) Financial Instruments (Continued)**

***Classification and Subsequent Measurement (Continued)***

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

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

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

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

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

***(v) Financial liabilities***

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

***Impairment***

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired.

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

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

***Derecognition***

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

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. 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.

**SHIRE OF DENMARK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(j) Impairment**

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (eg AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

**(k) Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council 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.

**(l) Employee Benefits**

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

**(m) 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.

**(n) Provisions**

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result; and
- c) 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.

**(o) Leases**

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

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

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



**SHIRE OF DENMARK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(o) Leases (Continued)**

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

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

**(p) Investments in Associates**

Associates are entities in which the Council has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Council. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Council's share of net assets of the associate entity. In addition, Council's share of the profit or loss of the associate entity is included in the Council's profit or loss.

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

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

**(q) Joint Venture**

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 17.

The Council's interest in joint venture entities are recorded using the equity method of accounting (refer to Note 1(p) for details) in the financial report.

When the Council contributes assets to the joint venture or if the Council purchases assets from the joint venture, only the portion of gain or loss not attributable to the Council's share of the joint venture shall be recognised. The Council recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

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

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

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

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

**(s) Superannuation**

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

**SHIRE OF DENMARK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

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

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

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on Council's intentions to release for sale.

**(u) Rounding Off Figures**

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

**(v) Comparative Figures**

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

**(w) Budget Comparative Figures**

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

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

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

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

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

<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(i) AASB 9 – Financial Instruments AASB 2012 – 6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and Transition Disclosures	December 2009 September 2012	01 January 2013 Deferred AASB 9 until 1 January 2015	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2009 – 11 Amendments to Australian Accounting Standards arising from AASB 9  [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iii) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

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

<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(iv) AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards  [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	01 January 2013	Nil - None of these, except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.
(v) AASB 2011 - 9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income  [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently.  It effects presentation only and is not expected to significantly impact the Council.



**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

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

<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(vi) AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2012-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(vii) AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 32]	June 2012	01 January 2013	Principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This Standard is not expected to significantly impact on the Council's financial statements.
(viii) AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2012	01 January 2014	This Standard adds application guidance to AASB 132: <i>Financial Instruments: Presentation</i> to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. This Standard is not expected to significantly impact on the Council's financial statements.
(ix) AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132, 134 and Interpretation 2]	June 2012	01 January 2013	Outlines changes to the various standards and interpretations as listed. These topics are not currently relevant to Council, nor are they expected to be in the future. As a consequence, this Standard is not expected to significantly impact on the Council's financial statements.

**SHIRE OF DENMARK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

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

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

<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(x) AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]	December 2012	01 January 2013	Mainly consequential changes relating to transition guidance. It is not expected to have a significant impact on Council.

(\*) Applicable to reporting periods commencing on or after the given date.

**(y) Adoption of New and Revised Accounting Standards**

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

These new and revised standards were:

AASB 2010 – 8  
AASB 2011 - 3  
AASB 2011 - 13

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

The Council also chose to early adopt *AASB 13 – Fair Value Measurement* as allowed for in the standard. For further details with respect to this early adoption, refer to Note 1(g).

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**2. REVENUE AND EXPENSES**

**2013**  
**\$**

**2012**  
**\$**

**(a) Net Result**

The Net Result includes:

(i) Charging as an Expense:

**Amortisation**

Capitalised Leased Assets	0	0
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**Auditors Remuneration**

- Audit of the financial report	12,970	11,680
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**Depreciation**

Buildings	313,268	293,145
Furniture and Equipment	45,877	67,578
Plant and Equipment	785,053	776,248
Tools	0	0
Infrastructure	2,182,663	2,076,532
	3,326,861	3,213,503

**Interest Expenses (Finance Costs)**

Finance Lease Charges	0	0
Debentures ( <i>refer Note 22(a)</i> )	169,167	192,223
	169,167	192,223

**Rental Charges**

- Operating Leases	0	0
	0	0

(ii) Crediting as Revenue:

**Significant Revenue**

	0	0
	0	0

This significant revenues relate to

**2013**  
**\$**

**2013**  
**Budget**  
**\$**

**2012**  
**\$**

**Interest Earnings**

Investments			
- Reserve Funds	105,458	110,000	114,581
- Other Funds	90,098	88,958	93,848
- Self Supporting Loans	24,123	42,328	47,745
Other Interest Revenue ( <i>refer note 27</i> )	14,266	21,000	13,032
	233,944	262,286	269,206

**SHIRE OF DENMARK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(b) Statement of Objective**

The Shire of Denmark is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

**GOVERNANCE**

Members of Council, general administration expenses including staff, office equipment maintenance and insurances.

**GENERAL PURPOSE FUNDING**

Rates, general purpose government grants, investment funds and other financial matters.

**LAW, ORDER, PUBLIC SAFETY**

Supervision of various local laws, fire prevention including Community Fire Manager and Bushfire Brigades, animal control (Rangers) and State Emergency Services operations.

**HEALTH**

Water and food quality monitoring, effluent disposal and public health compliance control on business premises catering for the large tourism trade and domestic residences.

**EDUCATION AND WELFARE**

Health inspection and administration, Preventative Services such as analytical costs and food sampling.

**HOUSING**

Lionsville Aged Accommodation self supporting loans.

**COMMUNITY AMENITIES**

Refuse collection services (including recycling), operation of landfill and recycling centres, administration of the Town Planning Scheme, provision of facilities such as the Cemetery and Public Conveniences, effluent disposal (septic tanks) and environmental programs.

**RECREATION AND CULTURE**

Provision, maintenance and operation of Halls, Civic Centre, Library, Recreation Centre, Swimming areas and beaches and various parks and gardens. TV re-broadcasting tower maintenance.

**TRANSPORT**

Construction and maintenance of roads including drainage, footpaths, parking facilities, regulatory signs, street cleaning and lighting. Maintenance of Works Depot and road plant purchases.

**BUILDING & ECONOMIC SERVICES**

The regulation and provision of tourism facilities including the Denmark Tourism Inc. and Parry Beach camping grounds, area promotion, building control, sale yard facilities, noxious weed, pest control and lime sand quarry.

**OTHER PROPERTY & SERVICES**

Public Works Overheads (engineering staff, leave entitlements and insurances). Plant costs (repair wages, parts, fuel, insurance and licenses), stock and materials and salaries and wages.

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

(c) Conditions Over Grants/Contributions		Opening Balance (*) 1-Jul-11	Received (+) 2011/12	Expended (#) 2011/12	Closing Balance (*) 30-Jun-12	Received (+) 2012/13	Expended (#) 2012/13	Closing Balance 30-Jun-13
Grant/Contribution	Function/ Activity	\$	\$	\$	\$	\$	\$	\$
Pension Deferred Grant	General Purpose	0	1,252	(1,252)	0	1,322	(1,322)	0
Grants Commission	General Purpose	289,304	1,456,011	(1,745,315)	0	1,020,583	(1,020,583)	0
Thank a Volunteer	Law, Order	0	0	0	0	1,000	(1,000)	0
AWARE Program	Law, Order	0	0	0	0	9,091	(9,091)	0
Cat Control	Law, Order	0	0	0	0	2,535	(2,535)	0
ESL Grants	Law, Order	0	323,030	(323,030)	0	475,976	(475,976)	0
Age Friendly Communities	Welfare	0	0	0	0	830	(830)	0
Your Welcome Initiative	Welfare	9,000	0	(9,000)	0	0	0	0
Youth Art Program	Welfare	18,950	0	(18,950)	0	14,160	(14,160)	0
National Youth Week	Welfare	0	0	0	0	1,000	(1,000)	0
Youth Holiday & Festival	Welfare	0	1,000	(1,000)	0	3,000	(3,000)	0
Youth Support Service	Welfare	0	25,831	(25,831)	0	20,297	(20,297)	0
Old Hospital	Community	0	0	0	0	322,636	0	322,636
SBS Weedon Hill	Community	0	22,727	(22,727)	0	0	0	0
Community Services Grant	Community	20,000	0	(20,000)	0	0	0	0
DIA Dual Naming Project	Community	0	3,000	0	3,000	0	(3,000)	0
South Coast NRM	Environment	0	32,985	(32,985)	0	0	0	0
Wilson Inlet Improvements	Environment	15,000	0	(15,000)	0	5,409	(5,409)	0
Coastal Reserves & Plans Manag	Environment	14,800	0	(14,800)	0	0	0	0
Royalties for Regions	Recreation	0	0	0	0	259,205	(259,205)	0
Sport 4 All - Kidsport Program	Recreation	0	25,000	(25,000)	0	41,590	(41,590)	0
Swap it Don't Stop It	Recreation	0	0	0	0	4,598	(4,598)	0
Denmark Cricket Club	Recreation	0	10,497	(10,497)	0	0	0	0
Main Roads Grants	Transport	0	560,887	(560,887)	0	1,902,036	(1,902,036)	0
Regional Bicycle Network	Transport	0	40,000	(40,000)	0	39,350	(39,350)	0
Roads to Recovery	Transport	0	217,360	(217,360)	0	217,000	(217,000)	0
Royalties for Regions - Roads	Transport	0	992,901	(992,901)	0	350,000	(350,000)	0
Bridge improvements	Transport	80,000	34,000	0	114,000	363,000	(397,000)	80,000
Roadwise	Transport	0	0	0	0	500	(500)	0
CSRF Timber Roads	Transport	0	0	0	0	225,284	(225,284)	0
<b>Total</b>		<b>447,054</b>	<b>3,746,481</b>	<b>(4,076,535)</b>	<b>117,000</b>	<b>5,280,401</b>	<b>(4,994,765)</b>	<b>402,636</b>



**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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

<b>(d) Conditions Over Grants/Contributions</b>		<b>Opening Balance (*) 1-Jul-11 \$</b>	<b>Received (+) 2011/12 \$</b>	<b>Expended (#) 2011/12 \$</b>	<b>Closing Balance (*) 30-Jun-12 \$</b>	<b>Received (+) 2012/13 \$</b>	<b>Expended (#) 2012/13 \$</b>	<b>Closing Balance 30-Jun-13 \$</b>
<b>Restricted Creditors</b>	<b>Function/ Activity</b>							
Council Members Donations	Governance	0	2,000	(2,000)	0	0	0	0
Developer Contributions	Community	1,665	0	0	1,665	51,900	0	53,565
Tree Planting Bond	Environment	3,150	0	0	3,150	0	(3,150)	0
Civic Centre Bonds	Recreation	5,920	2,664	(2,664)	5,920	2,060	(1,760)	6,220
Recreation Centre Bonds	Recreation	660	1,840	(1,100)	1,400	1,590	(2,270)	720
Bus Hire Bond	Recreation	2,860	5,700	(4,560)	4,000	4,800	(5,328)	3,472
Kerbing & Footpaths Deposits	Transport	(0)	5,000	0	5,000	0	(5,000)	0
Relocated Dwelling Deposit	Transport	15,000	5,000	0	20,000	5,000	0	25,000
Outstanding Roadworks	Transport	67,166	0	(11,950)	55,216	0	(55,216)	0
Contributions in lieu of Parking	Transport	53,178	0	0	53,178	152,625	(74,000)	131,803
Contributions to Roadworks	Transport	197,744	27,525	0	225,269	37,216	(35,770)	226,715
Retention on Works	Transport	242,445	11,600	(97,730)	156,315	128,991	(18,435)	266,871
Extractive Industry Bonds	Economic	3,300	0	0	3,300	4,400	0	7,700
<b>Total</b>		<b>593,088</b>	<b>61,329</b>	<b>(120,004)</b>	<b>534,413</b>	<b>388,581</b>	<b>(200,928)</b>	<b>722,067</b>

**Notes:**

(\*) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(+) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(#) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	2013 \$	2012 \$
<b>3. CASH AND CASH EQUIVALENTS</b>		
Unrestricted	717,632	834,463
Restricted	3,982,369	3,103,596
	<u>4,700,001</u>	<u>3,938,059</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	372,082	356,695
Plant Reserve	613,448	305,078
Parry Inlet Reserve	31,868	95,259
Cemetery Reserve	1,750	1,678
Lime Quarry Rehabilitation Reserve	97,814	63,092
Land and Building Reserve	1,069,559	1,134,053
Refuse Site Development Reserve	476,395	408,763
Kwoorabup Community Park Reserve	83,494	80,041
Aquatic Facility Development Reserve	82,165	0
Unspent Grants (ii)	402,636	117,000
Restricted Creditors (i)	722,067	534,413
Income Received in Advance (iii)	29,091	7,523
	<u>3,982,369</u>	<u>3,103,595</u>
<b>(i) Restricted Creditors</b>		
Civic Centre / Rec Centre Bonds	6,940	7,320
Bus Hire Bond	3,472	4,000
Tree Planting Bond	0	3,150
Kerbing & Footpath Bonds	0	5,000
Relocated Dwelling Deposit	25,000	20,000
Outstanding Roadworks	0	55,216
Developer Contributions	53,565	1,665
Contributions in lieu of Parking	131,803	53,178
Contributions to Roadworks	226,715	225,269
Extractive Industry Bonds	7,700	3,300
Retention on Works	266,871	156,315
	<u>722,067</u>	<u>534,413</u>
<b>(ii) Unspent Grants</b>		
Bridge improvements	80,000	114,000
Old Hospital	322,636	0
DIA Dual Naming Project	0	3,000
	<u>402,636</u>	<u>117,000</u>
<b>(iii) Income Received in Advance</b>		
Rates assessments	1,889	1,889
Self Supporting Loan 129	2,146	2,146
Self Supporting Loan 151	3,488	3,488
Other Income	76	0
Youth Art Program 13/14	21,492	0
	<u>29,091</u>	<u>7,523</u>

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	2013 \$	2012 \$
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates Outstanding	198,598	155,267
Sundry Debtors	1,176,625	267,570
Prepayments	0	30,830
Accrued Income	14,278	15,517
GST	108,181	551
Loans - Clubs/Institutions	44,813	42,328
Short Term Loan DTI	14,762	0
Land Held for Resale - Cost	0	0
	<u>1,557,257</u>	<u>512,063</u>
<b>Non-Current</b>		
Sundry Debtors	0	0
Rates Outstanding - Pensioners	44,038	32,874
Loans - Clubs/Institutions	426,288	906,490
	<u>470,326</u>	<u>939,364</u>
<b>5. INVENTORIES</b>		
<b>Current</b>		
Fuel and Oils	32,909	35,950
Materials	47,253	54,305
	<u>80,162</u>	<u>90,255</u>
<b>Non-Current</b>		
Local Govt House Units	4,639	4,639
Denmark Co-op Shares	100	100
	<u>4,739</u>	<u>4,739</u>
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land and Buildings		
Freehold Land at:		
- Cost	600,096	600,096
Total Land	<u>600,096</u>	<u>600,096</u>
Buildings at:		
- Cost	11,911,598	11,645,074
Less Accumulated Depreciation	<u>(3,095,631)</u>	<u>(2,782,363)</u>
Total Buildings	8,815,967	8,862,711
Total Land and Buildings	<u>9,416,063</u>	<u>9,462,807</u>
Furniture and Equipment - Management Valuation 2013	880,957	1,016,025
Less Accumulated Depreciation	<u>(723,594)</u>	<u>(868,959)</u>
	157,363	147,065
Plant and Equipment - Management Valuation 2013	4,095,488	8,038,063
Less Accumulated Depreciation	<u>(196,938)</u>	<u>(4,083,094)</u>
	3,898,550	3,954,969
	<u>13,471,977</u>	<u>13,564,842</u>

**SHIRE OF DENMARK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

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

**Plant and Equipment**

The Shire's Plant and Equipment was revalued at 30 June 2013 by management valuation. All the valuations were made on the basis of open market values of similar assets adjusted for condition and comparability ( Level 2 inputs in the fair value hierarchy).

The revaluation resulted in an overall increase of \$262,567 in the net value of the Shire's plant and equipment. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 13(b) for further details ) and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

**Furniture and Equipment**

The Shire's Furniture and Equipment was revalued at 30 June 2013 by management valuation having regard for their current replacement cost, condition assessment (Level 2 inputs in the fair value hierarchy), residual values and remaining estimated useful life (Level 3 inputs).

Given the significance of the level 3 inputs into the overall fair value measurement, the assets are deemed to have been valued using Level 3 inputs.

These 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 potential to result in a significantly higher or lower fair value measurement.

The revaluation resulted in neither an increase or a decrease in the net value of the Shire's Furniture and Equipment, Consequently no adjustment was recognised in either the net result or other comprehensive income in the Statement of Comprehensive Income.

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**Movements in Carrying Amounts**

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

	<b>Land</b>	<b>Non-Specialised Buildings</b>	<b>Specialised Buildings</b>	<b>Total Buildings</b>	<b>Total Land and Buildings</b>	<b>Plant and Equipment</b>	<b>Furniture and Equipment</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance as at the beginning of the year	600,096	0	8,862,711	8,862,711	9,462,807	3,954,969	147,065	13,564,841
Additions	0	0	266,524	266,524	266,524	558,601	56,175	881,300
(Disposals)	0	0	0	0	0	(333,872)	(191,242)	(525,114)
Depreciation on Disposals	0	0	0	0	0	241,337	191,242	432,579
Revaluation - Increments	0	0	0	0	0	262,569	0	262,569
- (Decrements)	0	0	0	0	0	0	0	0
Impairment - (Losses)	0	0	0	0	0	0	0	0
- Reversals	0	0	0	0	0	0	0	0
Initial Recognition of assets Due to Changes to Regulations	0	0	0	0	0	0	0	0
Depreciation (Expense)	0	0	(313,268)	(313,268)	(313,268)	(785,053)	(45,877)	(1,144,198)
<b>Carrying amount at the end of year</b>	<b>600,096</b>	<b>0</b>	<b>8,815,967</b>	<b>8,815,967</b>	<b>9,416,063</b>	<b>3,898,550</b>	<b>157,363</b>	<b>13,471,977</b>



**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	2013 \$	2012 \$
<b>7. INFRASTRUCTURE</b>		
Roads - management revaluation 2003	77,966,394	77,966,394
Roads - Cost 2003	964,580	964,580
Roads - Cost 2004	1,016,647	1,016,647
Roads - Cost 2005	870,930	870,930
Roads - Cost 2006	3,276,457	3,276,457
Roads - Cost 2007	1,184,291	1,184,291
Roads - Cost 2008	1,313,630	1,313,630
Roads - Cost 2009	1,598,234	1,598,234
Roads - Cost 2010	2,338,473	2,338,473
Roads - Cost 2011	1,486,216	1,486,216
Roads - Cost 2012	5,013,475	5,013,475
Roads - Cost 2013	2,436,789	0
Less Accumulated Depreciation	<u>(44,218,595)</u>	<u>(42,224,518)</u>
	55,247,520	54,804,809
Parks, Gardens & Reserves - management revaluation 2003	2,047,447	2,047,447
Parks, Gardens & Reserves - Cost 2003	142,633	142,633
Parks, Gardens & Reserves - Cost 2004	250,617	250,617
Parks, Gardens & Reserves - Cost 2005	100,297	100,297
Parks, Gardens & Reserves - Cost 2006	191,603	191,603
Parks, Gardens & Reserves - Cost 2007	319,521	319,521
Parks, Gardens & Reserves - Cost 2008	248,196	248,196
Parks, Gardens & Reserves - Cost 2009	83,907	83,907
Parks, Gardens & Reserves - Cost 2010	289,056	289,056
Parks, Gardens & Reserves - Cost 2011	1,119,495	1,119,495
Parks, Gardens & Reserves - Cost 2012	726,638	726,638
Parks, Gardens & Reserves - Cost 2013	1,057,517	0
Less Accumulated Depreciation	<u>(1,611,367)</u>	<u>(1,446,685)</u>
	4,965,559	4,072,724
Airstrip - management revaluation 2003	286,950	286,950
Airstrip - Cost 2003	0	0
Airstrip - Cost 2004	169,641	169,641
Airstrip - Cost 2005	264,815	264,815
Airstrip - Cost 2006	13,915	13,915
Airstrip - Cost 2007	0	0
Airstrip - Cost 2008	0	0
Airstrip - Cost 2009	0	0
Airstrip - Cost 2010	189,068	189,068
Airstrip - Cost 2011	9,063	9,063
Airstrip - Cost 2012	0	0
Airstrip - Cost 2013	0	0
Less Accumulated Depreciation	<u>(254,235)</u>	<u>(230,332)</u>
	679,215	703,118
Bridges - Cost 2013	409,543	0
Less Accumulated Depreciation	<u>0</u>	<u>0</u>
	409,543	0
	<u><u>61,301,837</u></u>	<u><u>59,580,651</u></u>

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**7. INFRASTRUCTURE (Continued)**

**Movements in Carrying Amounts**

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

	<b>Roads</b>	<b>Parks Gardens Reserves</b>	<b>Airstrip</b>	<b>Bridges</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at the beginning of the year	54,804,809	4,072,723	703,118	0	59,580,650
Additions	2,436,789	1,057,517	0	409,543	3,903,850
(Disposals)	0	0	0	0	0
Revaluation - Increments	0	0	0	0	0
- (Decrements)	0	0	0	0	0
Impairment - (Losses)	0	0	0	0	0
- Reversals	0	0	0	0	0
Depreciation (Expense)	(1,994,077)	(164,682)	(23,903)	0	(2,182,662)
<b>Carrying amount at the end of year</b>	<b>55,247,521</b>	<b>4,965,558</b>	<b>679,215</b>	<b>409,543</b>	<b>61,301,838</b>

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	2013 \$	2012 \$
<b>8. INTANGIBLES</b>		
Easements	0	0
Accumulated Impairment Losses	<u>0</u>	<u>0</u>

Easements have an indefinite useful life and no amortisation applies.

**Movements in Carrying Amounts**

Movement in the carrying amount of intangible assets between the beginning and the end of the current financial year.

	<b>Easements</b> \$
Balance at the beginning of the year	0
Additions due to change in legislative requirements	0
(Disposals)	0
Revaluation increments/(decrements)	0
Impairment (losses)/reversals	0
Carrying amount at the end of the year	<u>0</u>

**9. TRADE AND OTHER PAYABLES**

**Current**

Sundry Creditors & Accruals	1,008,826	428,897
Accrued Interest on Loans	19,311	22,964
Accrued Salaries and Wages	0	0
Accrued RDO's	53,407	58,289
Accrued Expenses	25,819	26,873
Income Received in Advance	29,091	7,523
GST Payable	0	(4)
Bonds & Deposits	722,066	534,413
	<u>1,858,521</u>	<u>1,078,954</u>

**10. LONG-TERM BORROWINGS**

**Current**

Secured by Floating Charge		
Debentures	288,921	381,722
	<u>288,921</u>	<u>381,722</u>

**Non-Current**

Secured by Floating Charge		
Debentures	2,144,984	2,346,905
	<u>2,144,984</u>	<u>2,346,905</u>

Additional detail on borrowings is provided in Note 22.

**Deferred Liabilities**

Peaceful Bay Caravan Park Buildings	82,000	82,000
Rivermouth Caravan Park Buildings	24,700	24,700
	<u>106,700</u>	<u>106,700</u>

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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<b>11. PROVISIONS</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Analysis of Total Provisions		
Current	862,460	798,401
Non-Current	88,164	78,462
	<u>950,624</u>	<u>876,863</u>
	<b>Provision for</b>	<b>Provision for</b>
	<b>Annual</b>	<b>Long Service</b>
	<b>Leave</b>	<b>Leave</b>
	<b>\$</b>	<b>\$</b>
	<b>Total</b>	<b>\$</b>
Opening balance as at 1 July 2012	497,560	379,303
Additional provisions	51,499	22,263
Amounts used	0	0
Used amounts reversed	0	0
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	0
Balance at 30 June 2013	<u>549,059</u>	<u>401,566</u>
	<b>2013</b>	<b>2013</b>
	<b>\$</b>	<b>Budget</b>
		<b>\$</b>
<b>12. RESERVES - CASH BACKED</b>		
<b>(a) Employee Entitlements Reserve</b>		
Opening Balance	356,695	356,695
Amount Set Aside / Transfer to Reserve	15,387	16,050
Amount Used / Transfer from Reserve	0	0
	<u>372,082</u>	<u>372,745</u>
<b>(b) Plant Reserve</b>		
Opening Balance	305,077	305,077
Amount Set Aside / Transfer to Reserve	308,371	338,728
Amount Used / Transfer from Reserve	0	0
	<u>613,448</u>	<u>643,805</u>
<b>(c) Parry Inlet Reserve</b>		
Opening Balance	95,259	95,259
Amount Set Aside / Transfer to Reserve	6,609	5,586
Amount Used / Transfer from Reserve	(70,000)	(35,000)
	<u>31,868</u>	<u>65,845</u>
<b>(d) Cemetery Reserve</b>		
Opening Balance	1,678	1,678
Amount Set Aside / Transfer to Reserve	72	1,275
Amount Used / Transfer from Reserve	0	(26,665)
	<u>1,750</u>	<u>2,953</u>
<b>(e) Lime Quarry Rehabilitation Reserve</b>		
Opening Balance	63,092	63,092
Amount Set Aside / Transfer to Reserve	34,722	34,839
Amount Used / Transfer from Reserve	0	0
	<u>97,814</u>	<u>97,931</u>
<b>(f) Land and Building Reserve</b>		
Opening Balance	1,134,053	1,134,053
Amount Set Aside / Transfer to Reserve	46,756	51,032
Amount Used / Transfer from Reserve	(111,250)	(111,250)
	<u>1,069,559</u>	<u>1,073,835</u>

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	2013 \$	2013 Budget \$	2012 \$
<b>12. RESERVES - CASH BACKED Cont'd</b>			
<b>(g) Refuse Site Development Reserve</b>			
Opening Balance	408,762	408,763	340,749
Amount Set Aside / Transfer to Reserve	67,633	68,390	68,013
Amount Used / Transfer from Reserve	0	(46,000)	0
	<u>476,395</u>	<u>431,153</u>	<u>408,762</u>
<b>(h) Kwoorabup Community Park Reserve</b>			
Opening Balance	80,041	80,041	76,022
Amount Set Aside / Transfer to Reserve	3,453	3,600	4,019
Amount Used / Transfer from Reserve	0	0	0
	<u>83,494</u>	<u>83,641</u>	<u>80,041</u>
<b>(i) Aquatic Facility Development Reserve</b>			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	82,165	160,000	0
Amount Used / Transfer from Reserve	0	0	0
	<u>82,165</u>	<u>160,000</u>	<u>0</u>
<b>TOTAL CASH BACKED RESERVES</b>	<u><u>2,828,576</u></u>	<u><u>2,931,909</u></u>	<u><u>2,444,659</u></u>

All of the cash backed reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 & 4 to this financial report.

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

**Employee Entitlements Reserve**

- to be used to fund employee entitlements.

**Plant Reserve**

- to be used for the purchase of major plant as per the plant replacement schedule.

**Parry Inlet Reserve**

- to be utilised to carry out improvements and maintenance on the Parry Beach Reserve.

**Cemetery Reserve**

- to be used for the construction of new facilities at the Denmark Cemetery.

**Lime Quarry Rehabilitation Reserve**

- to be used for the rehabilitation of the Shire Lime Quarry (Reserve 46273, Ocean Beach Road).

**Land and Building Reserve**

- to be used for the construction of new building or land purchases.

**Refuse Site Development Reserve**

- to be used for land acquisition and development of a new refuse facility.

**Kwoorabup Community Park Reserve**

- to be used for the development of the Kwoorabup Community Park.

**Aquatic Facility Development Reserve**

- to be used for the development of an Aquatic Facility.



**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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<b>13. RESERVES - ASSET REVALUATION</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
<b>(a) Asset Revaluation Reserve</b>		
Balance as at 1 July 2012	53,879,201	53,879,201
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2013	<u>53,879,201</u>	<u>53,879,201</u>
<b>(b) Plant and Equipment</b>		
Opening Balance	0	0
Revaluation Increment	262,569	0
Revaluation Decrement	0	0
	<u>262,569</u>	<u>0</u>
<b>TOTAL ASSET REVALUATION RESERVES</b>	<u><u>54,141,770</u></u>	<u><u>53,879,201</u></u>

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

**(a) Reconciliation of Cash**

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

	<b>2013</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Cash and Cash Equivalents	<u>4,700,001</u>	<u>3,793,332</u>	<u>3,938,064</u>

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

Net Result	2,135,147	3,690,412	3,978,673
Depreciation	3,326,861	3,325,863	3,213,503
(Profit)/Loss on Sale of Asset	4,127	56,097	(56,327)
(Increase)/Decrease in Receivables	(1,039,111)	421,037	780,953
(Increase)/Decrease in Inventories	10,094	25,005	(44,870)
Increase/(Decrease) in Payables	781,962	(49,124)	(174,162)
Increase/(Decrease) in Employee Provisions	68,880	64,295	220,833
Grants/Contributions for the Development of Assets	(2,864,763)	(5,042,541)	(5,195,995)
Non-Current Assets recognised due to changes in legislative requirements	0	0	0
Net Cash from Operating Activities	<u>2,423,196</u>	<u>2,491,044</u>	<u>2,722,608</u>

**(c) Undrawn Borrowing Facilities**  
**Credit Standby Arrangements**

Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	(30,000)	(30,000)
Credit Card Balance at Balance Date	5,518	7,510
<b>Total Amount of Credit Unused</b>	<u>(24,482)</u>	<u>(22,490)</u>

**Loan Facilities**

Loan Facilities - Current	288,921	381,722
Loan Facilities - Non-Current	2,144,984	2,346,905
<b>Total Facilities in Use at Balance Date</b>	<u>2,433,905</u>	<u>2,728,627</u>

<b>Unused Loan Facilities at Balance Date</b>	<u>0</u>	<u>0</u>
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**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**15. CONTINGENT LIABILITIES**

The Shire of Denmark has no current contingent liability claims.

	2013 \$	2012 \$
<b>16. CAPITAL AND LEASING COMMITMENTS</b>		
(a) Finance Lease Commitments	<u>0</u>	<u>0</u>
(b) Operating Lease Commitments	<u>0</u>	<u>0</u>
(c) Capital Expenditure Commitments	<u>0</u>	<u>0</u>

**17. JOINT VENTURE**

The Shire of Denmark currently has no joint venture projects.

	2013 \$	2012 \$
<b>18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY</b>		
Governance	2,471,022	2,424,550
General Purpose Funding	242,636	609,806
Law, Order, Public Safety	2,426,757	2,312,595
Health	29,755	10,818
Education and Welfare	264,615	272,303
Housing	277,526	722,096
Community Amenities	1,528,728	2,077,663
Recreation and Culture	10,116,034	8,487,083
Transport	58,610,693	56,578,170
Economic Services	1,966,539	1,462,326
Other Property and Services	3,651,995	3,672,568
Unallocated	<u>0</u>	<u>0</u>
	<u>81,586,300</u>	<u>78,629,978</u>

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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	2013	2012	2011
<b>19. FINANCIAL RATIOS</b>			
Current Ratio	125%	106%	97%
Asset Sustainability Ratio	143%	213%	153%
Debt Service Cover Ratio	5%	4%	5%
Operating Surplus Ratio	0.091%	0.288%	0.163%
Own Source Revenue Coverage Ratio	0.697%	0.654%	0.693%
Asset Consumption Ratio	0.6	N/A	N/A
Asset Renewal Funding Ratio	N/A	N/A	N/A

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$
Asset Consumption Ratio	$\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

In accordance with Local Government Financial Management Regulation 50(1aa) :

The annual financial report need not include the Asset Consumption or Asset Funding ratios for the financial years ending on 30 June 2011 or 30 June 2012.

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**20. TRUST FUNDS**

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

	Balance 1-Jul-12 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-13 \$
DPI Licensing	0	1,223,550	(1,223,550)	0
BCITF Training Levy	10,122	33,927	(31,978)	12,071
Building Levy	229	19,577	(19,649)	157
DAP Applications	0	6,158	(6,158)	0
Lieu of Open Space	206,272	8,953	(56,097)	159,127
Nomination Deposits	0	0	0	0
Councillor Donations	2,000	0	0	2,000
Parks & Trails Committee	850	0	0	850
	<b>219,472</b>	<b>1,292,165</b>	<b>(1,337,432)</b>	<b>174,205</b>

**21. DISPOSALS OF ASSETS - 2012/13 FINANCIAL YEAR**

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Replacement CEO Vehicle DE 1	0	38,140	0	45,000	0	6,860
Replacement DFA Vehicle DE 09	12,909	17,363	10,500	15,000	(2,409)	(2,363)
Replacement Office Car DE 7005	4,625	7,710	9,000	10,000	4,375	2,290
Replacement DCRS Vehicle DE 45	0	13,942	0	15,000	0	1,058
Replacement Ranger Vehicle DE 7	18,182	18,910	13,636	15,500	(4,546)	(3,410)
Replacement CESM Vehicle DE 54	0	21,520	0	32,500	0	10,980
Replacement Health Vehicle DE 992	4,284	7,668	7,727	8,000	3,443	332
Replacement Rubbish Truck DE 336	0	112,912	0	50,000	0	(62,912)
Replacement DPS Vehicle DE 680	15,675	17,818	12,273	15,000	(3,403)	(2,818)
Senior Planner Vehicle DE 87	11,813	13,435	8,000	8,000	(3,813)	(5,435)
Replacement Mgr Works & Services DE 15	6,077	9,979	13,636	15,000	7,559	5,021
Replacement Works Supervisor DE 7560	18,969	20,700	13,636	15,000	(5,333)	(5,700)
	<b>92,536</b>	<b>300,097</b>	<b>88,409</b>	<b>244,000</b>	<b>(4,127)</b>	<b>(56,097)</b>

**Summary**

	Actual	Budget
Profit on Asset Disposals	15,377	26,541
Loss on Asset Disposals	(19,504)	(82,638)
	<b>(4,127)</b>	<b>(56,097)</b>

**SHIRE OF DENMARK**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2013**

**22. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1-Jul-12 \$	New Loans \$	Principal Repayments		Principal 30-Jun-13		Interest Repayments		Interest Rate	Maturity Date
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$		
113 - Admin	176,084		54,551	54,551	121,533	121,533	10,723	10,723	7.18%	20-May-15
123 * Lionsville	177,144		16,508	16,508	160,636	160,635	13,319	13,319	7.98%	10-Jan-20
126 - Civic Centre	37,254		37,254	37,255	0	0	1,434	1,434	5.01%	27-Jun-13
129 * Scouts	35,406		2,222	2,222	33,184	33,183	2,007	2,007	5.84%	21-Jul-23
131 - Visitors Centre	270,037		19,518	19,518	250,519	250,520	18,527	18,527	6.91%	28-Jun-22
132 - Youth Centre	17,200		17,200	17,200	0	0	651	650	7.22%	26-Mar-13
138 - Plant	49,076		49,076	49,076	0	0	1,855	1,855	7.22%	26-Mar-13
139 - Civic Centre	17,200		17,200	17,200	0	0	630	980	7.22%	26-Mar-13
140 * Bowling Club	57,894		8,045	8,045	49,849	49,849	3,873	3,873	7.11%	26-Mar-13
141 * Bowling Club	60,109		7,334	7,334	52,775	52,774	2,882	2,882	5.15%	30-Jan-19
142 - Lionsville	561,461		17,336	17,336	544,125	544,125	38,545	38,545	6.88%	12-Nov-29
143 - Airport	76,145		3,941	3,941	72,204	72,204	4,755	4,755	6.26%	30-Jun-25
144 - Recreation Centre	63,363		6,391	6,391	56,972	56,972	3,726	3,726	5.96%	30-Jun-20
145 - Tennis Courts	53,648		5,411	5,411	48,237	48,236	3,155	3,155	5.96%	30-Jun-20
147 - Football Clubrooms	213,215		6,597	6,597	206,618	206,618	13,617	13,617	6.37%	30-Jun-30
148 * Football Club Ext	25,345		2,556	2,556	22,789	22,789	1,490	1,490	5.96%	30-Jun-20
150 - Plant Purchases 10/11	404,663		92,974	92,974	311,689	311,689	21,143	21,143	5.58%	31-May-16
151 * Denmark Tourism Inc	24,642		5,662	5,662	18,980	18,980	1,287	1,287	5.58%	31-May-16
152 - Purchase Lot 300	408,743		11,948	11,948	396,795	396,795	24,697	24,697	6.04%	30-Jun-31
153 - Photovoltaic System	0	87,000	0	6,817	87,000	103,183	852	3,439	4.06%	06-Apr-20
	2,728,629	87,000	381,722	388,539	2,433,905	2,450,085	169,167	172,104		

(\*) Self supporting loan financed by payments from third parties. 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 30TH JUNE 2013**

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

(b) New Debentures - 2012/13

<b>Particulars/Purpose</b>	<b>Amount Borrowed</b>		<b>Institution</b>	<b>Loan Type</b>	<b>Term (Years)</b>	<b>Total Interest &amp; Charges \$</b>	<b>Interest Rate %</b>	<b>Amount Used</b>		<b>Balance Unspent \$</b>
	<b>Actual \$</b>	<b>Budget \$</b>						<b>Actual \$</b>	<b>Budget \$</b>	
153 - Photovoltaic System	87,000	110,000	WATC	Council	7	14,162	4.06	87,000	110,000	0

(c) Unspent Debentures

<b>Particulars</b>	<b>Date Borrowed</b>	<b>Balance 1-Jul-12 \$</b>	<b>Borrowed During Year \$</b>	<b>Expended During Year \$</b>	<b>Balance 30-Jun-13 \$</b>
					0
		0	0	0	0

(d) Overdraft

Council did not utilise an overdraft facility during the 2012/2013 financial year.

**SHIRE OF DENMARK**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2013**

**23. RATING INFORMATION - 2012/13 FINANCIAL YEAR**

(a) Rates

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>Rateable Value \$</b>	<b>Rate Revenue \$</b>	<b>Interim Rates \$</b>	<b>Back Rates \$</b>	<b>Total Revenue \$</b>	<b>Budget Rate Revenue \$</b>	<b>Budget Interim Rate \$</b>	<b>Budget Back Rate \$</b>	<b>Budget Total Revenue \$</b>
<b>Differential General Rate</b>											
GRV - Developed	8.8250	1,365	19,327,880	1,705,688	41,697	(3,978)	1,743,407	1,705,685	20,000		1,725,685
GRV - Vacant Land	15.5000	409	3,721,762	576,521			576,521	576,873	2,623		579,499
UV	1.3818	538	273,106,000	1,042,432			1,042,432	1,042,719	5,000		1,047,719
							0				0
<b>Sub-Totals</b>		2,312	296,155,642	3,324,641	41,697	(3,978)	3,362,360	3,325,277	27,623	0	3,352,903
<b>Minimum Rates</b>	<b>Minimum \$</b>										
GRV - Developed	880	1,317	10,709,638	1,158,960			1,158,960	1,158,960			1,158,960
GRV - Vacant Land	800	148	577,855	116,000			116,000	116,000			116,000
UV	950	60	10,580,000	45,600			45,600	45,600			45,600
							0				0
<b>Sub-Totals</b>		1,525	21,867,493	1,320,560	0	0	1,320,560	1,320,560	0	0	1,320,560
							4,682,920				4,673,463
Discounts (refer note 26)							0				0
<b>Total Amount Raised from General Rate</b>							4,682,920				4,673,463
Specified Area Rate (refer note 24)							0				0
<b>Total Rates</b>							4,682,920				4,673,463

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**23. RATING INFORMATION - 2012/13 FINANCIAL YEAR (Continued)**

(b) Information on Surplus/(Deficit) Brought Forward	<b>2013</b> <b>(30 June 2013</b> <b>Carried</b> <b>Forward)</b> <b>\$</b>	<b>2013</b> <b>(1 July 2012</b> <b>Brought</b> <b>Forward)</b> <b>\$</b>	<b>2012</b> <b>(30 June 2012</b> <b>Carried</b> <b>Forward)</b> <b>\$</b>
<b>Surplus/(Deficit) - Rate Setting Statement</b>	<u>1,590,748</u>	<u>532,733</u>	<u>531,898</u>
<b><u>Comprises:</u></b>			
Cash - Unrestricted	717,632	834,463	833,628
Cash - Restricted	3,982,369	3,103,596	3,103,596
Investments - Restricted	0	0	0
Rates - Current	198,598	155,267	155,267
Sundry Debtors	1,176,625	267,570	267,570
GST Receivable	108,181	551	551
Accrued Income	14,278	46,347	46,347
Inventories			
- Fuel and Materials	80,162	90,255	90,255
<b>Less:</b>			
Reserves - Restricted Cash			
Leave Reserve	(372,082)	(356,695)	(356,695)
Plant Reserve	(613,448)	(305,078)	(305,078)
Parry Inlet Reserve	(31,868)	(95,259)	(95,259)
Cemetery Reserve	(1,750)	(1,678)	(1,678)
Lime Quarry Rehabilitation Reserve	(97,814)	(63,092)	(63,092)
Land and Building Reserve	(1,069,559)	(1,134,053)	(1,134,053)
Refuse Site Development Reserve	(476,395)	(408,763)	(408,763)
Kwoorabup Community Park Reserve	(83,494)	(80,041)	(80,041)
Aquatic Facility Development Reserve	(82,165)	0	0
Restricted Creditors	(722,066)	(534,413)	(534,413)
Reserves - Restricted Investments			
- Leave Reserve	** 0	356,695	356,695
Sundry Creditors	(1,008,826)	(428,897)	(428,897)
Accrued Interest on Debentures	(19,311)	(22,964)	(22,964)
Accrued Expenses	(54,911)	(34,392)	(34,392)
Accrued Salaries and Wages	(53,407)	(58,289)	(58,289)
Current Employee Benefits Provision	** 0	(798,401)	(798,401)
<b>Surplus/(Deficit)</b>	<u>1,590,748</u>	<u>532,729</u>	<u>531,894</u>

**Difference:**

There was a difference of \$835 between the Surplus/(Deficit) 1 July 2012 Brought Forward position used in the 2013 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2012 audited financial report. We consider the amendment of the prior year Rate Setting Statement is not significant enough to warrant additional disclosures.

\*\* The current leave provision as at 30 June 2013 is expected to remain uncleared at the end of the financial year ended 30 June 2014 and has been excluded in the calculation of the budget deficiency as at 30 June 2013 in accordance with Local Government Financial Management Regulation 32 (f).

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**24. SPECIFIED AREA RATE - 2012/13 FINANCIAL YEAR**

No specified area rate charge is applied to properties within the Shire of Denmark.

**25. SERVICE CHARGES - 2012/13 FINANCIAL YEAR**

No specified service charges are applied to properties within the Shire of Denmark.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS**  
**- 2012/13 FINANCIAL YEAR**

The Shire of Denmark does not offer any discount or early payment incentives for rates paid prior to due date.

Where a small balance remains on a property assessment due to circumstances such as a delay in receipt of mail payments or monies from property settlements and additional daily interest has accumulated, amounts outstanding of \$5.00 and under have been waived, as it is not considered cost effective or equitable to recover. Estimated loss of revenue from this waiver is \$350.00

Photocopy charges are waived for Volunteer Bushfire Brigades as they are considered to be the responsibility of Council under the Bush Fires Act 1954.

**27. INTEREST CHARGES AND INSTALMENTS - 2012/13 FINANCIAL YEAR**

	<b>Interest Rate %</b>	<b>Admin. Charge \$</b>	<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on Unpaid Rates	11.00%	-	14,266	11,000
Interest on Instalments Plan	5.50%	-	20,734	10,000
Charges on Instalment Plan	-	7.00	17,526	24,000
			<b>52,526</b>	<b>45,000</b>

Ratepayers had the option of paying rates in four equal instalments, due on 27th September 2012, 27th November 2012, 29th January 2013 and 27th March 2013. Administration charges and interest applied for the final three instalments.

<b>28. FEES &amp; CHARGES</b>	<b>2013 \$</b>	<b>2012 \$</b>
Governance	25,071	19,861
General Purpose Funding	0	0
Law, Order, Public Safety	18,849	12,926
Health	27,075	14,446
Education and Welfare	8,200	8,200
Housing	0	0
Community Amenities	1,242,368	1,178,400
Recreation and Culture	207,345	180,644
Transport	89,346	3,413
Economic Services	714,382	677,601
Other Property and Services	18,365	48,036
	<b><u>2,351,000</u></b>	<b><u>2,143,527</u></b>

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**29. GRANT REVENUE**

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

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature and Type:</b>		
Operating Grants, Subsidies and Contributions	2,415,639	1,755,243
Non-Operating Grants, Subsidies and Contributions	<u>2,864,763</u>	<u>5,195,995</u>
	<u><b>5,280,401</b></u>	<u><b>6,951,238</b></u>
<b>By Program:</b>		
Governance	1,000	0
General Purpose Funding	1,287,905	1,491,263
Law, Order, Public Safety	487,602	323,030
Health	0	0
Education and Welfare	18,990	1,000
Housing	0	0
Community Amenities	5,409	31,505
Recreation and Culture	648,326	931,436
Transport	2,831,170	4,173,004
Economic Services	0	0
Other Property and Services	<u>0</u>	<u>0</u>
	<u><b>5,280,401</b></u>	<u><b>6,951,238</b></u>

**30. ELECTED MEMBERS REMUNERATION**

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

	<b>2013</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Meeting Fees	59,430	59,430	57,649
President's Allowance	10,500	10,500	10,500
Deputy President's Allowance	2,625	2,625	2,673
Travelling Expenses	14,071	9,000	8,642
Communications Allowance	<u>12,600</u>	<u>12,600</u>	<u>12,081</u>
	<u><b>99,226</b></u>	<u><b>94,155</b></u>	<u><b>91,545</b></u>

**31. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<b>2013</b>	<b>2012</b>
<u><b>61.4</b></u>	<u><b>59.4</b></u>

**32. MAJOR LAND TRANSACTIONS**

Council has had no major land transactions during the 2012/13 financial year.

**33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the 2012/13 financial year.

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**34. FINANCIAL RISK MANAGEMENT**

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

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk

The Council held the following financial instruments at balance date:

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>				
Cash and cash equivalents	4,700,001	3,938,059	4,700,001	3,938,059
Receivables	2,027,583	1,451,427	2,027,583	1,451,427
Investments	0	0	0	0
	<u>6,727,584</u>	<u>5,389,486</u>	<u>6,727,584</u>	<u>5,389,486</u>
<b>Financial Liabilities</b>				
Payables	1,858,521	1,078,954	1,858,521	1,061,744
Borrowings	2,433,905	2,728,627	2,489,366	2,814,098
	<u>4,292,426</u>	<u>3,807,581</u>	<u>4,347,887</u>	<u>3,875,842</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings, Held-to-Maturity Investments – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial Assets at Fair Value through profit and loss, Available for Sale Financial Assets – based on quoted market prices at the reporting date or independent valuation.



**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(a) Cash and Cash Equivalents**

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

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

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

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Impact of a 10% (*) movement in interest rates on cash and investments:		
- Equity	0	0
- Statement of Comprehensive Income	126,471	140,973

**Notes:**

(\*) Sensitivity percentages based on management's expectation of future possible market movements.

Recent market volatility has seen large market movements for certain types of investments.

(+) Maximum impact.

Impact of a 1% (\*) movement in interest rates on cash and investments:

- Equity	0	0
- Statement of Comprehensive Income	12,647	14,097

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(b) Receivables**

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council 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 Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

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

	<b>2013</b>	<b>2012</b>
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	97.78%	96.13%
- Overdue	2.22%	3.87%

**SHIRE OF DENMARK**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(c) Payables  
Borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

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

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2013</u></b>					
Payables	1,179,567	678,954	0	1,858,521	1,858,521
Borrowings	442,072	1,326,037	1,768,261	3,536,370	2,433,905
	<u>1,621,639</u>	<u>2,004,991</u>	<u>1,768,261</u>	<u>5,394,890</u>	<u>4,292,426</u>
<b><u>2012</u></b>					
Payables	584,161	494,793	0	1,078,954	1,078,954
Borrowings	554,539	1,456,158	1,979,050	3,989,747	2,728,627
	<u>1,138,700</u>	<u>1,950,951</u>	<u>1,979,050</u>	<u>5,068,701</u>	<u>3,807,581</u>

**SHIRE OF DENMARK**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2013**

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

**(c) Payables**

**Borrowings (Continued)**

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. As such there is no risk to movements in interest rates applicable to the Shire of Denmark.

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<b><u>Year Ended 30 June 2013</u></b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debentures	0	121,533	330,670	0	49,849	1,931,854	2,433,905	6.37%
Weighted Average Effective Interest Rate	0.00%	7.28%	5.58%	0.00%	5.15%	6.48%		
<b><u>Year Ended 30 June 2012</u></b>								
Payables								
Borrowings								
<b>Fixed Rate</b>								
Debentures	120,730	0	176,084	427,305	0	2,002,508	2,728,627	6.45%
Weighted Average Effective Interest Rate	6.57%	0.00%	7.28%	5.58%	0.00%	6.56%		