



## Shire of Denmark

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# Shire of Denmark Annual Report 2010/2011



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## 2010-2011 Annual Report

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## 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 business and development initiatives within sustainability values, thereby managing a balance of local and externally funded initiatives.

### CURRENT STATUS

Population (2006 Census)	4511
Population (1 July 2011)	5547(est.*)
Annual Population Growth Rate	2.1 %(est*)

(\* Source – Shire of Denmark Local Planning Strategy)

Area	- 1842 sq km
Length of Roads	
- Sealed	- 202.18km
- Unsealed	- 689 km
Area of Parks & Reserves	- 1290 sq km
Length of Coastline	- 84 km
Length of Estuary Foreshores	- 73 km
Number of Dwellings	- 2917

### Educational Institutions

- Pre-Schools
- Primary Schools
- High School
- College of Agriculture
- TAFE
- Centre for Sustainable Living

### VISION

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

1. Character and lifestyle sustained through careful planning.
2. A robust economy, based on local resources and skills.
3. A caring, cohesive community.
4. An expanded range of educational services.
5. A very attractive district to visit.



### GOALS

1. **ENVIRONMENTAL MANAGEMENT**  
To help conserve the natural environment of Denmark and promote its responsible use.
2. **LAND USE AND TOWN PLANNING**  
To devise and apply planning instruments which minimise the negative impacts of development.
3. **ECONOMIC DEVELOPMENT**  
To encourage economic activities, locally and in the region, which make appropriate use of Denmark's natural and human resources and its primary produce.
4. **SERVICES FOR THE COMMUNITY**  
To support the provision of an equitable range of services and facilities.
5. **THE ORGANISATION**  
To ensure that Council is able to serve the community efficiently, effectively and fairly.

### FREEMAN OF THE SHIRE OF DENMARK

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

### 2011 CITIZENSHIP AWARD WINNERS

#### Citizen of the Year Award

Mr George Mumford

#### Young Citizen of the Year Award

Mr Conor O'Keefe

#### Community Group of the Year Award

Denmark Walpole Football Club

### 2010 SPORTS AWARD WINNERS

#### Senior Sportsperson of the Year

Mr Justin Bellanger (Yachting)

#### Junior Sportsperson of the Year

Ms Nicola Thies (Little Athletics)

#### Services to Sport

Mr Steven Nairn (Cricket)

## **SHIRE PRESIDENT’S INTRODUCTION**

It is my pleasure to present the Shire of Denmark Annual Report for the 2010-2011 financial year.

I consider myself to be both privileged and honoured to serve in the capacity as President of the Shire of Denmark and I thank my fellow Councillors and the Chief Executive Officer for their support and their passion and commitment, in what has again been a very busy year for the Shire. The Shire is very fortunate to have a committed and dedicated team of staff, both inside and outside, and I also thank them for their outstanding efforts over the past twelve months.

In recent years, Council has completed the largest Capital Works program the Shire has undertaken, largely as a result of the Royalties for Regions funding provided by the WA State Government. In 2010/11 this money was used towards the upgrading of the CBD area, Peaceful Bay Footpath works, and reticulation and landscaping of the Country Club golf fairways. I commend the State Government for their commitment to rural Western Australia, with the Royalties for Region fund being responsible for these projects being completed when otherwise Council would be forced to borrow funds to finance them.

The Local Planning Strategy was adopted by Council at a Special Meeting on 4 October 2011 and proved to be a contentious issue in the advertising period, with concerns expressed from the community about several matters including a second bridge access across the Denmark River, commercial zoning for Mitchell Street area and the utilisation of Denmark Agricultural College land for possible future residential purposes. Council responded to these concerns from the community, which was reflected in the final Strategy, which has now been submitted to the Western Australian Planning Commission for endorsement. The Local Planning Strategy is one of the single most important tasks undertaken by Council as this document will guide and oversee the growth and development patterns of the Shire over the next twenty year period. I thank all those electors who made a submission in regards to the Strategy, as Council views such input as being vitally important to ensure that the Strategy reflects the broad community view on how our Shire will develop over time.

Amendments to the Local Government Act will require all local authorities to undertake a greater strategic approach to their various activities and over the next twelve month period, a new and/or revised Strategic Plan and Ten Year Financial Plan (both currently in draft form) will need to be adopted and integrated to all levels of Council’s operation, to ensure maximum value from rate and taxpayers funds are being obtained and spent in the areas as a seen as a priority for both Council and the community. These amendments require Council to engage and consult thoroughly with ratepayers and electors and I look forward to similar valuable community input to the Strategic Plan being received.

The Shire of Denmark’s position on potential amalgamation with our neighbouring Shires has not changed, and Council will continue to argue strongly to the State that we see little or no potential benefits for the Shire as an organisation or more importantly, for our local community to amalgamation.

Although not within the 2010/11 year, it would be remiss of me not to mention the October 2011 Municipal Elections which marked the retirement of many long standing Councillors and the arrival of many new faces to the Council Chamber. I would like to thank Cr Barrow, Ebbett, Richardson-Newton, Wakka, Laing, and Phair for their service to Council and the contribution that they have made in what has been an exciting and challenging period for the Shire. I would also like to welcome the six new elected members to the Shire, who I am sure will bring fresh and interesting ideas to the Council Chamber.









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 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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## **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**

The State Government remains committed to undertaking structural reform of the local government sector through a process of voluntary amalgamation and the formation of collaborative arrangements to investigate the various advantages and disadvantages of amalgamating.

Whilst there are no State Government plans to force amalgamation, Council continues to lobby local Members of Parliament and the Department for Local Government that there would be no significant benefits to electors of Denmark to amalgamating with any of our neighbours and that we continue to be an efficient and effective local government, working for the interests of our community.

I remain firmly of the opinion that the Shire of Denmark remains a strong and vibrant local government and with Denmark’s undoubted future prospects, there is no need or likely net benefit to the community by amalgamating with any of our near neighbours.

### **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.

I would like to thank all staff for the commitment they have displayed to their duties and I look forward to working with them all over the next twelve months to achieve the objectives of Council.

### **Customer Service Charter**

The Shire takes great pride in the commitment displayed by our staff to providing the highest level of service possible to our community and 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.

I am pleased to report that Council staff meet these minimum standards on a consistent basis as evidenced by the results in the 2011 Community Needs and Customer Satisfaction Survey, our internal reporting processes and other feedback received.

### **2011 Shire of Denmark Customer Satisfaction and Community Needs Survey**

The 2011 Biennial Survey was distributed to electors in January 2011, with the results being adopted by Council in June 2011.

An excellent response rate of 47.90% was received for the Survey and reflects broad community interest in the affairs of Council and is a most pleasing result for Council.

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

### **CBD Redevelopment**

As a result of the significant funding increase arising from the State Government Royalties for Regions Scheme, the second stage of the Strickland St upgrade was completed during 2010/11. This resulted in the works between South Coast Highway and Barnett Street being completed with the works crew to undertake the section between South Coast Highway and North Road during 2011/12.

These works have attracted a lot of positive feedback and with the following years works, in conjunction with a new carpark on North St, will result in a much improved CBD streetscape and improved access for motorists and pedestrians around the CXBD area.



*(Paving crew at work on Strickland St Upgrade)*

### **Kwoorabup Community Park Construction**

The much anticipated commencement of the construction of the Kwoorabup Community Park was a highlight of the 2010-11 year, with the works already improving this highly visible and strategic location. With further works planned over a ten year period, as funds allow, the Park will grow into a valuable community asset for residents and tourists alike to enjoy and provide a pleasing entrance to the town area.



### **Denmark Country Club – Golf Course Reticulation and Earthworks**

As part of an ongoing upgrade over the next three financial years, Stage 1 of the redevelopment of Country Club facilities commenced during 2010-11 with reticulation and earthworks/drainage works being completed. Stage 2 will see the redevelopment of the clubhouse facilities and Stage 3 will be the installation of grass greens to the golf course. This project was funded by Royalties for Regions, The Department of Sport and Recreation, Denmark Country Club and the Shire of Denmark.

Council commends the members of the Country Club for their initiative in developing this ambitious project and the large amount of volunteer time contributed by club members is a testament to the fact that community spirit is alive and well in Denmark.



*(New reticulation at work on Golf Course)*

### **Shire of Denmark Centenary Celebrations**

The Shire of Denmark commemorated 100 years of local government in 2011 and celebrated this historical occasion with events throughout the year.

Events included:

- Plaques were installed at selected parks indicating the origin of the park names. Ceremonies were attended by Councillors, members of the Centenary Celebrations Working Group, descendants and community members



*(Plaque opening at Randall Park)*

- Community Banner Project – Banners were created by Community Groups throughout Denmark to help explore the ideas of what the Shire Centenary and the township of Denmark meant to each group. The Banners were displayed on banner poles along Strickland Street and South Coast Highway.
- Unveiling of Framed Collage of the Denmark Road Board and Shire Offices and Logos
- Installation of the Denmark Road Board/Shire of Denmark Honour Board.

The Centenary Celebrations Year culminated in the Back to Denmark Weekend from Friday 16 to Saturday 18 September 2011. The weekend activities included:

- The Centenary Street Festival was held on Saturday from 8.30am-2.30pm and featured the Denmark Primary P & C Street Fair, Entertainment, Music, Plays, Vintage Cars, Historic Displays, Food, Stalls, working displays by the Denmark Woodturner's and Denmark Restoration Group. A crowd of approximately 2000 enjoyed a wonderful day of activities. Community members dressed in period costume and a highlight of the day was the People Street Parade.
- The Centenary Dinner was held at the Denmark Agricultural College. The Dinner was attended by His Excellency Mr Malcolm McCusker, AO QC, the Governor of Western Australia and Mrs McCusker, Jonathon Denmark, a descendant of Dr. Alexander Denmark (the town's namesake) who travelled from the United States to attend the Weekend, descendants of former Road Board Members/Shire Councillors together with current and former Councillors.



*(Guests enjoying the Centenary Dinner – September 2011)*

- A Tree Planting Ceremony was officiated by His Excellency Mr Malcolm McCusker, AO QC, the Governor of Western Australia at Kwoorabup Community Park. Ficus Trees were planted by His Excellency, Current Councillors, two Centenarians and Jonathon Denmark
- A Centenary Picnic in the Park was hosted by the Denmark Historic Society at Norm Thornton Park

- The Centenary Boat Parade along the Denmark River included wooden boats, a dragon boat, and sea rescue boats. Boats meandered along the Denmark River to join the Centenary Picnic in the Park.
- A Historic Council Meeting was held at the Shire of Denmark Council Chambers. The Council meeting re-enacted items from the 1911-1925 Denmark Road Board minutes. Councillors and staff and community members dressed in period costume.

The final event of the centenary year was the internment of the Centenary Time Capsule on Saturday 10<sup>th</sup> December at Kwoorabup Community Park. The Time Capsule includes items from community and school groups, descendants of Road Board Members/Shire Councillors, photos and memorabilia from the Shire of Denmark Centenary Celebrations. The capsule will be buried for a period of fifty years and is due to be opened in December 2061.

### **LG Focus – National Customer Service Award**

In June this year, the staff of the Denmark Recreation Centre received the LG Focus National Customer Service Award for improving operations or service delivery within the Organisation.

The Shire is very proud to have received this prestigious award, for the second year in a row after the Library's earlier success, and believes it provides due recognition for the excellent service offered at the Centre. The Recreation Centre members of staff, Damien, Jodie, Michelle, Leanne and Helen are passionate about their duties and the increased use of the Centre is a reflection of their commitment.

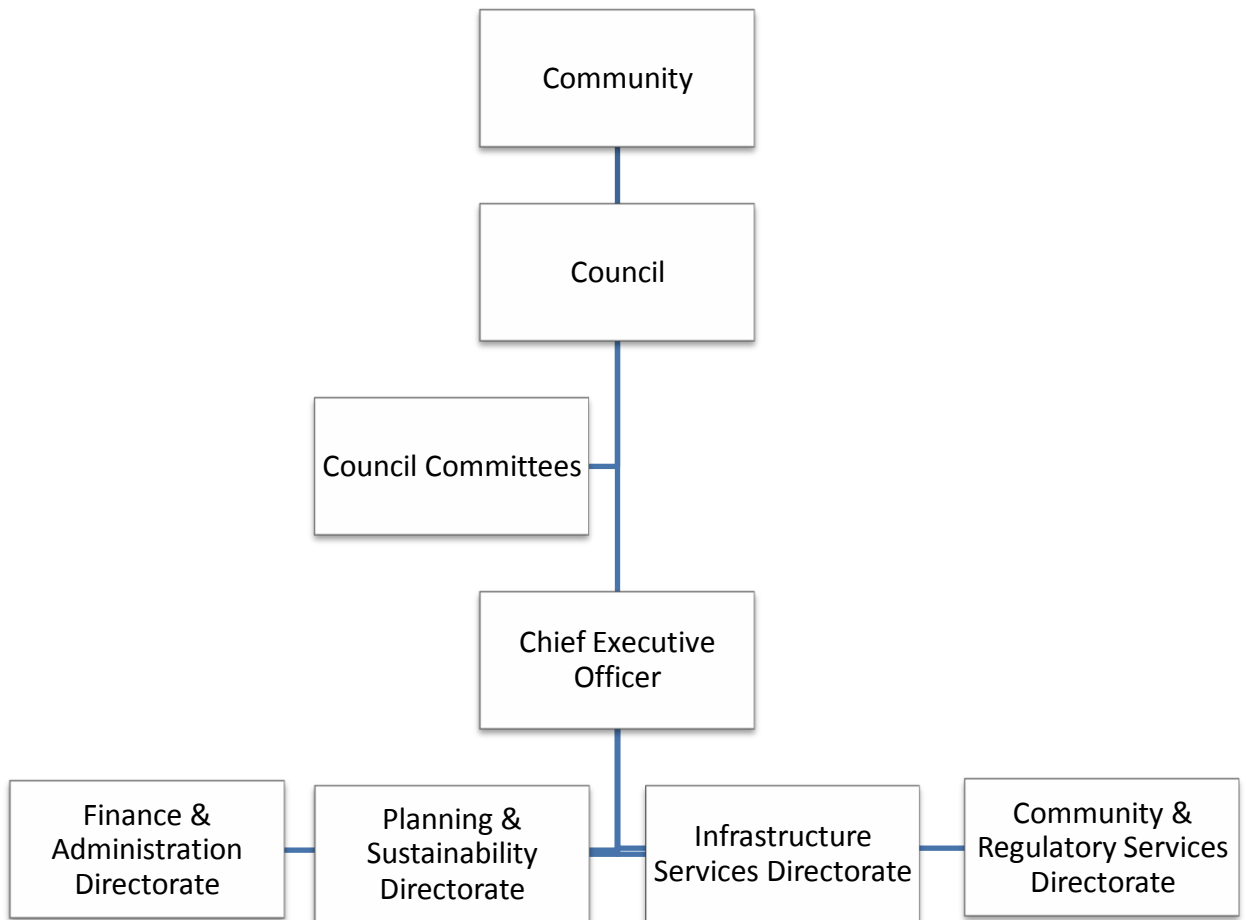
In closing I would like to reiterate my earlier comments and thank all Councillors, Staff and Electors of the Shire for their support, advice and guidance since joining the Shire and I look forward to the year ahead with great optimism and determination to make the Shire of Denmark an even better place to live and visit.



Mr Dale Stewart  
**Chief Executive Officer**



## SHIRE OF DENMARK ORGANISATION CHART



Approved by Council August 2011

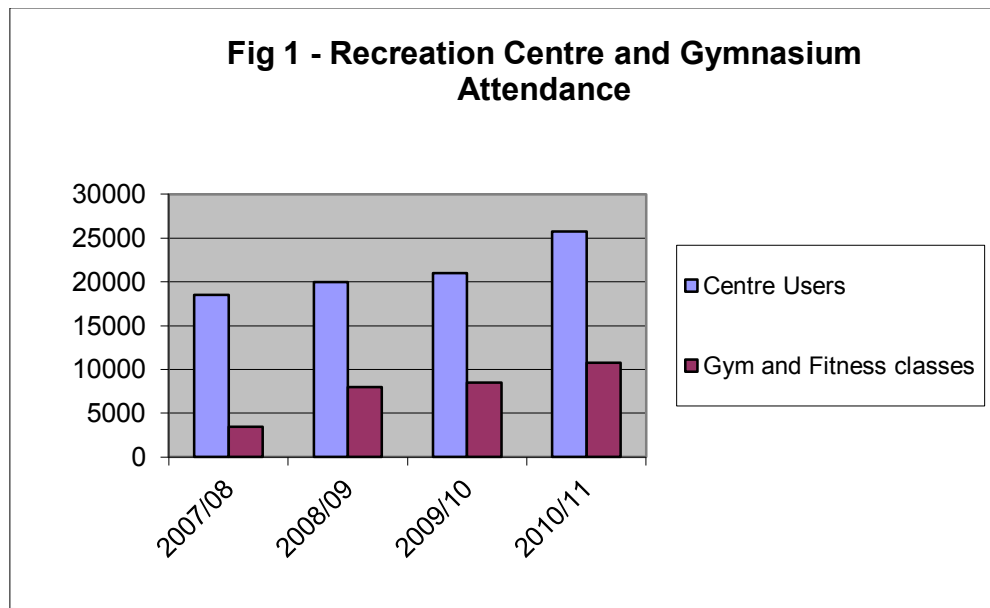
## SUMMARY OF SHIRE SERVICES 2010/2011

### Denmark Recreation Centre

The Recreation Centre recorded growth of 23% in attendances for the year 2010/11. Total attendances came to 36,512.



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



New Programs introduced in 10/11:

- The centre started 3 new gym/fitness programs – T.K.O (boxing for fitness), Personal Training and a Gym attendant (3 afternoons per week for 3 hours). These new programs attracted new clientele to the centre, increased revenue streams and provided a more professional level of service for Council's redeveloped gym facility.

Club Development Officer Scheme:

- The part time Club Development Officer position has finished its initial 3 year period. The position has been upgraded to a full time position for the next 3 year period with the extra 2 days per week as a grants officer employed by the Shire of Plantagenet. The position has been filled by Deborah De Jonge who commenced in the position in August.
- Lyn Foreman – came to Denmark from the 19<sup>th</sup> – 22<sup>nd</sup> April. This project is made possible by the Denmark Little Athletics Club. Lyn is the Head athletics coach from WAIS.

Events:

- Sunday 19<sup>th</sup> September was a big day in Denmark's sporting history with the Denmark Walpole Football Club winning the grand final in front of an estimated 3,500 spectators at McLean Park.
- The Cycle Touring Association passed through Denmark camping at Mclean Park and utilising the Function Room / Change room facilities at the

Recreation Centre. There were 100 cyclists who were participating in the Great Southern ride.

- The Shire of Denmark's Sports person of Year Awards closed with 17 nominations – the most nominations received for these awards.

2010 Winners were:

Senior Sports person of the Year – Justin Bellanger (Yachting)  
Junior Sports person of the Year – Nicola Thies (Little Athletics)  
Service to Sport Award – Steven Nairn (Cricket)  
Club Winners – Denmark Yacht Club, Denmark Little Athletics Club and Denmark Cricket Club.

- On the June long weekend the Centre was hired by the Denmark Festival of Voice. The weekend culminated with over 600 people attending the concert on Sunday evening.

Other projects:

- The Manager of Recreation Services submitted 2 Department of Sport & Recreation CSRFF small grants to Council. One was from the Denmark Cricket Club for the refurbishment of their cricket net area and the other was from Scotsdale Tennis Club for the refurbishment of their club house. Council supported the grant applications and these were forwarded to DSR. The Denmark Cricket Club application was successful and the Scotsdale Tennis Club was unsuccessful.
- 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 co-coordinator as a leader. The camps focused on developing an increase in self esteem, leadership and life skills.
- The Recreation Centre organised a Community Bike event on Sunday 20<sup>th</sup> March 2011. The community was invited to meet at the Recreation Centre and then ride their bikes along the bicycle way to Ocean Beach. A free sausage sizzle welcomed riders to Ocean Beach and families decided to either ride back to the Recreation Centre or use a bus service provided by the Centre to transport them back. Over 50 people ranging from grandparents to toddlers attended the morning ride.  
The idea behind the ride was to increase awareness of the Ocean Beach pathway, promote bike riding for fun and as a mode of transport, not forgetting exercising whilst enjoying the beautiful Denmark scenery. The event was possible due to a grant received from Bikewest and the Department of Planning & Infrastructure.
- The Feasibility Study into an Indoor Heated Aquatic Facility was completed by the consultant and is currently waiting further analysis before being presented to Council.
- The Shire of Denmark was successful in obtaining a grant from DSR for the redevelopment of the McLean Park complex including, tiered seating, reticulation, renovated change rooms, improved drainage and upgraded lighting.
- The Denmark Country Club has finished their 1<sup>st</sup> 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.

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

The Denmark Library has had another successful year with ever growing support from the community. The Library is a place where members can visit and access information, as well as provide educational, recreational, technological, and entertainment resources. This access is obtained by the programs we run and the services and resources we provide locally and by the State Library of Western Australia.

The Denmark Library however still thrives, with an increase in library visits, overall issue of books and enquiries and a very heavy demand for Inter Library loans.

### **Library Renovations**

The Library was painted late in 2010 and meant the library was closed for one week while the walls were given a much need freshen up. This provided staff with the opportunity to do a stock take, weed old and unwanted books and thoroughly clean the shelves.

### **Online Presence**

This year we have worked towards improving our online presence on the Shire of Denmark website, making available the quarterly newsletter online and also making a Facebook page to inform our members of Library events and information.

### **Seniors Book Club**

The Wednesday afternoon Seniors Book Club is now into its 3<sup>rd</sup> year. Eleven members meet each month to discuss one nominated book and share what we have been reading throughout the month. The afternoon is much appreciated by the members who have all got to know each other and enjoy getting together for a chat and afternoon tea.

### **Better Beginnings and “A Smart Start”**

The Better Beginnings Early Childhood Literacy program has been running in Denmark since 2005. Better Beginnings is a partnership between the State Library, Local Government Authorities and the Community Health services. It aims to introduce babies to books and stories, to promote the vital role of parents as their children’s first teacher and to encourage strong language, literacy and child development practices in the home.

The Library prepares the Better Beginnings packs for the Child Health Nurse to issue; contact is made to each family inviting them to Rhyme Time and Story Time and also to a morning tea which is held each term to introduce families with new babies to the Library and to inform them of Child Friendly activities in Denmark

The Shire is now in the fourth year of running A Smart Start in Denmark. This early intervention program aims to provide access to vital information and valuable support to all families in Denmark beginning as soon as children are born until there are 4 years old. A Smart Start runs successfully with the support of volunteers

### **Storytime and Rhymetime**

Rhymetime and Storytime have both been running successfully for 7 years and continue to be one of the most popular activities for children in the community. Storytime and Rhymetime are run by a wonderful volunteer, Pat Evans with the support of staff and Council thanks Pat for the invaluable service she provides.

### **Children’s Book Week**

For Children’s Book Week 2010 we received funding from the Children’s Book Council to invite author of non-fiction children’s books, Michael Pelusey to Denmark. I accompanied Michael to the Denmark Primary School and the Golden Hill Steiner School, where Michael spoke to the children about his books and motivated them to follow their passions and dreams.

### **Children’s Week Spring Fair**

During Children’s Week in October 2010, the Denmark Early Years/A Smart Start Network hosted the 4<sup>th</sup> Annual Children’s Week Spring Fair where Pat and I set up an area for Storytelling. We enjoyed a fun filled morning were all those working with the Children of Denmark worked together to showcase all the activities and services available for children.



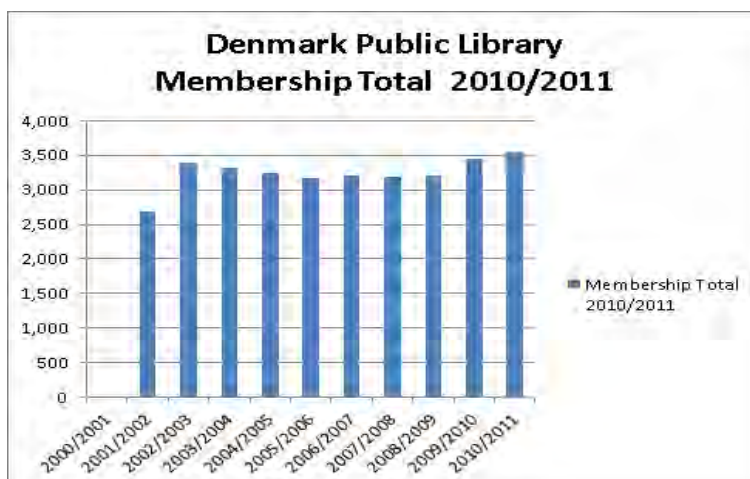
*(Pat and Robyn at the Children’s Spring Fair)*

### **Premier’s Summer Reading Challenge**

Each summer holidays the library participates in the Premier’s Summer Reading Challenge which aims to encourage children to keep reading over the long holiday break. The children of Denmark were keen to participate again this year and an extra incentive was offered by the Library with special prizes for three children, which they greatly appreciated. Each child receives a certificate from the Premier.

**FIG 2 – Total Library Members 2000/01 to 2010/11**





### The Denmark Youth Centre (Tha House)

The attendance numbers are based on headcounts done each half hour and reflect the number of youth on site at these times, not the total number of youth accessing the facility during the total opened hours.



### Programs and Activities

During August 2010, a group from the Denmark Hospital Day Centre visited Tha House for several hours to acknowledge International Youth Day in the Denmark Community. A small group of Albany Youth Worker students from the Great Southern Institute of Technology (Albany Campus) visited Tha House to gain experience and witness some of the components to the Denmark youth service, which is generating an increasing amount of interest from the youth sector and broader community.

Towards the end of September, surprise Youth Centre Graduate Ms. Sophie Lines and now Propel Youth Arts WA funding officer, popped in to participate in the beading and school holiday activities. The Denmark Local Drug Action Group (DLDAG) has assisted in covering the costs of some of the cooking workshops and snacks during the holiday period.

The October 2011 school holidays included a tour of a small group of young people from Katanning, whom took part in a beginners Spray Can Art workshop, with Youth Centre graduate Mr. Jarrah Moon. The following two days involved a mural design session for the youth to create a design for a wall potentially in the Denmark CBD, and a fresh coat of paint on the McLean Park toilet block to celebrate the two local football teams Grand final victories.

Leading up to Christmas and throughout January, Tha House has been trialing a variety of new programs, with a focus on arts and fitness. Regular Capoeira (Brazilian Martial Arts/Dance) lessons have been occurring, with alternatives to appeal to a broader range of youth, including making circus toys, break dance, lessons on twirling glow poi and fire poi and staff (pole). Art workshops included spray paint, tie dying, anime drawing and beading. Over fifty (50) young people participated or were involved with the various workshops.

In February 2011, several young people participated “Hip Hop” creation series of workshops, similar to the previous workshop in 2010 that resulted in a small group of young people producing a compact disc (cd) containing four(4) songs.



*(Hip Hop Recording at Tha House)*

On the 26<sup>th</sup> of March, the youth centre began trialing a new format and new opening and closing times for Saturdays. The new format included the introduction of workshop based activities, a “sign in” system for parents not wanting their young person to leave the facility, an earlier opening time to accommodate for the nature of the activities and an earlier closure time. The centre would only be open for workshop participants between 2pm and 6pm, with the “drop in” format being available from 6pm to 9pm. Community groups have been encouraged to assist in the delivery of workshops, this will assist in increasing the exposure of community groups to young people, will help develop ownership and participation from young people in community group activities in the wider community.

On the 26<sup>th</sup> of March, twenty five (25) young people attended the various workshops which included Acrobatics, Cooking, Denmark Arts Brave New Works couch racer building and Open Access Art. The young people responded well to the new format, with several new attendees and new parents making contact with staff.



*(Local youth working hard at cooking workshop)*

The Denmark Youth Centre celebrated National Youth Week in April by transporting a group of twenty (20) local Denmark young people to participate in the Albany celebrations including young Denmark musicians playing live. The costs of this excursion, including staff wages was covered by the Department for Communities” Office for Youth.

The Denmark celebration was held on the 9<sup>th</sup> April, with the Youth Centre hosting an Open Day for the Denmark community, with a variety of workshops, activities and displays. The day was a huge success, with over two hundred (200) participants,

including adults with a great “trickle on” effect from the Football games being held at McLean Park. Activities included a “spray can art” demonstration which was held on the Denmark Skate Park by local artists to promote the new Denmark Youth Arts program, there was an Open Access art program display with a “mini” workshop and Green Skills held a “stencil art on doors” workshop.

Various displays promoting the programs included the Challenge camps, the cooking workshops including free food from Tha House Kitchen and the couch racers for the upcoming Brave New Works festival, were also on display. YMCA set up the Youth Outreach bus and entertained the crowds with Sumo wrestling matches, with commentary and an adult sized bouncy castle provided plenty of fun for all, with acrobatic instructor Zak Launay, being able to add a new angle to his workshop.

### **PLANNING & SUSTAINABILITY SERVICES**

Planning & Sustainability Services Directorate is responsible for all town planning, sustainability and environmental functions/matters pertaining to the Shire of Denmark.

As at June 2011, Planning & Sustainability Services staff comprised:

- Annette Harbron - Director of Planning & Sustainability
- Duncan Ross - Senior Town Planner
- Cindy Simpson - Senior Town Planner
- Yvette Caruso - Natural Resource Management Officer
- Helen Heydenrych - Natural Resource Management Officer
- Kevina Richardson - Customer Service Officer
- Ruth Hall – Customer Service Officer

### **Planning Services**

During 2010-2011, Planning Services determined a total of 236 planning applications, with a total value of \$19,999,684. Of the 236 planning applications, 229 (representing 97%) were determined under delegated authority to Planning Services.

<b>Type of Application</b>	<b>Number of Applications Determined</b>	<b>Cost of Development</b>
Single House & Additions	105	\$17,144,042
Outbuilding (incl. Rural)	74	\$1,375,622
Commercial & Industrial	27	\$1,268,200
Extractive Industry	3	\$89,820
Home Hol Accom/ B&B; Home Occup/ Business	12	
Sign Applications	7	\$19,000
Rural Pursuits	6	\$83,000
Water Tanks	2	\$20,000
<b>Total</b>	<b>236</b>	<b>\$19,999,684</b>

In relation to subdivision proposals, Planning Services provided recommendations on 19 subdivision applications (freehold and strata subdivisions) to the Western Australian Planning Commission (being the approval body for subdivisions). From the 19 subdivision applications, a total of 100 new lots were proposed - 4 x rural lots (including conservation lots), 82 residential/special residential lots and 14 „hangar“ lots.

### **Local Planning Strategy (LPS)**

In March 2011, Council approved the draft LPS, being the guiding document for the future growth and development within the Shire, to enable referral to the Western Australian Planning Commission (WAPC) for certification as being consistent with regulation 12A(3) of the *Town Planning Regulations 1967*.

Certification was granted by the WAPC in May 2011, thus public advertising of the draft LPS formally commenced on 9 June 2011 for a period of 60 days. Upon closure of the advertising period, all submissions received on the draft LPS were reviewed and presented to Council, where the document was formally adopted on 4 October 2011. The LPS has now been forwarded to the WAPC for endorsement.

### **Town Planning Scheme Amendments**

During 2010-2011, the numbers of Scheme Amendments (including Scheme Amendment requests) progressed were:

- 6 x Scheme Amendment requests were lodged with Planning Services for initial consideration by Council prior to lodgement of the formal Scheme Amendment request;
- 1 x Scheme Amendments was initiated by Council and is still progressing through the Scheme Amendment consideration stages; and
- 4 x Scheme Amendments were granted final approval by the Minister for Planning.

### **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 2010-2011, the Shire adopted the following amended and/or new Town Planning Scheme policies:

- Policy No. 19.3: Holiday Homes
- Policy No. 25.1: Denmark Airfield and Airpark
- Policy No. 39: Public Open Space
- Policy No. 42: Public Art
- Policy No. 43: Nornalup Development Guidelines

### **Projects and Studies**

During the course of 2010-2011, the following projects/studies managed by Planning Services were finalised:

- Peaceful Bay Pre-Feasibility Servicing Report;
- 2011 Municipal Heritage Inventory; and
- Nornalup Character Study.

Other projects/studies that Planning Services have been progressing for Council's consideration in due course include:

- Aboriginal Cultural Heritage Management Plan for Southern Section of Kwoorabup Beelia (Denmark River);
- Public Open Space Strategy; and
- Review of existing Town Planning Scheme Policies.

### **Sustainability Services Coastal Management**

In February 2011, Council adopted the Coastal Reserves Management Strategy and Action Plan 2010-2020 (CRMSAP) as the guiding document for the strategic management of the Shire's coastal reserves recreational facilities/infrastructure, natural values and the conservation of natural resources. The CRMSAP was jointly funded by Council and the Western Australian Planning Commission.

Coastal reserve improvements that have been implemented in 2010-2011 include:

- A new coastal viewing platform at Lions Lookout, Ocean Beach Reserve (with grant funding of \$14,800 provided by South Coast Natural Resource Management Inc);
- Picnic furniture and vehicle management, including dune restoration, at Boat Harbour Reserve (with grant funding of \$5,835 provided by South Coast Management Group) and
- Installation of new coastal safety signage.



*(Lions Lookout Viewing Platform)*

### **Biodiversity Management**

Sustainability Services staff implement continual ongoing management actions to conserve biodiversity values within Shire bushland, coastal, and foreshore reserves. Biodiversity activities/projects undertaken in 2010-2011 include:

- Weed eradication and control activities with the Denmark Weed Action Group;

- Biodiversity surveys (fauna and fungi) on Mt Hallowell and Wilson Inlet Foreshore Reserves (with grant funding of \$24,400 provided from Lotterywest);
- Wilson Inlet foreshore vegetation surveys and rehabilitation works;
- Facilitation of weed-spraying activities on road verges;
- Initial development of weed species identification file;
- Roadside vegetation condition surveys; and
- Declaration of four (4) Flora Roads in the Shire of Denmark.

### **Climate Change**

During 2010-2011, Sustainability Services staff, have been working on the following projects/activities:

- Greenhouse Gas Inventory Reporting Platform – tracks and reports on greenhouse gas emissions, energy consumption and energy production;
- Greensense View Dashboard – an online website which shows live real-time data of electricity consumption used associated with the Shire's Administration Building; and
- Climate Change Strategy Action Plan.

### **Revegetation Activities**

Revegetation projects/activities undertaken, co-ordinated and/or project managed by Sustainability Services in 2010-11 include:

- National Tree Day with Denmark High School;
- Revegetation and fencing of waterways on private properties within the Wilson Inlet catchment with the Wilson Inlet Catchment Committee (WICC); and
- Propagation of local provenance native plants for planting on high priority sites along the Wilson Inlet Foreshore Reserves (with grant funding of \$12,490 provided from Department of Environment and Conservation's Environmental Community Grants Fund).



*(National Schools Tree Planting Day 2011 with students from D.D.H.S)*

### **Environmental Education and Community Projects**

Environmental education and community projects that the Shire supported in 2010-2011 are as follows:

- Environmental education workshops and development of associated brochures, in collaboration with the Denmark Environment Centre, including Caring for Wildlife on Private Properties, Forming Friends of Reserves Groups and Fire and Ecology;
- Green Skills and Centre For Sustainable Living Community Projects such as:
  - Development of a Waterwise Garden at the Denmark Visitor Centre;
  - Living Lakes Shorebirds Conservation Forum;
  - Energy and Water Expo; and
  - Upgrades of local walk trails.

## **FIRE PREVENTION AND EMERGENCY MANAGEMENT**

With the resignation of Graeme Hockley in mid 2010 Council took the opportunity to review the Community Fire Manager's role and convert it to a Community Emergency Services Manager's role which was taken up by Nathan Hall in September 2010.

The primary difference between a Community Fire Manager (CFM) and Community Emergency Services Manager (CESM) is that the CFM is employed by FESA and is 50% funded by Council but operates under Council's direction under an MOU arrangement. In the CESM arrangement however the CESM is 50% funded by FESA under an MOU arrangement and employed directly by Council. This means that the CESM is directly accountable to the Shire's Chief Executive Officer and as a result is fully aligned with the needs of Council's bush fire brigades and be fully committed to the development and the implementation of Council's emergency management plans for its community.

### **Fire Prevention**

#### **Control Burn Program**

The Shire of Denmark has developed a 5 year burn program for Council reserves and Unallocated Crown Land (UCL) which commenced in 2010. The program has proved to be very successful and a huge step forward in providing active fire mitigation plans.

A working group run by the CESM and comprising of representatives from FESA, DEC, Local Government and the Volunteer Bush Fire Service has been formed allowing key local knowledge and skills to be pooled, this enables the planning and execution of the burn program to be significantly enhanced and more rapidly completed.

A stakeholder consultation meeting was also held by the CESM with key environmental groups within the Shire of Denmark in relation to the burn program. The information obtained from this meeting has enabled better communication within the general public on the Shire's current practices and also assisted in identifying important environmental factors such as post burn weed management. This has been established to reduce the amount of weed species emerging and causing a future fire hazard.

### Fire Breaks / Fire Access Ways

Maintenance work was conducted on approximately 140km of Fire Breaks / Fire Access Ways on Shire reserves and Unallocated Crown Land (UCL) prior to the 2010/2011 fire season.

### Education Programs

The CESM conducted 6 fire safety information visits at community groups over the last year in addition to 3 community fire safety displays which were held at the Shire office, outside IGA and in Berridge Park on Australia Day.

Eight Media releases were published covering issues such as arson awareness, arrival of new appliances and emergency services drills. Also one television interview was given in regards to arson related fires.

### Emergency Service Cadets

It was identified that the volunteer emergency services in Denmark are lacking in younger personnel. The CESM identified that the establishment of a cadet group in the Shire could be beneficial in resolving this current problem.

Strong support was received from Tracey Allison (SES Unit Manager) and Joe Baker (Ocean Beach Fire Control Officer) for the establishment of a cadet group. It was decided that as Denmark has such a large selection of volunteer emergency service groups that it would be more beneficial not to have the cadet group based from one group or brigade.

The Denmark High School was approached and was very favourable towards running an Emergency Service Cadet Corps based at the High School with the first Cadet meeting being held on the 9<sup>th</sup> May 2011. The Cadets have access to bush fire, fire and rescue, state emergency service and marine rescue training and have shown great enthusiasm towards the program.



*(Emergency Service Cadets in training)*

### Training

A training calendar consisting of the below listed fire fighting courses was developed for 2011.



Training courses are delivered by the CESM, after completing competencies in training and assessment early in 2011, and FESA District Manager Russell Gould;

- Introduction to Fire Fighting x 2
- Plantation Fire Fighting
- Fire Control Officer Refresher
- Bush Fire Fighting x 2
- Fire Control Officers Course
- Introduction to Fire Fighting
- Bush Fire Crew Leader
- Water Bomber Training

- Bush Fire Fighting
- Structural Fire Fighting
- Bush Fire Crew Leader
- Water Bomber Training
- Ground-Controller
- Ground-Controller

In 2010 over 160 fire fighters were trained in 9 different training courses with the CESM attending a further 8 “in house” training sessions at local fire stations.

An initiative by the CESM for 2011 has been to join the Shire of Denmark and City of Albany training calendars. This will allow volunteers more choice in available courses and assist in ensuring that courses are not postponed due to lack of numbers.

### **Emergency Services Exercises**

In October 2010 and April 2011 two major multiagency exercises were conducted. The first exercise was conducted at the old Denmark Hospital which was based around a 2 vehicle accident which then led to evacuating the hospital and a search and rescue. The second exercise was conducted in the Denmark light industrial area where the exercise was based around a 2 vehicle accident which then led to a chemical spill and rescuing students from a bus.

Over 50 volunteers attended each of the exercises from 6 volunteer emergency services, Bush Fire, Fire and Rescue Denmark & Mt Barker, State Emergency Service, St John Ambulance and the Denmark Hospital. Another 12 members of the community were involved to play the part of casualties. The exercises were a huge success and a debrief session was conducted after the drill. District managers for the SES, VFRS, St John Ambulance and the Hospital acted as umpires for the drill and took notes and offered advice which enabled volunteers to go over areas that went well and areas that could have been done better.

### **Incidents**

The Shire of Denmark volunteer bush fire brigades attended to a total of 26 incidents over the last financial year. A majority of the fires were level 1 incidents that were controlled by either the local brigades or the CESM with a larger level 2 incident at Kernutts road being controlled by the Department of Environment and Conservation.

Brigades also responded to incidents outside the shire at Walpole and the Roleystone Fires in February.

### **Recovery**

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

### **Recognition**

On Saturday evening 25<sup>th</sup> June 2011 over 120 volunteers from Denmark’s Bush Fire Brigades attended the annual Feast not Fire Dinner. The event was organised to acknowledge and thank the Shire’s dedicated volunteer fire fighters after protecting and supporting the Shire over the 2010/2011 fire season.

The function was also an opportunity to acknowledge several of the volunteers who had achieved service milestones. Jean-Marc Merat and Graeme Parks of the Nornalup Bush Fire Brigade were presented with 10 year Bush Fire Service Medals and Wayne Kranendonk, Fire Control Officer for the Mt Shadforth Bush Fire Brigade and upcoming Deputy Chief Fire Control Officer for the Shire of Denmark was presented with his 15 year National Service Medal.

### **Emergency Management**

The emergency risk management profile of the Denmark town site was completed in 2010. Funding for this project was supplied by the Council and the All West Australians Reducing Emergencies (AWARE) grant scheme.

Another AWARE grant has been successfully obtained to conduct similar emergency risk management profiles for Nornalup, Peaceful Bay and Kenton.

A very successful Red/Green evacuation bag exercise was conducted in Denmark in conjunction with the Shire and Great Southern Police staff. The results of the exercise have now been sent to the State Emergency Management Committee for implementation after another productive exercise was conducted in Mundaring.



*(November 2010 Emergency Services Drill)*

### **Engineering**

The Shire works crew, which comprises road works, parks and gardens and refuse workers were again busy in ensuring these vital services continued to meet the expectations of local residents, under the direction of the Director of Infrastructure Services, Mr Rob Whooley. The following major projects were completed;

- |   |           |
|---|-----------|
| • Scotsdale Road – Shoulder widening and seal | \$509,440 |
| • Horsley Road – Reconstruction               | \$123,612 |
| • Inlet Drive – Footpath and road widening    | \$197,245 |
| • CBD Redevelopment – Strickland St upgrade   | \$397,959 |
| • Kwoorabup Community Park                    | \$446,327 |
| • Sunny Glen Rd – Gravel resheeting           | \$43,775  |
| • Conspicuous Cliffs Rd – Gravel resheeting   | \$21,888  |
| • Mt Lindesay Road – Gravel resheeting        | \$28,453  |

A significant investment was made by Council in plant and machinery during 2010/11 purchasing a new grader, roller and truck at a total cost of \$591,073.

### Building Services

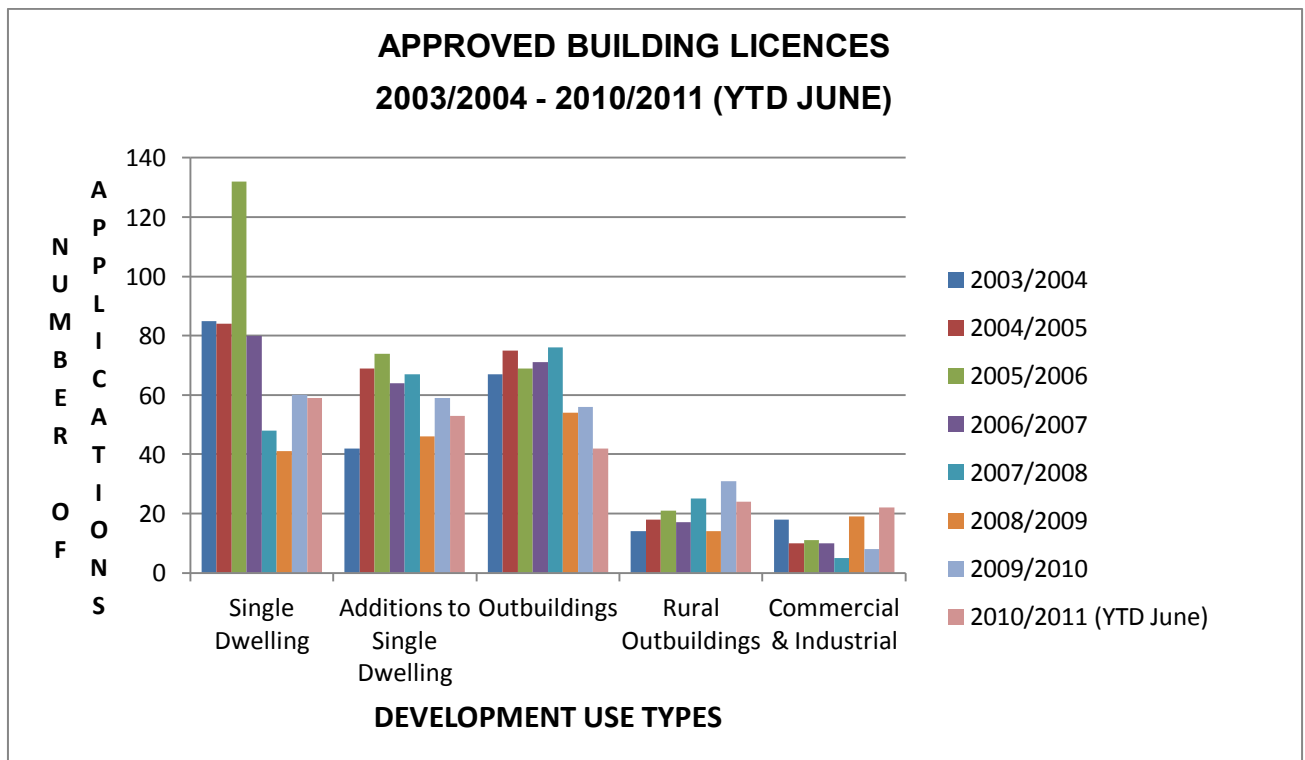
As can be seen from the accompanying statistics the 2010/11 statistics indicate a relatively stable number of development approvals in comparison to preceding years with the exception of the commercial/industrial building approvals showing a strong increase. In addition the cost of development total has increased to over \$23 million which is approaching that achieved during the building boom of 2005/6.

#### Building Statistics Summary 2010/11

	No of Lics issued 2010/11	Total Value of Approved Work
Single Houses (Incl. Chalets & Relocated Dwellings)	59	\$15,929,687
Additions to Single Houses (Incl. Carports)	53	\$1,683,361
Outbuildings (Not Rural)	42	\$976,056
Rural Outbuildings	24	\$485,370
Commercial & Industrial	22	\$4,334,656
Other (Swimming Pool Etc.)	0	\$0
Public Buildings	0	\$0
<b>TOTAL</b>	<b>200</b>	<b>\$23,409,130</b>

The above developments represent a total investment value of \$23,409,130, an increase of \$5,654,690 from the 2009/10 financial year (\$17,754,440) or 31.85%.

FIG 5 – Building Approvals 2003/04 to 2010/11



**Law and Order**

Ranger's activity for the 2010/11 year was as follows, with a comparison of previous years for information purposes;

**Table 1 - Summary of Rangers Activity**

	<b>2010/11</b>	<b>2009/10</b>	<b>2008/09</b>	<b>2007/08</b>
<b>Dog Control</b>				
Impounded	44	45	53	36
Cautions	63	20	73	108
Verbal Warnings	282	196	239	204
Infringements	4	11	9	12
<b>Bushfire</b>				
Cautions	179	0	0	144
Warnings	0	31	38	32
Fire reports	10	6	Not recorded	Not recorded
Infringements	14	1	0	6
<b>Litter Control</b>				
Verbal Warnings	3	0	0	0
Infringements	0	0	13	2
<b>Camping</b>				
Cautions	44	48	22	22
Infringements	0	1	4	4
<b>Miscellaneous</b>				
Off Road Vehicle warnings	0	6	44	44
Kangaroo removal	55	49	Not recorded	Not recorded
Roaming livestock	131	99	Not recorded	Not recorded
Snake removal	35	37	Not recorded	Not recorded
<b>Carparking</b>				
Cautions	74	100	140	200
Verbal warnings	343	302	248	434
Infringements	4	5	7	6

### **Public Health**

Following an 18 month period where Council had had not been able to find a suitable Environmental Health Officer a decision was made to recruit an experienced Officer from South Africa. Mr Robert Ohle arrived in Denmark in August 2010 and was initially appointed as an Environmental Health Technician until such time as his qualifications were recognised in May 2011.

The following activities were jointly undertaken by the Director of Community and Regulatory Services until the beginning of September 2011 when the current Principal Health Officer started to fully take over the duties after becoming familiar Australian legislations, customs and local government practices.

### **Onsite Effluent Disposal**

52 septic tank approvals were issued.

### **Complaint Responses**

42 formal complaints were responded to.

### **Sampling Program**

76 samples were taken comprising 2 campylobacter, 7 foreign body, 18 chemical and 49 bacteriological samples.

2 results of water samples were not suitable for human consumption. These failures were immediately addressed and rectified and follow up samples were taken (results were satisfactory). Department of Health WA (Water Unit) was notified of the actions taken and outcome.

### **Caravan Parks**

6 Caravan and camping ground inspections were undertaken during 2010/11.

Assessment and final approval of the new Ayre Salien nature based Caravan Park.

### **Food Premises**

65 Food premises were visited and hygiene education was given to them and were also informed that they would be receiving invoices for their 2010/2012 yearly fees.

- 18 Food businesses registration certificates were issued.
- 1 Food audit was done for Little Whalers Day Care Centre.
- 27 Stall holder's licences have been issued

### **Home Holiday Accommodation**

4 Home holiday accommodation premises were inspected.

## **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 replaces the previous Principal Activities Plan.

The Local Government Act states the following in respect to the requirement for Local Governments to prepare a Plan for the Future.

A local government is to make a plan for the future of its district in respect of the period specified in the plan (being at least 2 financial years).

A plan for the future of a district is to set out the broad objectives of the local government for the period specified in the plan.

A local government is to review its current plan for the future of its district every 2 years and may modify the plan, including extending the period the plan is made in respect of.

A Council is to consider a plan, or modifications, submitted to it and is to determine\* whether or not to adopt the plan, or the modifications, as is relevant.

*\*Absolute majority required.*

If a plan, or modified plan, is adopted by the Council then the plan or modified plan is to apply to the district for the period of time specified in the plan.

A local government is to ensure that the electors and ratepayers of its district are consulted during the development of a plan for the future of the district, and when preparing any modifications of a plan.

A plan for the future of a district is to contain a description of the involvement by the electors and ratepayers in the development of the plan, and any modifications of the plan.

A local government is to ensure that a plan for the future made in accordance with this regulation applies in respect of each financial year after the financial year ending 30 June 2006.

Although the statutory requirement is for a two year plan, the Shire of Denmark adopted a four year plan in 2007 to cover the period 2007 to 2011. In adopting this Plan, Council undertook a series of community meetings which were held at the Tingle Dale Hall, Harewood Brigade Fire Shed and in the Council Chambers. Matters raised at these meetings were predominantly road maintenance and construction issues, footpaths in the urban areas and planning and development issues.

Whilst the Act does not give any direction on what form the Plan for the Future should take, or what information should be included, Council has taken the approach that the Plan should include information, at least by reference, on various areas of Council responsibility, in addition to specific financial information on major expenditure items.

The Plan is required to be reviewed every two years, with Council Staff currently preparing a major review of the existing Plan to include a Ten Year Financial Plan and a Forward Capital Works Plan to both comply with Royalties for Regions funding

requirements, to provide long term financial stability to the finances of the Council and to allow for a strategic approach to setting the Annual Municipal Budget.

### **Shire of Denmark Plan for the Future 2007-2011**

The existing Plan for the Future has been developed in three sections as follows;

#### Strategic Planning Documents

All Management Plans, Strategies and Policies adopted over the years, are included by reference.

#### Major Capital Expenditure Items

The main focus is proposed to be on the upgrading and maintenance of the road network.

#### Potential Projects

As part of Council's forward planning process, a number of possible future projects are discussed. Whilst these projects are not at the stage of being scheduled, they are commented on in the Plan.

Some of the major projects contained within the Plan that were to be undertaken during the course of 2010/11 were as follows;

- |  |                   |
|--|-------------------|
| • Nornalp/Tindale Road Widening and Reconstruction | Not Completed     |
| • Scotsdale Road Widening and Reconstruction       | Completed         |
| • Mt Lindesay Road Construct and Seal              | Not Completed     |
| • CBD Traffic Management Improvements              | Completed         |
| • Ocean Beach Road Dual Use Path                   | Completed         |
| • Development of Kwoorabup Community Park          | Commenced 2009/10 |

### **Local Laws**

During the reporting year Council did not adopt 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 2010/11 reporting period no public interest disclosures were lodged.

*Responsible Officer*                      *Mr Garry Bird; Director of Finance and Administration*

### **Disability Access and Inclusion Plan 2007 to 2011**

The Shire of Denmark has adopted its Disability Access and Inclusion Plan to ensure that people with disabilities can access as many facilities, functions and services within the municipality as reasonably practical. Access encompasses not only physical access but also incorporates changing community attitudes that may present barriers to the full inclusion of ALL people in the community.

During the financial year Council completed a major upgrade of Strickland St upgrade also resulted in significant improvements for disabled access around the CBD shopping area, including disabled carparking facilities.



The Director of Community & Regulatory Services successfully applied for a \$15,000 “You’re Welcome Grant” which is to be used to assess accommodation in the Denmark area and record details on the You’re Welcome website, [www.accesswa.com.au](http://www.accesswa.com.au).

### **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 (EMRS).

As a consequence Council has adopted a series of policies and procedures that will ensure that council records are captured, stored and retained in accordance with the State Records Act.

Staff have undergone extensive training in the new EMRS 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 2010/11 year, Council received three requests, with the information being provided to the applicant/s as per the legislation.

*Responsible Officer*                      *Mr Garry Bird; Director of Finance and Administration*

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

The Local Government Act was amended during 2007/08, providing for a new complaints system for breaches of the Act by Councillors and Staff. No complaints were received during 2010/11.

*Responsible Officer*                      *Mr Garry Bird; Director of Finance and Administration*

## **INDEPENDENT AUDIT REPORT**

### **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 2011, and the income statement, statement of changes in equity, cash flow statement, rate setting statement and the notes to and forming part of the financial report for the year ended on that date.

#### *Councils' Responsibility for the Financial Report*

The council is responsible for the preparation and fair presentation of the financial report in accordance 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). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *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.

## INDEPENDENT AUDIT REPORT

### *Auditor's Opinion*

In our opinion 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 2011 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.



Russell Harrison, Partner

Lincolns Accountants & Business Advisers

70-74 Frederick Street, Albany WA 6330

## 2010/11 ANNUAL FINANCIAL REPORT EXECUTIVE SUMMARY

The following is a summary of the financial position of the Shire of Denmark as at 30 June 2011. It is designed to present the financial information contained within the Annual Financial Report in an easy to understand format for the benefit of Electors of the Shire.

### Overall Financial Position

The Shire of Denmark's financial performance in 2010/11 saw a significantly improved net operating result than the previous financial year, continuing the recent trend which has reversed the previous negative operating result, due to the careful management of operating costs and a change in depreciation rates reducing operating expenditure.

The Net Result was \$961,687 up from \$253,739, after depreciation is excluded from this calculation.

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.

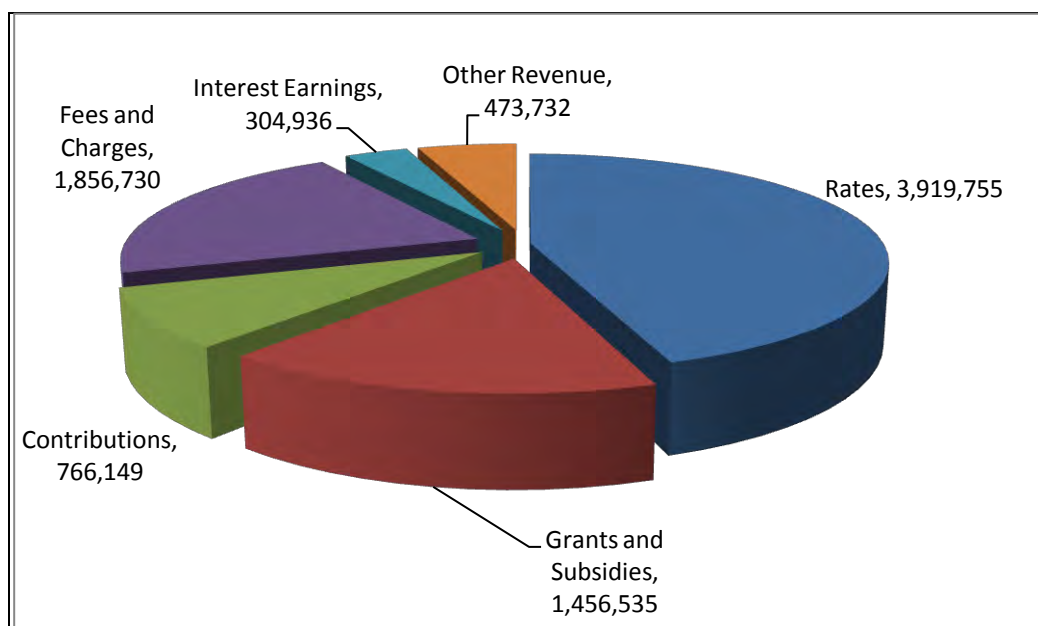
The biggest financial concern for the Shire is our need to carefully manage expenditure, particularly salaries and wages costs as our single biggest expenditure item, and ensure they do not reach levels where annual increases (CPI increases, new positions etc) do not exceed additional income to be received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

Total municipal cash held by the Shire decreased by \$370,178 as a result of the large amount of unspent grant monies held 30 June 2010 having been expended in the 2010/11 year and the use of some Reserve Funds for specified projects.

### Summary of Income and Expenditure

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 - 2010/11 Operating Income by Nature and Type (\$)**



## Rates

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

The number of properties that comprised the rates base of the Shire increased by 116 properties which represents a return to steady growth experience for some years prior to a downturn in 2009/10.

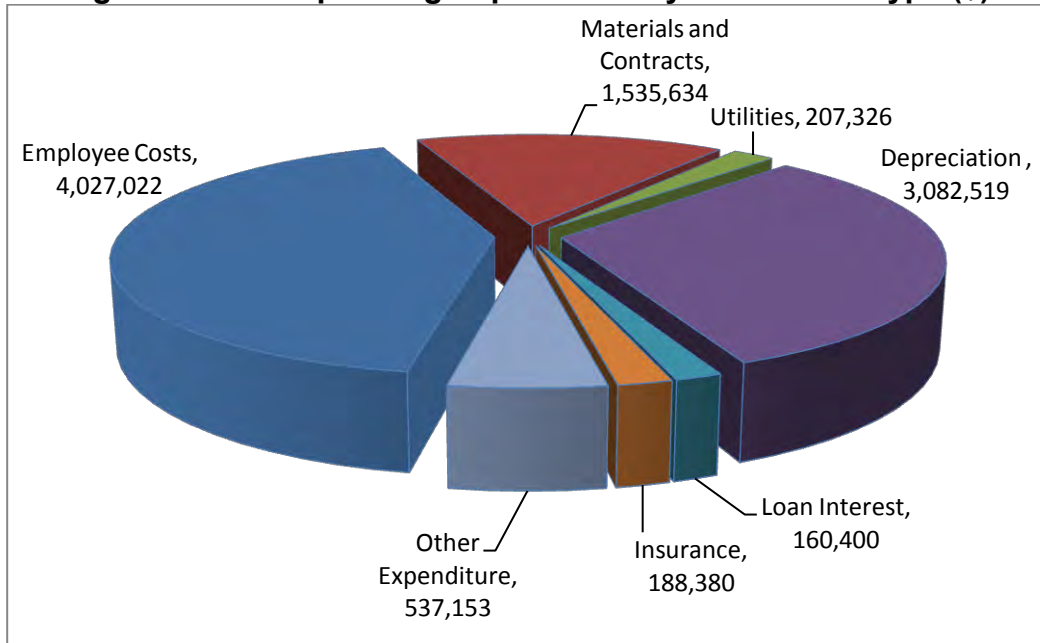
This is an important indicator for the Shire, as growth in the number of rateable properties allows the rates burden to be borne by an increased number of owners and reduces the pressure on Council to increase rates on existing owners when determining the annual budget.

The average rates, excluding all service charges, paid by the owner of a four bedroom and two bathroom residence was \$917.68, up from \$856.99 in the previous year.

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

	No of Rateable Properties	Total Rates Levied	Ave Residential Rate (A2077)
<b>2010/11</b>	3,772	\$3,919,755	\$908.41
<b>2009/10</b>	3,656	\$3,700,382	\$856.99
<b>2008/09</b>	3,636	\$3,404,550	\$820.10
<b>2007/08</b>	3,496	\$3,241,758	\$784.78

**Fig 2 - 2010/11 Operating Expenditure by Nature and Type (\$)**



Council's biggest single expenditure item, employees costs increased by \$224,896 or 5.92%, which equates to the approximate increase in total rates received.

## Loans

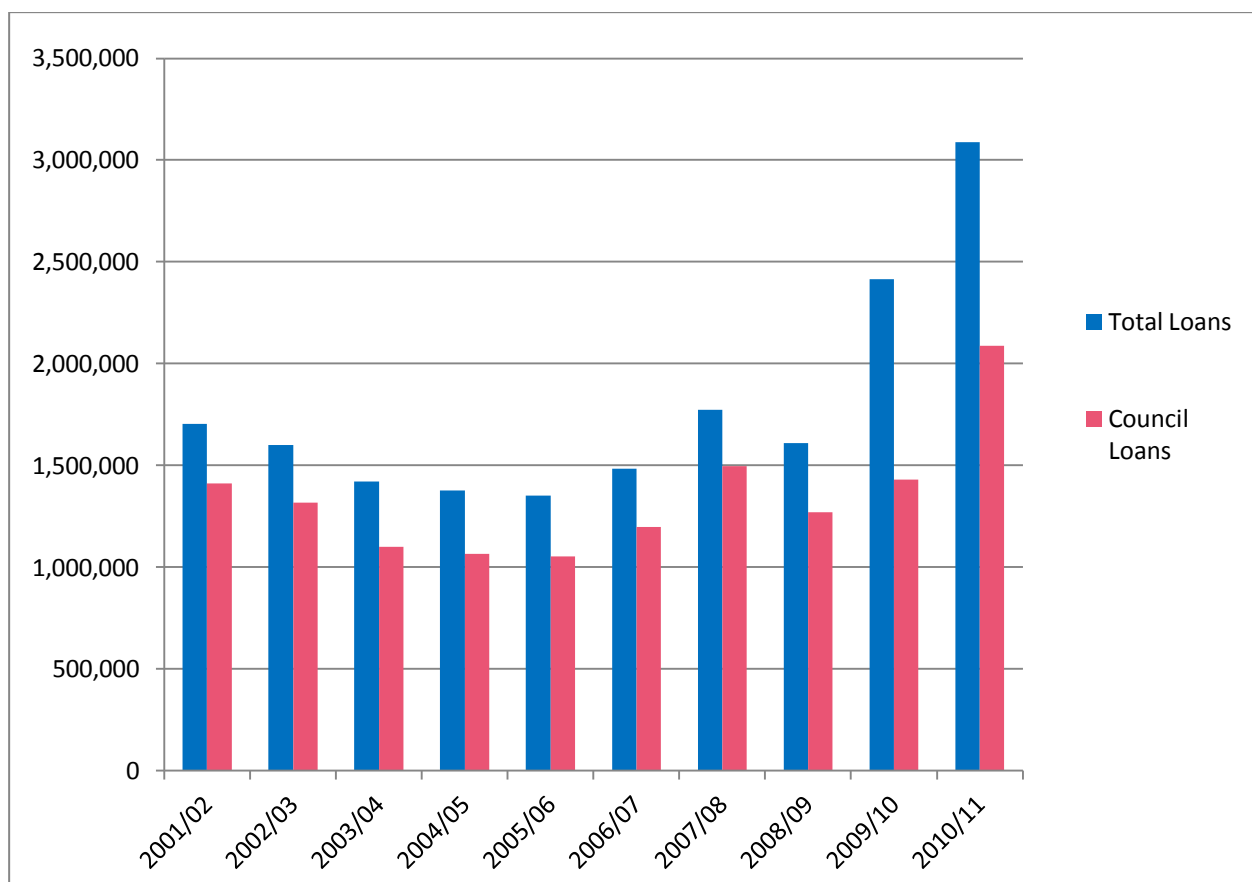
Three new loans were undertaken by Council during 2010/11, as follows;

- Plant Purchases \$492,658
- Denmark Tourism Vehicle (self supporting) \$30,000
- Purchase Lot 300 Denmark Mt Barker Rd \$420,000

After principal repayments were made on existing loans and taking into account the new loans, Council's total debt position was \$3,124,067. This amount includes self supporting loans totaling \$967,791 (or 30.97%) which is payable to Council by the various community organisations to whom these funds have been lent.

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

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



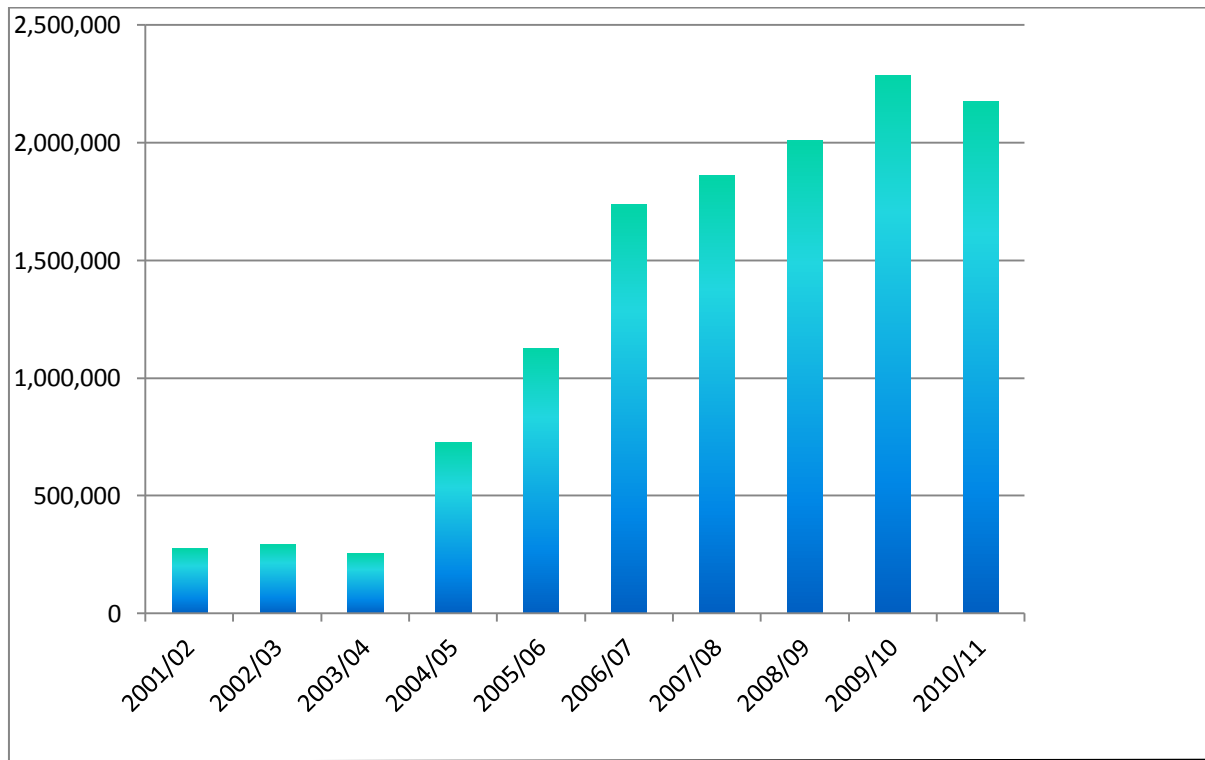
## Reserves

The Shire of Denmark's total cash backed Reserve Funds decreased by \$107,001 during the 2010/11 financial year, 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;

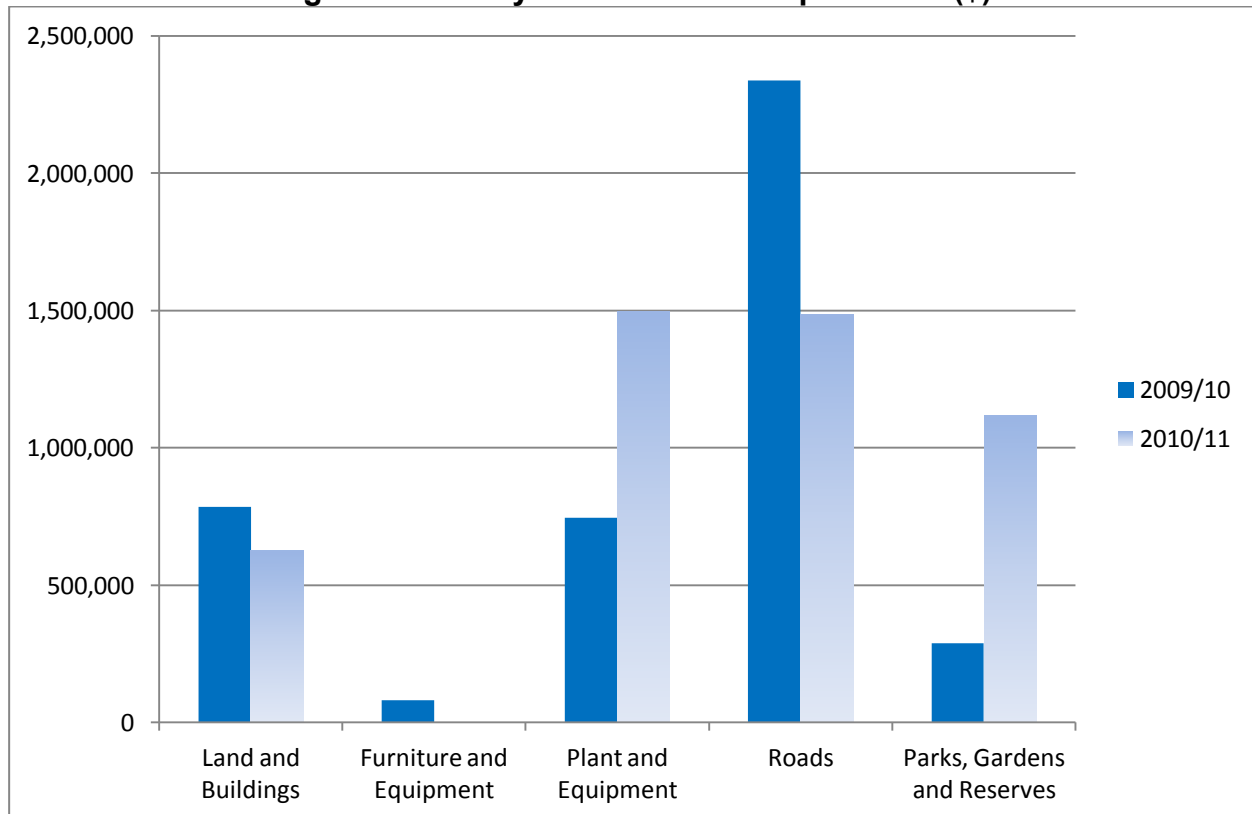
**Fig 4 – Summary of Total Reserve Funds (\$)**



**Capital Expenditure**

Expenditure on capital works and purchases for the 2010/11 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 (\$)**



## Key Financial Indicators (Financial Ratios)

The Local Government act provides for the following Financial Ratios to be prepared in the Annual Financial Statement for each financial year. These represent key financial indicators for Council with benchmark levels set for the Local Government sector as a whole. An analysis of Council's performance in this regard is provided as follows;

**Table 2 – Summary of Financial Ratio Performance**

Financial Ratios	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
<b>Current Ratio</b>	97%	69%	205%	221%	191%	216%
<b>Untied Cash to Trade Creditors</b>	-4%	2%	49%	72%	131%	79%
<b>Debt Ratio</b>	7%	7%	5%	6%	6%	5%
<b>Debt Service Ratio</b>	5%	5%	5%	4%	5%	5%
<b>Gross Debt to Revenue Ratio</b>	35%	30%	21%	27%	22%	21%
<b>Gross Debt to Economically Realisable Assets Ratio</b>	2%	2%	1%	10%	9%	9%
<b>Rate Coverage Ratio</b>	35%	49%	47%	51%	44%	44%
<b>Outstanding Rates Ratio</b>	3%	4%	4%	4%	4%	3%

### Current Ratio

The Current Ratio is a measure of short term liquidity, which is the ability of the Council to meet its liabilities as and when they fall due and payable. It is considered to be a useful indicator of the true financial position of the Council, particularly for the short term (12 month period).

As a general rule, when the Current Ratio of a Council is calculated at less than 100%, it indicates a short term funding issue, although such an assessment needs to be made in the context of the overall financial position of the Council.

The Auditor made the following comment in their Management Letter to Council in regards to the Current Ratio;

*“The Current Ratio disclosed at Note 18 to the Financial Report, which indicates short term solvency or liquidity, is shown to be .97 at 30 June 2011 (.69 at 30 June 2010). A current ratio of less than 1.0 indicates that current assets are insufficient to meet current liabilities. We note in this regard, that your Rate Setting Statement for the current year indicates that Council has sufficient liquidity to meet debt requirements for the 2011/12 financial year.”*

The current ratio was only marginally below the level considered acceptable and as noted by the Auditor was rectified in the adoption of the 2011/12 Municipal Budget, resulting in no significant long term financial impact to the Shire.



In previous years, the Shire of Denmark has been able to maintain this ratio in excess of the 100% benchmark, due to carrying a large dollar value of unspent grants. As many of these grant funded projects were completed during 2009/10 and 2010/11, the ratio has fallen below 100%.

### **Untied Cash to Trade Creditors**

This ratio provides an indication of the ability of Council to pay trade creditors in accordance with normal trading terms and conditions, using unrestricted funds of the Council. A ratio of less than 100% indicates a Council has insufficient cash to pay its trade creditors.

The Shire of Denmark Untied Cash to Trade Creditors Ratio was 2% which reflects a shortage of cash at year end to pay all outstanding creditors. This is not an unusual situation in Local Government, with many Councils experiencing cash flow shortages at the end of the financial period and are dependent on the next year's rates income to pay these outstanding debts.

The Auditor made the following comment in their Management Letter to Council in regards to the Untied Cash to Trade Creditors Ratio;

*"The Untied Cash to Unpaid Trade Creditors Ratio was -4.3 at 30 June 2011 (.15 at 30 June 2010). A ratio of less than 1.0 indicates that short term cash issues may arise in meeting creditor payment liabilities."*

Again, this issue has been rectified in the 2011/12 Municipal Budget with all staff fully aware of the requirement to undertake projects well in advance of the end of the financial period, so all grants can be received and used in the same period and municipal funds are not providing short term cash flow to these projects.

### **Debt Ratio**

The Debt Ratio measures the Council's liabilities as a percentage of its total assets. Generally the lower percentage, the greater the capacity of Council to borrow against these assets. Due to Council having to value the infrastructure assets of the Council (which have no realisable value on the open market) this ratio is considered to be irrelevant to the operations of Local Government, despite being required by legislation. The Gross Debt to Economically Realisable Assets Ratio is a far more accurate guide for the Council and general public to use.

### **Debt Service Ratio**

This ratio represents Council's ability to service debt out of uncommitted and available general purpose funds. It is generally accepted that debt management for Council becomes an issue when the ratio exceeds 10%, although it can be considered satisfactory up to 15%, provided total rate revenue is a considerable portion of available operating revenue or there is a large component of self supporting loans.

Both of these situations are relevant to the Shire of Denmark, which has a ratio of 5% which implies that Council has some borrowing capacity available in future budgets.

### **Gross Debt to Revenue Ratio**

This ratio measures Council's ability to meet gross debt obligations with revenue to be received in any given year. Again, the lower the percentage the better although it should be remembered that most of Council's debt is over a long term period and as such this ratio illustrates the ability of the Council to meet its future obligations.

The ratio needs to be taken in the context of the time frame for repayment of all loans and it is the view of senior staff that this ratio is acceptable for the Shire of Denmark.

### **Gross Debt to Economically Realisable Assets Ratio**

This newly introduced ratio relates actual borrowings to tangible assets of the Council, or the value of assets that would need to be disposed of to meet debt obligations in the event such action was required.

The ratio also quantifies a Council's reliance on borrowings to fund new projects and provides a reliable indication of capacity in this regard.

The lower the ratio, the better placed a Council is to meet such obligations. As a guide a ratio of 30% is considered to be a strong position, with the Shire of Denmark placed well below this benchmark level (ratio currently 2%).

### **Rate Coverage Ratio**

The rates coverage ratio measures a Council's dependence on rates revenue to fund operations. The higher the ratio, the higher the dependency on rates income and the lower the reliance on other external funding sources such as government grants. Councils with a high rate coverage ratio are better equipped to meet unforeseen circumstances and have greater flexibility when determining municipal budgets.

The challenge every local authority faces is how to improve this ratio when in general government grants and other major income sources are reducing.

### **Outstanding Rates Ratio**

The Outstanding Rates Ratio assists in determining the effectiveness of Council's rate collection policies and procedures. It is recommended that this ratio be below 5%, which the Shire of Denmark has been able to achieve.

### **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 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).

**APPENDIX A**

**2010/11**

**ANNUAL FINANCIAL REPORT**



# SHIRE OF DENMARK

## FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2011

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**SHIRE OF DENMARK**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2011**

**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 2011 are in my opinion properly drawn up to present fairly the financial position of the Shire of Denmark at 30th June 2011 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 10th day of November 2011



---

Dale Stewart  
Chief Executive Officer

**SHIRE OF DENMARK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

	NOTE	2011 \$	2011 Budget \$	2010 \$
<b>REVENUE</b>				
Rates	22	3,919,755	3,995,380	3,700,382
Operating Grants and Subsidies	28	1,456,535	1,090,973	1,265,397
Contributions, Reimbursements & Donations		766,149	161,440	96,339
Fees and Charges	27	1,856,730	1,836,432	2,250,269
Service Charges	24	0	0	0
Interest Earnings	2(a)	304,936	180,000	259,510
Other Revenue		473,732	370,366	383,210
		<u>8,777,837</u>	<u>7,634,591</u>	<u>7,955,107</u>
<b>EXPENSES</b>				
Employee Costs		(4,027,022)	(3,989,615)	(3,802,126)
Materials and Contracts		(1,535,634)	(1,865,804)	(1,841,796)
Utility Charges		(207,326)	(168,795)	(178,460)
Depreciation on Non-Current Assets	2(a)	(3,082,519)	(2,956,432)	(2,892,258)
Interest Expenses	2(a)	(160,400)	(161,192)	(130,471)
Insurance Expenses		(188,380)	(188,194)	(157,060)
Other Expenditure		(537,153)	(621,330)	(504,350)
		<u>(9,738,434)</u>	<u>(9,951,362)</u>	<u>(9,506,521)</u>
		(960,597)	(2,316,771)	(1,551,414)
Non-Operating Grants, Subsidies and Contributions	28	2,105,497	1,885,793	1,802,116
Fair value adjustments to financial assets at fair value through profit or loss	2(a)	0	0	0
Profit on Asset Disposals	20	56,526	35,384	15,395
Loss on Asset Disposal	20	(219,740)	(54,633)	(12,358)
<b>NET RESULT</b>		<u>981,687</u>	<u>(450,227)</u>	<u>253,739</u>
<b>Other Comprehensive Income</b>		0	0	0
<b>Total Other Comprehensive Income</b>		<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>981,687</u></u>	<u><u>(450,227)</u></u>	<u><u>253,739</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 2011**

	NOTE	2011 \$	2011 Budget \$	2010 \$
<b>REVENUE</b>				
General Purpose Funding		5,325,297	5,058,917	4,891,271
Governance		23,972	11,684	41,839
Law, Order, Public Safety		729,668	486,597	548,651
Health		44,752	9,258	15,226
Education and Welfare		55,904	37,317	16,667
Housing		56,628	57,307	43,396
Community Amenities		1,152,468	1,080,858	1,142,411
Recreation and Culture		1,256,056	685,314	731,860
Transport		1,496,142	1,343,043	1,033,533
Economic Services		576,740	518,010	455,359
Other Property and Services		222,233	267,463	852,406
	2 (a)	<u>10,939,860</u>	<u>9,555,768</u>	<u>9,772,618</u>
<b>EXPENSES EXCLUDING FINANCE COSTS</b>				
General Purpose Funding		(432,713)	(426,365)	(317,811)
Governance		(431,724)	(452,439)	(472,938)
Law, Order, Public Safety		(848,081)	(763,793)	(747,502)
Health		(169,220)	(181,083)	(139,954)
Education and Welfare		(200,786)	(217,261)	(146,277)
Housing		(15,492)	(0)	(0)
Community Amenities		(1,984,652)	(2,051,540)	(1,910,343)
Recreation & Culture		(1,596,586)	(1,525,610)	(1,436,266)
Transport		(3,284,487)	(3,398,634)	(2,861,714)
Economic Services		(616,066)	(600,115)	(568,505)
Other Property and Services		(217,967)	(227,963)	(787,097)
		<u>(9,797,773)</u>	<u>(9,844,803)</u>	<u>(9,388,408)</u>
<b>FINANCE COSTS</b>				
Governance		(18,142)	(19,113)	(21,472)
Education and Welfare		(2,969)	(3,255)	(4,010)
Housing		(56,628)	(57,307)	(43,396)
Community Amenities		0	0	(606)
Recreation & Culture		(43,530)	(44,951)	(22,902)
Transport		(17,839)	(15,548)	(15,958)
Economic Services		(21,294)	(21,018)	(22,128)
Other Property and Services		(0)	0	(0)
		<u>(160,400)</u>	<u>(161,192)</u>	<u>(130,471)</u>
<b>NET RESULT</b>		<u>981,687</u>	<u>(450,227)</u>	<u>253,739</u>
<b>Other Comprehensive Income</b>		0	0	0
<b>Total Other Comprehensive Income</b>		0	0	0
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>981,687</u>	<u>(450,227)</u>	<u>253,739</u>

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



**SHIRE OF DENMARK**

**STATEMENT OF FINANCIAL POSITION**

**FOR THE YEAR ENDED 30TH JUNE 2011**

	NOTE	2011 \$	2010 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	3,193,692	3,563,870
Trade and Other Receivables	4	1,277,606	874,772
Inventories	5	45,385	97,324
<b>TOTAL CURRENT ASSETS</b>		<u>4,516,683</u>	<u>4,535,965</u>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	973,012	1,012,793
Inventories	5	4,739	4,739
Property, Plant and Equipment	6	13,587,233	12,876,983
Infrastructure	7	55,917,072	55,327,757
<b>TOTAL NON-CURRENT ASSETS</b>		<u>70,482,056</u>	<u>69,222,272</u>
<b>TOTAL ASSETS</b>		<u>74,998,739</u>	<u>73,758,238</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	1,340,017	1,794,910
Long Term Borrowings	9	358,275	260,729
Provisions	10	572,569	550,300
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,270,862</u>	<u>2,605,939</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	9	2,728,627	2,155,445
Deferred Liabilities	9	106,700	106,700
Provisions	10	32,391	11,682
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>2,867,718</u>	<u>2,273,827</u>
<b>TOTAL LIABILITIES</b>		<u>5,138,580</u>	<u>4,879,765</u>
<b>NET ASSETS</b>		<u>69,860,158</u>	<u>68,878,472</u>
<b>EQUITY</b>			
Retained Surplus		13,803,994	12,715,307
Reserves - Cash Backed	11	2,176,963	2,283,964
Reserves - Asset Revaluation	12	53,879,201	53,879,201
<b>TOTAL EQUITY</b>		<u>69,860,158</u>	<u>68,878,472</u>

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 2011**

NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2009	12,733,574	2,011,957	53,879,201	68,624,732
Changes in Accounting Policy	0	0	0	0
Correction of Errors	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Restated Balance	12,733,574	2,011,957	53,879,201	68,624,732
Net Result	253,739	272,007	0	525,746
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	(272,007)	0	0	(272,007)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance as at 30 June 2010</b>	<b>12,715,306</b>	<b>2,283,964</b>	<b>53,879,201</b>	<b>68,878,471</b>
Net Result	981,687	0	0	981,687
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	107,001	(107,001)	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance as at 30 June 2011</b>	<b><u>13,803,994</u></b>	<b><u>2,176,963</u></b>	<b><u>53,879,201</u></b>	<b><u>69,860,158</u></b>

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

**SHIRE OF DENMARK  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2011**

	NOTE	2011 \$	2011 Budget \$	2010 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		3,934,211	3,995,380	3,681,445
Operating Grants and Subsidies		1,456,535	1,090,973	1,265,397
Contributions, Reimbursements & Donations		766,149	161,440	96,339
Fees and Charges		1,338,840	1,836,432	2,121,696
Service Charges		0	0	0
Interest Earnings		304,936	180,000	259,510
Goods and Services Tax		48,464	0	(45,172)
Other Revenue		473,732	370,366	383,210
		<u>8,322,867</u>	<u>7,634,591</u>	<u>7,762,424</u>
<b>Payments</b>				
Employee Costs		(3,974,908)	(4,050,906)	(3,708,700)
Materials and Contracts		(1,734,167)	(1,865,804)	(1,616,082)
Utility Charges		(207,326)	(168,795)	(178,460)
Insurance Expenses		(188,380)	(188,194)	(157,060)
Interest expenses		(161,193)	(161,192)	(128,132)
Goods and Services Tax		0	0	0
Other Expenditure		(537,153)	(621,330)	(504,350)
		<u>(6,803,127)</u>	<u>(7,056,221)</u>	<u>(6,292,784)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	13(b)	<u>1,519,740</u>	<u>578,370</u>	<u>1,469,640</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		(2,122,796)	(1,608,100)	(1,610,969)
Payments for Construction of Infrastructure		(2,614,773)	(2,167,915)	(2,816,597)
Advances to Community Groups		(30,000)	(30,000)	(630,000)
Payments for Purchase of Investments		0	0	0
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		2,105,497	1,885,793	1,802,116
Proceeds from Sale of Plant & Equipment		192,273	179,000	80,895
Proceeds from Advances		0	0	0
Proceeds from Sale of Investments		<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Cash Provided By (Used In) Investing Activities</b>		<u>(2,469,799)</u>	<u>(1,741,222)</u>	<u>(3,174,555)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(271,930)	(260,729)	(271,195)
Repayment of Finance Leases		0	0	0
Proceeds from Self Supporting Loans		48,563	45,921	34,897
Proceeds from New Debentures		942,658	671,350	1,076,750
<b>Net Cash Provided By (Used In) Financing Activities</b>		<u>719,291</u>	<u>456,542</u>	<u>840,452</u>
<b>Net Increase (Decrease) in Cash Held</b>		<u>(370,178)</u>	<u>(706,310)</u>	<u>(864,463)</u>
Cash at Beginning of Year		3,563,870	3,524,152	4,428,333
<b>Cash and Cash Equivalents at the End of the Year</b>	13(a)	<u><u>3,193,692</u></u>	<u><u>2,817,842</u></u>	<u><u>3,563,870</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 2011**

	NOTE	2011 \$	2011 Budget \$
<b>REVENUES</b>			
Governance		23,972	11,684
General Purpose Funding		1,405,542	1,063,537
Law, Order, Public Safety		729,668	486,596
Health		44,752	9,258
Education and Welfare		55,904	37,317
Housing		56,628	57,307
Community Amenities		1,152,468	1,080,858
Recreation and Culture		1,256,056	685,313
Transport		1,496,142	1,343,043
Economic Services		576,740	518,010
Other Property and Services		222,233	267,464
		<u>7,020,105</u>	<u>5,560,388</u>
<b>EXPENSES</b>			
Governance		(449,866)	(471,552)
General Purpose Funding		(432,713)	(426,365)
Law, Order, Public Safety		(848,081)	(763,793)
Health		(169,220)	(181,083)
Education and Welfare		(203,754)	(220,516)
Housing		(72,120)	(57,307)
Community Amenities		(1,984,652)	(2,051,540)
Recreation & Culture		(1,640,116)	(1,570,562)
Transport		(3,302,325)	(3,414,182)
Economic Services		(637,359)	(621,132)
Other Property and Services		(217,967)	(227,963)
		<u>(9,958,174)</u>	<u>(10,167,186)</u>
<b>Adjustments for Cash Budget Requirements:</b>			
<b>Non-Cash Expenditure and Revenue</b>			
(Profit)/Loss on Asset Disposals	20	163,214	19,249
Movement in Accrued Interest		(793)	27,799
Movement in Deferred Pensioner Rates (Non-Current)		(5,657)	0
Movement in Accrued Salaries and Wages		9,137	0
Movement in Accrued Expenses		9,663	
Movement in Employee Benefit Provisions		42,978	0
Movement in Short Term Loans		71,000	0
Movement in Sundry Debtors non current		17,006	0
Movement in Restricted Creditors		(37,478)	0
Movement in Income received in advance		(183,451)	0
Depreciation and Amortisation on Assets	2a	3,082,519	2,956,433
<b>Capital Expenditure and Revenue</b>			
Purchase Land Held for Resale		0	0
Purchase Land and Buildings		(625,187)	(447,500)
Purchase Infrastructure Assets - Roads		(2,614,773)	(2,167,915)
Purchase Plant and Equipment		(1,497,609)	(1,128,600)
Purchase Furniture and Equipment		0	(32,000)
Proceeds from Disposal of Assets	20	192,273	179,000
Repayment of Debentures	21a	(271,930)	(260,729)
Proceeds from New Debentures	21	942,658	671,350
Advances to Community Groups		(30,000)	(30,000)
Self-Supporting Loan Principal Income		48,563	45,921
Transfers to Reserves (Restricted Assets)	11	(193,623)	(186,917)
Transfers from Reserves (Restricted Assets)	11	300,624	318,000
ADD Actual Surplus/(Deficit) July 1 B/Fwd		1,283,569	647,327
LESS Actual Surplus/(Deficit) June 30 C/Fwd		1,684,388	0
<b>Amount Required to be Raised from Rates</b>	<b>22</b>	<b><u>(3,919,755)</u></b>	<b><u>(3,995,380)</u></b>

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

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies which have been adopted in the preparation of this financial report are:

**(a) Basis of Preparation**

The financial report is a general purpose financial report 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.

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 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 19 to these financial statements.

**(c) Goods and Services Tax**

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the statement of financial position are stated inclusive of applicable GST.

**(d) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits held at call 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 on the Statement of Financial Position.

**(e) Trade and Other Receivables**

Collectability of trade 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.

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(f) Inventories**

***General***

Inventories are valued 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 finance costs and holding charges incurred after development is complete are expensed.

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing an unconditional contract of sale.

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.

***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.

***Revaluation***

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits.

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 charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

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.

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 significantly from that determined using fair value at reporting date.

**SHIRE OF DENMARK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2011**

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

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

***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.

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

All non-current assets having a limited useful life 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	50 to 100 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	12 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.

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

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

***Depreciation of Non-Current Assets (Continued)***

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 earnings.

***Capitalisation Threshold***

Expenditure on items of equipment under \$1,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

**(h) 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 (i.e. trade date accounting is adopted).

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

***Classification and Subsequent Measurement***

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

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 exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.



**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

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

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

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

Financial assets 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 assets.

*(ii) Loans and receivables*

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

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period (classified as non-current assets).

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

*(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.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

*(v) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

***Impairment***

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(i) Estimation of Fair Value**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

**(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 estimate of the recoverable amount of the asset is made in accordance with AASB 136 'Impairment of Assets' and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

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 and are usually paid within 30 days of recognition.

**(l) Employee Benefits**

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

**(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)**

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the municipality has a present obligation to pay resulting from employees services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(l) Employee Benefits Cont'd**

**(ii) Long Service Leave (Long-term Benefits)**

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

**(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 to settle the obligation; 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.

Provisions are not recognised for future operating losses.

**(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 equal to the present value of the minimum lease payments, including any guaranteed residual value.

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

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

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

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

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(p) Joint Venture**

The Council's interest in any 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 item of the financial statement. Information about any joint venture is set out in Note 16.

The Shire of Denmark currently has no joint ventures.

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

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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

**(r) Superannuation**

The Council contributes to a number of superannuation funds on behalf of employees.

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

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where 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.

**(t) Rounding Off Figures**

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

**(u) Comparative Figures**

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

**(v) Budget Comparative Figures**

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

**SHIRE OF DENMARK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(w) New Accounting Standards and Interpretations**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2011

Council's assessment of these new standards and interpretations is set out below:

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 - Financial Instruments	December 2009	1 January 2013	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 124 - Related Party Disclosures	December 2009	1 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the Standard.
(iii) AASB 1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iv) AASB 2009 -12 Amendments to Australian Accounting Standards AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	1 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (i.e. AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.

**SHIRE OF DENMARK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(w) New Accounting Standards and Interpretations (Continued)**

Title and Topic	Issued	Applicable (*)	Impact
(v) 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	1 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).
(vi) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	1 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(vii) AASB 2010 - 4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134, and Interpretation 13]	June 2010	1 January 2011	Nil - The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.
(viii) AASB 2010 - 5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	October 2010	1 January 2011	Nil - The revisions embodied in this standard are largely editorial in nature or relate to standards not applicable to the Council and will have minimal effect (if any) on the accounting practices of the Council.

**SHIRE OF DENMARK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(w) New Accounting Standards and Interpretations (Continued)**

Title and Topic	Issued	Applicable (*)	Impact
(ix) AASB 2010 - 6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7]	November 2010	1 July 2011	Nil - The revisions embodied in this standard amend disclosures required on transfers of financial assets. The Council is not expected to have any qualifying transfers.
(x) 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, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2010	1 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).
(xi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 1 & 7]	December 2010	1 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2010 - 9 Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	December 2010	1 July 2011	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2009– 14 Amendments to Australian Interpretations – Prepayments of a minimum Funding Requirement [AASB Interpretation 14]	December 2009	1 January 2011	

**SHIRE OF DENMARK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2011**

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

**(w) New Accounting Standards and Interpretations (Continued)**

(xi) (Continued)

AASB 2010 - 10	Further	December 2010	1 January 2013
Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]			

**Notes:**

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

**(x) 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 2009 - 5  
AASB 2009 - 8  
AASB 2009 - 10  
AASB 2009 - 13  
AASB 2010 - 1  
AASB 2010 - 3

Interpretation 19

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.



SHIRE OF DENMARK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2011

2. REVENUES AND EXPENSES	2011 \$	2010 \$	
<b>(a) Net Result</b>			
The Net Result includes:			
(i) Charging as an Expense:			
<b>Significant Expense</b>			
General Purpose Funding	<u>0</u>	<u>0</u>	
This significant expense relates to			
<b>Amortisation</b>			
Capitalised Leased Assets	0	0	
<b>Auditors Remuneration</b>			
- Audit	11,680	16,000	
- Other Services	0	0	
<b>Depreciation</b>			
Buildings	284,250	265,327	
Furniture and Equipment	85,483	87,405	
Plant and Equipment	687,327	584,162	
Tools	0	0	
Infrastructure	<u>2,025,458</u>	<u>1,955,364</u>	
	<u>3,082,519</u>	<u>2,892,258</u>	
<b>Interest Expenses</b>			
Finance Lease Charges			
Debentures ( <i>refer Note 21(a)</i> )	<u>160,400</u>	<u>130,471</u>	
	<u>160,400</u>	<u>130,471</u>	
<b>Rental Charges</b>			
- Operating Leases	<u>0</u>	<u>0</u>	
(ii) Crediting as Revenue:			
	2011 \$	2011 Budget \$	2010 \$
<b>Interest Earnings</b>			
Investments			
- Reserve Funds	123,622	106,917	88,007
- Other Funds	93,792	53,083	98,758
- Self Supporting Loans	69,374	70,257	55,149
Other Interest Revenue ( <i>refer note 26</i> )	<u>18,148</u>	<u>20,000</u>	<u>17,597</u>
	<u>304,936</u>	<u>250,257</u>	<u>259,510</u>

## SHIRE OF DENMARK

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

FOR THE YEAR ENDED 30TH JUNE 2011

#### 2. REVENUES AND EXPENSES (Continued)

##### (b) Statement of Objective

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

##### Shire Mission Statement

"Harmonious community and a great environment in which to live."

Council operations as disclosed in this financial report encompass the following service orientated activities/programs:

##### 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 and streets 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 limesand 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.

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

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

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

<b>Grants</b>	<b>Opening Balance (*) 1-Jul-09 \$</b>	<b>Received (+) 2009/10 \$</b>	<b>Expended (#) 2009/10 \$</b>	<b>Closing Balance (*) 30-Jun-10 \$</b>	<b>Received (+) 2010/11 \$</b>	<b>Expended (#) 2010/11 \$</b>	<b>Closing Balance 30-Jun-11 \$</b>
Bridge improvements	106,000	54,000	(80,000)	80,000			80,000
Pension Deferred Grant				0	1,108	(1,108)	0
Thank a Volunteer	0	0	0	0	1,100	(1,100)	0
Roadwise	1,000	909	(1,909)	0	6,580	(6,580)	0
Community Safety & Crime Prevention Plan	2,000	1,200	(3,200)	0			0
ESL Grants	0	395,992	(395,992)	0	638,683	(638,683)	0
Bus Shelters	0	0	0	0	7,500	(7,500)	0
Roads to Recovery	0	217,091	(217,091)	0	217,090	(217,090)	0
Royalties for Regions	1,076,771	0	(1,036,771)	40,000	674,000	(714,000)	0
RLCIP Program	100,000	0	(100,000)	0			0
RLCIP& Dept Sport & Recreation Rec Centre	0	60,955	(60,955)	0			0
Grants Commission	257,420	1,024,737	(1,004,274)	277,883	1,099,073	(1,087,652)	289,304
Main Roads Grants	0	456,346	(456,346)	0	540,326	(540,326)	0
Regional Bicycle Network	0	42,964	(42,964)	0	45,000	(45,000)	0
Old Hospital	0	0	0	0	9,000	(9,000)	0
DEC Poison Point Nature Trail	0	11,130	(0)	11,130		(11,130)	0
South Coast NRM	0	0	0	0	51,534	(51,534)	0
Wilson Inlet Improvements	0	10,000	(0)	10,000	36,890	(31,890)	15,000
Coastal Reserves & Plans Management	0	25,800	(0)	25,800	9,900	(20,900)	14,800
Kwoorabup Community Park	0	260,675	(260,675)	0	102,325	(102,325)	0
Community Services Grant	0	0	0	0	20,000	0	20,000
Peaceful Bay Water Tanks	0	0	0	0	15,000	(15,000)	0
Saluting Their Service	0	0	0	0	3,636	(3,636)	0
AWARE Program	0	13,636	(13,636)	0	13,636	(13,636)	0
Healthy Eating Program	0	0	0	0	990	(990)	0
Age Friendly Communities	0	0	0	0	7,922	(7,922)	0
Council of the Ageing	0	0	0	0	800	(800)	0
Your Welcome Initiative	0	0	0	0	15,000	(6,000)	9,000
Youth Art Program	0	0	0	0	18,950		18,950
Youth Holiday & Festival	0	3,600	(3,600)	0	1,000	(1,000)	0
Youth Support Service	0	23,894	(23,894)	0	24,988	(24,988)	0
<b>Total</b>	<b>1,543,191</b>	<b>2,602,928</b>	<b>(3,701,306)</b>	<b>444,813</b>	<b>3,562,031</b>	<b>(3,559,790)</b>	<b>447,054</b>

**SHIRE OF DENMARK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2011**

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

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

<b>Restricted Creditors</b>	<b>Opening Balance (*) 1-Jul-10 \$</b>	<b>Received (+) 2010/11 \$</b>	<b>Expended (#) 2010/11 \$</b>	<b>Closing Balance (*) 30-Jun-10 \$</b>	<b>Received (+) 2010/11 \$</b>	<b>Expended (#) 2010/11 \$</b>	<b>Closing Balance 30-Jun-11 \$</b>
Civic Centre Bonds	4,820	2,800	(2,060)	5,560	1,100	(740)	5,920
Recreation Centre Bonds	440	1,460	(1,240)	660	700	(700)	660
Bus Hire Bond	2,400	7,860	(6,200)	4,060	6,000	(7,200)	2,860
Tree Planting Bond	4,150	0	(0)	4,150	0	(1,000)	3,150
Firebreak Bond	3,225	0	(0)	3,225	0	(3,225)	(0)
Footpaths Deposits	0	0	(0)	(0)	0	0	0
Relocated Dwelling Deposit	24,500	20,000	(14,500)	30,000	0	(15,000)	15,000
Outstanding Roadworks	62,821	7,750	(8,855)	61,716	11,950	(6,500)	67,166
Developer Contributions	0	0	(0)	(0)	1,665	0	1,665
Liberty Swing Donation	500	500	(0)	1,000	0	(1,000)	(0)
Contributions in lieu of Parking	24,373	30,678	(0)	55,051	0	(1,873)	53,178
Contributions to Roadworks	182,364	6,655	(0)	189,019	8,725	0	197,744
Extractive Industry Bonds	3,410	0	(3,410)	(0)	3,300	0	3,300
Retention on Works	221,147	108,042	(56,895)	272,294	45,144	(74,993)	242,445
WIMAG Operations	10,368	0	(10,368)	0	0	0	0
Soil Stabilisation	0	4,831	(1,000)	3,831	2,000	(5,831)	0
<b>Total</b>	<b>544,518</b>	<b>190,576</b>	<b>(104,528)</b>	<b>630,566</b>	<b>80,584</b>	<b>(118,062)</b>	<b>593,088</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 2011

	2011 \$	2010 \$
<b>3. CASH AND CASH EQUIVALENTS</b>		
Unrestricted	(25,302)	19,185
Restricted	<u>3,218,994</u>	<u>3,544,685</u>
	<u><u>3,193,692</u></u>	<u><u>3,563,870</u></u>

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

Leave Reserve	338,785	359,450
Plant Reserve	152,990	176,502
Parry Inlet Reserve	90,477	85,739
Cemetery Reserve	27,093	25,675
Lime Quarry Rehabilitation Reserve	28,931	27,416
Land and Building Reserve	1,076,139	1,021,694
Centenary Celebrations	45,777	43,381
Refuse Site Development Reserve	340,749	294,108
Kwoorabup Community Park Reserve	76,022	250,000
Unspent Grants (ii)	447,054	444,813
Restricted Creditors (i)	593,088	630,566
Income Received in Advance (iii)	1,889	185,340
	<u>3,218,994</u>	<u>3,544,685</u>

**(i) Restricted Creditors**

Civic Centre / Rec Centre Bonds	6,580	6,220
Bus Hire Bond	2,860	4,060
Tree Planting Bond	3,150	4,150
Firebreak Bond	0	3,225
Relocated Dwelling Deposit	15,000	30,000
Outstanding Roadworks	67,166	61,716
Developer Contributions	1,665	0
Liberty Swing Donation	0	1,000
Contributions in lieu of Parking	53,178	55,051
Contributions to Roadworks	197,744	189,019
Extractive Industry Bonds	3,300	0
Retention on Works	242,445	272,294
WIMAG Operations	0	0
Soil Stabilisation	0	3,831
	<u>593,088</u>	<u>630,566</u>

**(ii) Unspent Grants**

Bridge improvements	80,000	80,000
Your Welcome	9,000	0
NRM Lions Lookout	14,800	0
Youth Arts Program	18,950	0
Ag Department Centenary Celebrations	20,000	0
Grants Commission Prepayment	289,304	277,883
Royalties for Regions	0	40,000
DEC Poison Point Nature Trail	0	11,130
Wilson Inlet Improvements	15,000	10,000
Coastal Reserves & Plans Management	0	25,800
	<u>447,054</u>	<u>444,813</u>

SHIRE OF DENMARK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2011

	2011	2010
	\$	\$
<b><i>(iii) Income Received in Advance</i></b>		
Rates assessments	1,889	1,889
Energy Emissions Data Management	0	0
Wilson Inlet Improvements	0	0
Roadwise Committee	0	500
Dept of Regional Development	0	35,000
Westernpower	0	110,327
Dept for Communities	0	8,800
LGIS Future Planning	0	8,825
R4R Business Planning	0	20,000
	<u>1,889</u>	<u>185,341</u>

**SHIRE OF DENMARK**

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

**FOR THE YEAR ENDED 30TH JUNE 2011**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates Outstanding	115,935	136,048
Sundry Debtors	1,082,461	547,565
Prepayments	529	529
Short Term Loans	0	71,000
Accrued Income	16,573	17,432
GST	6,317	56,277
Loans - Clubs/Institutions	55,791	45,921
Land Held for Resale - Cost	0	0
	<u>1,277,606</u>	<u>874,772</u>
<b>Non-Current</b>		
Sundry Debtors	0	17,006
Rates Outstanding - Pensioners	32,501	26,844
Loans - Clubs/Institutions	940,510	968,943
	<u>973,012</u>	<u>1,012,793</u>
<b>5. INVENTORIES</b>		
<b>Current</b>		
Fuel and Oils	17,463	21,454
Materials	27,922	75,871
	<u>45,385</u>	<u>97,324</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 - Cost	11,581,588	10,956,401
Less Accumulated Depreciation	<u>(2,489,218)</u>	<u>(2,204,969)</u>
	9,092,370	8,751,432
Furniture and Equipment - Cost	928,593	928,593
Less Accumulated Depreciation	<u>(801,382)</u>	<u>(715,898)</u>
	127,211	212,695
Plant and Equipment - Cost	7,862,146	7,209,440
Less Accumulated Depreciation	<u>(3,494,494)</u>	<u>(3,296,584)</u>
	4,367,652	3,912,856
Tools	13,528	13,528
Less Accumulated Depreciation	<u>(13,528)</u>	<u>(13,528)</u>
	0	0
	<u>13,587,233</u>	<u>12,876,983</u>

**SHIRE OF DENMARK**

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

**FOR THE YEAR ENDED 30TH JUNE 2011**

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

**Movements in Carrying Amounts**

The following represents the 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 &amp; Buildings \$</b>	<b>Furniture &amp; Equipment \$</b>	<b>Plant &amp; Equipment \$</b>	<b>Tools \$</b>	<b>Total \$</b>
Balance as at 1 July 2010	8,751,432	212,695	3,912,856	0	12,876,983
Additions	625,187	0	1,497,609	0	2,122,796
(Disposals)	(0)	0	(844,903)	0	(844,903)
Depreciation on Disposals	0	0	489,417	0	489,417
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)	(284,250)	(85,483)	(687,327)	0	(1,057,060)
Other Movements	0	0	0	0	0
Balance as at 30 June 2011	<u>9,092,370</u>	<u>127,211</u>	<u>4,367,651</u>	<u>0</u>	<u>13,587,233</u>



**SHIRE OF DENMARK**

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

**FOR THE YEAR ENDED 30TH JUNE 2011**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<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	0
Less Accumulated Depreciation	<u>(40,333,632)</u>	<u>(38,468,794)</u>
	51,682,220	52,060,842
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	0
Less Accumulated Depreciation	<u>(1,284,940)</u>	<u>(1,147,997)</u>
	3,507,830	2,525,279
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	0
Less Accumulated Depreciation	<u>(206,431)</u>	<u>(182,753)</u>
	727,022	741,636
	 <u><u>55,917,072</u></u>	 <u><u>55,327,757</u></u>

SHIRE OF DENMARK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2011

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Roads \$	Parks Gardens Reserves \$	Airstrip \$	Total \$
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Balance as at 1 July 2010	52,060,842	2,525,279	741,636	55,327,757
Additions	1,486,216	1,119,495	9,063	2,614,773
(Disposals)	0	0	0	0
Revaluation - Increments	0	0	0	0
- (Decrements)	0	0	0	0
Impairment - (losses)	0	0	0	0
- reversals	0	0	0	0
Depreciation (Expense)	(1,864,839)	(136,944)	(23,676)	(2,025,458)
Other Movements	0	0	0	0
Balance as at 30 June 2011	<u>51,682,219</u>	<u>3,507,830</u>	<u>727,022</u>	<u>55,917,072</u>

**SHIRE OF DENMARK**

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

**FOR THE YEAR ENDED 30TH JUNE 2011**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors & Accruals	588,171	838,644
Accrued Interest on Loans	27,006	27,799
Accrued Salaries and Wages	64,764	56,730
Accrued RDO's	44,596	43,493
Accrued Expenses	9,663	0
Income Received in Advance	1,889	185,340
GST Payable	10,841	12,338
Bonds & Deposits	593,088	630,566
	<u>1,340,017</u>	<u>1,794,910</u>
<b>9. LONG-TERM BORROWINGS</b>		
<b>Current</b>		
Secured by Floating Charge		
Debentures	<u>358,275</u>	<u>260,729</u>
	<u>358,275</u>	<u>260,729</u>
<b>Non-Current</b>		
Secured by Floating Charge		
Debentures	<u>2,728,627</u>	<u>2,155,445</u>
	<u>2,728,627</u>	<u>2,155,445</u>
Additional detail on borrowings is provided in Note 21.		
<b>Deferred Liabilities</b>		
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>
<b>10. PROVISIONS</b>		
<b>Current</b>		
Provision for Annual Leave	332,949	299,587
Provision for Long Service Leave	239,620	250,712
	<u>572,569</u>	<u>550,300</u>
<b>Non-Current</b>		
Provision for Annual Leave	0	0
Provision for Long Service Leave	32,391	11,682
	<u>32,391</u>	<u>11,682</u>

SHIRE OF DENMARK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2011

	2011 \$	2011 Budget \$	2010 \$
<b>11. RESERVES - CASH/INVESTMENT BACKED</b>			
<b>(a) Employee Entitlements Reserve</b>			
Opening Balance	359,450	359,450	344,507
Amount Set Aside / Transfer to Reserve	19,335	16,823	14,943
Amount Used / Transfer from Reserve	(40,000)	(40,000)	0
	<u>338,785</u>	<u>336,273</u>	<u>359,450</u>
<b>(b) Plant Reserve</b>			
Opening Balance	176,502	176,502	169,165
Amount Set Aside / Transfer to Reserve	9,322	8,260	7,337
Amount Used / Transfer from Reserve	(32,834)	0	0
	<u>152,990</u>	<u>184,762</u>	<u>176,502</u>
<b>(c) Parry Inlet Reserve</b>			
Opening Balance	85,739	85,739	107,094
Amount Set Aside / Transfer to Reserve	4,738	4,008	4,645
Amount Used / Transfer from Reserve	0	0	(26,000)
	<u>90,477</u>	<u>89,747</u>	<u>85,739</u>
<b>(d) Cemetery Reserve</b>			
Opening Balance	25,675	25,675	24,608
Amount Set Aside / Transfer to Reserve	1,418	1,202	1,067
Amount Used / Transfer from Reserve	0	(25,000)	0
	<u>27,093</u>	<u>1,877</u>	<u>25,675</u>
<b>(e) Lime Quarry Rehabilitation Reserve</b>			
Opening Balance	27,416	27,416	26,276
Amount Set Aside / Transfer to Reserve	1,515	1,283	1,140
Amount Used / Transfer from Reserve	0	0	0
	<u>28,931</u>	<u>28,699</u>	<u>27,416</u>
<b>(f) Land and Building Reserve</b>			
Opening Balance	1,021,693	1,021,694	1,075,064
Amount Set Aside / Transfer to Reserve	54,446	47,797	46,630
Amount Used / Transfer from Reserve	0	0	(100,000)
	<u>1,076,139</u>	<u>1,069,491</u>	<u>1,021,694</u>
<b>(g) Centenary Celebrations Reserve</b>			
Opening Balance	43,381	43,381	31,875
Amount Set Aside / Transfer to Reserve	2,396	12,030	11,506
Amount Used / Transfer from Reserve	0	(3,000)	0
	<u>45,777</u>	<u>52,411</u>	<u>43,381</u>
<b>(h) Refuse Site Development Reserve</b>			
Opening Balance	294,108	294,108	233,369
Amount Set Aside / Transfer to Reserve	86,641	83,765	60,739
Amount Used / Transfer from Reserve	(40,000)	0	0
	<u>340,749</u>	<u>377,873</u>	<u>294,108</u>
<b>(i) Kwoorabup Community Park Reserve</b>			
Opening Balance	250,000	250,000	0
Amount Set Aside / Transfer to Reserve	13,812	11,750	250,000
Amount Used / Transfer from Reserve	(187,790)	(250,000)	0
	<u>76,022</u>	<u>11,750</u>	<u>250,000</u>
<b>TOTAL CASH BACKED RESERVES</b>	<u>2,176,963</u>	<u>2,152,882</u>	<u>2,283,964</u>

**SHIRE OF DENMARK**

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

**FOR THE YEAR ENDED 30TH JUNE 2011**

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.

**Centenary Celebrations Reserve**

- to be used for celebrations associated with the Centenary of the Shire of Denmark.

**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.

The Leave, Plant, Parry Inlet, Cemetery, Lime Quarry Rehabilitation and Land & Building Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

**12. RESERVES - ASSET REVALUATION**

**2011**

**2010**

\$

\$

Asset revaluation reserves have arisen on revaluation of the following classes of assets:

(a) **Asset Revaluation Reserve**

Balance as at 1 July 2010	53,879,201	53,879,201
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2011	53,879,201	53,879,201

TOTAL ASSET REVALUATION RESERVE

53,879,201

53,879,201

**SHIRE OF DENMARK**

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

**FOR THE YEAR ENDED 30TH JUNE 2011**

**13. NOTES TO THE CASH FLOW STATEMENT**

**(a) Reconciliation of Cash**

For the purposes of the cash flow statement, cash includes cash on hand and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the balance sheet as follows:

	<b>2011</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Cash and Cash Equivalents	<u>3,193,692</u>	<u>2,817,842</u>	<u>3,563,870</u>
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net Result	981,687	(450,227)	253,739
Depreciation	3,082,519	2,956,433	2,892,258
Writedown in fair value of Investments	0	0	0
Impairment (Loss)/Reversal	0	0	0
(Profit)/Loss on Sale of Asset	163,213	19,249	(3,037)
(Increase)/Decrease in Receivables	(453,474)	100,000	(184,598)
(Increase)/Decrease in Inventories	51,939	20,000	(27)
Increase/(Decrease) in Payables	(252,761)	(191,291)	199,876
Increase/(Decrease) in Employee Provisions	52,115	9,999	93,426
Grants/Contributions for the Development of Assets	(2,105,497)	(1,885,793)	(1,781,996)
<b>Net Cash from Operating Activities</b>	<u>1,519,740</u>	<u>578,370</u>	<u>1,469,641</u>
<b>(c) Undrawn Borrowing Facilities</b>			
<b>Credit Standby Arrangements</b>			
Bank Overdraft limit	0	0	0
Bank Overdraft at Balance Date	0	0	0
Credit Card limit	(30,000)	(20,000)	(20,000)
Credit Card Balance at Balance Date	6,263	(2,500)	3,163
<b>Total Amount of Credit Unused</b>	<u>(23,737)</u>	<u>(22,500)</u>	<u>(16,837)</u>
<b>Loan Facilities</b>			
Loan Facilities - Current	358,275	260,729	260,729
Loan Facilities - Non-Current	2,728,627	2,528,565	2,155,445
<b>Total Facilities in Use at Balance Date</b>	<u>3,086,903</u>	<u>2,789,294</u>	<u>2,416,174</u>
<b>Unused Loan Facilities at Balance Date</b>	<u>0</u>	<u>0</u>	<u>0</u>

**SHIRE OF DENMARK**

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

**FOR THE YEAR ENDED 30TH JUNE 2011**

**14. CONTINGENT LIABILITIES**

The Shire of Denmark has no current contingent liability claims.

**15. CAPITAL AND LEASING COMMITMENTS**

	<b>2011</b>	<b>2010</b>
	\$	\$
<b>(a) Finance Lease Commitments</b>	0	0
<b>(b) Operating Lease Commitments</b>	0	0
<b>(c) Capital Expenditure Commitments</b>	0	0

**16. JOINT VENTURE**

The Shire of Denmark currently has no joint venture projects.

	<b>2011</b>	<b>2010</b>
	\$	\$
<b>17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY</b>		
Governance	2,322,364	2,598,255
General Purpose Funding	289,304	277,883
Law, Order, Public Safety	2,271,416	1,948,609
Health	49,652	39,868
Education and Welfare	363,700	339,196
Housing	770,058	770,057
Community Amenities	2,766,584	2,855,062
Recreation and Culture	6,701,946	5,685,188
Transport	56,259,928	56,696,156
Economic Services	1,564,801	1,181,345
Other Property and Services	1,638,986	1,323,240
Unallocated	0	43,381
	<b>74,998,739</b>	<b>73,758,238</b>

SHIRE OF DENMARK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2011

	2011	2010	2009
<b>18. FINANCIAL RATIOS</b>			
Current Ratio	97%	69%	205%
Untied Cash to Unpaid Trade Creditors Ratio	-4%	2%	49%
Debt Ratio	7%	7%	5%
Debt Service Ratio	5%	5%	5%
Gross Debt to Revenue Ratio	35%	30%	21%
Gross Debt to Economically Realisable Assets Ratio	2%	2%	1%
Rate Coverage Ratio	35%	49%	47%
Outstanding Rates Ratio	3%	4%	4%

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted current assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Unpaid Trade Creditors Ratio	$\frac{\text{untied cash}}{\text{unpaid trade creditors}}$
Debt Ratio	$\frac{\text{total liabilities}}{\text{total assets}}$
Debt Service Ratio	$\frac{\text{debt service cost}}{\text{available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{gross debt}}{\text{total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{gross debt}}{\text{economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{net rate revenue}}{\text{operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{rates outstanding}}{\text{rates collectable}}$



**SHIRE OF DENMARK**

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

**FOR THE YEAR ENDED 30TH JUNE 2011**

**19. TRUST FUNDS**

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

	<b>Balance 1-Jul-10</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>Balance 30-Jun-11</b>
	\$	\$	(\$)	\$
DPI Licensing	0	1,376,530	(1,376,530)	0
BCITF Training Levy	832	45,776	(40,288)	6,320
Building Levy	144	8,084	(8,084)	144
Lieu of Open Space	312,777	14,247	(156,025)	170,999
Nomination Deposits	0	880	(880)	0
Councillor Donations	0	2,000	0	2,000
Parks & Trails Committee	2,000	1,000	0	3,000
	<u>315,753</u>	<u>1,448,516</u>	<u>(1,581,806)</u>	<u>182,463</u>

**20. DISPOSALS OF ASSETS - 2010/11 FINANCIAL YEAR**

The following assets were disposed of during the year.

	<b>Net Book Value</b>		<b>Sale Price</b>		<b>Profit (Loss)</b>	
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Budget</b>
	\$	\$	\$	\$	\$	\$
Toyota Prado DE1	18,311	27,000	37,273	40,000	18,962	13,000
Pajero LWB 3.2 Wagon DE10	37,323	42,106	31,818	30,500	(5,505)	(11,606)
Case 621B Wheel Loader	68,093	76,027	40,000	33,000	(28,093)	(43,027)
** Two Way Tipping Truck	172,079	0	0	0	(172,081)	0
Caterpillar Grader 12	45,617	53,116	65,000	65,000	19,383	11,884
Case Vibromax Roller	0	0	18,182	10,500	18,182	10,500
Toyota Landcruiser - Nornalup	0	0	0	0	0	0
Toyota Landcruiser - Ocean Beach	3,339	0	0	0	(3,339)	0
Toyota Landcruiser - Mt Shadforth	0	0	0	0	0	0
Toyota Landcruiser - SES	10,724	0	0	0	(10,724)	0
	<u>355,485</u>	<u>198,249</u>	<u>192,273</u>	<u>179,000</u>	<u>(163,214)</u>	<u>(19,249)</u>

\*\* The two way tipping truck was damaged beyond repair and written off by Council's insurers. A payment for the sum of \$149,700 was received from Local Government Insurance Services, representing the written down insurance value of the vehicle. The balance of funds required to purchase a replacement vehicle totalling \$32,834 were funded from a transfer from the Plant Replacement Reserve.

**SHIRE OF DENMARK**

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

**FOR THE YEAR ENDED 30TH JUNE 2011**

**21. INFORMATION ON BORROWINGS**

(a) Debenture Repayments

Particulars	Principal 1-Jul-10 \$	New Loans \$	Principal Repayments		Principal 30-Jun-11		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
113 - Admin	274,153		47,282	47,282	226,871	230,134	18,142	19,113
123 * Lionsville	206,485		14,090	14,090	192,395	193,468	15,869	16,405
126 - Civic Centre	106,355		33,679	33,679	72,676	74,334	4,991	5,010
129 * Scouts	39,478		1,977	1,977	37,502	37,614	2,264	2,316
131 - Visitors Centre	305,311		17,038	17,038	288,273	289,392	21,008	21,018
132 - Youth Centre	48,146		14,925	14,925	33,221	34,243	2,969	3,255
137 - Plant	35,073		35,073	35,073	0	2,110	1,737	1,755
138 - Plant	137,377		42,585	42,585	94,792	97,707	8,470	9,288
139 - Civic Centre	48,146		14,925	14,925	33,221	34,243	2,969	3,255
140 * Bowling Club	72,392		6,996	6,996	65,396	65,868	4,942	5,074
141 * Bowling Club	73,704		6,625	6,625	67,079	67,407	3,616	3,757
142 * Lionsville	592,805		15,142	15,142	577,663	788,131	40,759	40,902
143 - Airport	83,250		3,400	1,631	79,850	83,250	5,296	5,296
144 - Recreation Centre	75,000		5,611	2,728	69,389	75,000	4,506	4,506
145 - Tennis Courts	63,500		4,750	2,309	58,750	63,500	3,816	3,816
147 - Football Clubrooms	225,000		5,589	2,634	219,411	158,250	14,625	14,625
148 * Football Club Ext	30,000		2,244	1,091	27,756	158,066	1,802	1,802
149 - McLean Oval	0	0	0	0	0	100,000	0	0
150 - Plant Purchases 10/11	0	492,658	0	0	492,658	541,350	2,335	0
151 * Denmark Tourism Inc	0	30,000	0	0	30,000	30,000	147	0
152 - Purchase Lot 300	0	420,000	0	0	420,000	0	139	0
	2,416,174	942,658	271,930	260,729	3,086,902	3,124,067	160,400	161,193

(\*) 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 2011**

**21. INFORMATION ON BORROWINGS**

(b) New Debentures - 2010/11

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
149 - McLean Oval Sewerage	0	100,000	WATC	P & I	5	15,371	5.20	0	100,000	0
150 - Plant Purchases 10/11	492,658	541,350	WATC	P & I	5	80,126	5.58	492,658	541,350	0
151 * Denmark Tourism Inc	30,000	30,000	WATC	P & I	5	4,879	5.58	30,000	30,000	0
152 - Purchase Lot 300	420,000	0	WATC	P & I	20	314,278	6.04	420,000	0	0

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-10 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-11 \$
		0	0	0	0

(d) Overdraft

Council did not utilise an overdraft facility during the 2010/2011 financial year.

SHIRE OF DENMARK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2011

22. RATING INFORMATION - 2010/11 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
<b>Differential General Rate</b>											
GRV	8.9130	1,798	23,470,576	2,049,050	12,095	-3,458	2,057,687	2,091,935	40,000		2,131,935
UV	0.2711	566	309,966,000	840,318			840,318	840,320	5,000		845,320
<b>Sub-Totals</b>		2,364	333,436,576	2,889,368	12,095	-3,458	2,898,005	2,932,255	45,000	0	2,977,255
<b>Minimum Rates</b>	<b>Minimum \$</b>										
GRV	725	1,370	9,405,234	993,250			993,250	989,625			989,625
UV	750	38	9,155,000	28,500			28,500	28,500			28,500
<b>Sub-Totals</b>		1,408	18,560,234	1,021,750	0	0	1,021,750	1,018,125	0	0	1,018,125
Ex-Gratia Rates							3,919,755				3,995,380
Specified Area Rate (refer note 23)							3,919,755				3,995,380
Discounts (refer note 25)							3,919,755				3,995,380
<b>Totals</b>							3,919,755				3,995,380

**SHIRE OF DENMARK**

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

**FOR THE YEAR ENDED 30TH JUNE 2011**

**23. SPECIFIED AREA RATE - 2010/11 FINANCIAL YEAR**

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

**24. SERVICE CHARGES - 2010/11 FINANCIAL YEAR**

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

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2010/11 FINANCIAL YEAR**

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

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

**26. INTEREST CHARGES AND INSTALMENTS - 2010/11 FINANCIAL YEAR**

	<b>Interest Rate %</b>	<b>Admin. Charge \$</b>	<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on Unpaid Rates	11.00%	-	-	10,000
Interest on Instalments Plan	5.50%	-	18,148	10,000
Charges on Instalment Plan	-	6.00	32,942	24,000
			51,090	44,000

Ratepayers had the option of paying rates in four equal instalments, due on 10th September 2010, 10th November 2010, 10th January 2011 and 10th March 2011. Administration charges and interest applied for the final three instalments.

<b>27. FEES &amp; CHARGES</b>	<b>2011 \$</b>	<b>2011 Budget</b>	<b>2010 \$</b>
Governance	14,782	14,780	15,038
General Purpose Funding	0	0	0
Law, Order, Public Safety	11,183	16,300	13,039
Health	40,578	6,000	6,634
Education and Welfare	8,200	8,200	8,200
Housing	0	0	0
Community Amenities	1,006,940	957,495	912,752
Recreation and Culture	163,028	152,620	160,535
Transport	2,622	27,000	18,775
Economic Services	518,868	475,837	403,246
Other Property and Services	90,528	178,200	712,050
	<u>1,856,730</u>	<u>1,836,432</u>	<u>2,250,269</u>

**SHIRE OF DENMARK**

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

**FOR THE YEAR ENDED 30TH JUNE 2011**

<b>28. GRANT REVENUE</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>By Nature and Type:</b>		
Operating Grants, Subsidies and Contributions	1,456,535	1,265,397
Non-Operating Grants, Subsidies and Contributions	<u>2,105,497</u>	<u>1,802,116</u>
	<u><u>3,562,031</u></u>	<u><u>3,067,513</u></u>
<b>By Program:</b>		
Governance	36,100	330
General Purpose Funding	1,100,181	1,079,795
Law, Order, Public Safety	652,320	506,778
Health	0	0
Education and Welfare	44,662	3,600
Housing	0	0
Community Amenities	77,926	103,197
Recreation and Culture	431,847	465,303
Transport	1,203,996	908,510
Economic Services	15,000	0
Other Property and Services	<u>0</u>	<u>0</u>
	<u><u>3,562,031</u></u>	<u><u>3,067,513</u></u>

<b>29. COUNCILLORS' REMUNERATION</b>	<b>2011</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
The following fees, expenses and allowances were paid to council members.			
Meeting Fees	57,450	56,600	54,113
President's Allowance	10,000	10,000	10,000
Deputy President's Allowance	2,500	2,500	2,500
Travelling Expenses	7,649	9,000	8,721
Communications Allowance	<u>11,750</u>	<u>12,000</u>	<u>11,677</u>
	<u><u>89,349</u></u>	<u><u>90,100</u></u>	<u><u>87,011</u></u>

**30. EMPLOYEES' REMUNERATION**

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

<b>Salary Range</b>	<b>2011</b>	<b>2010</b>
<b>\$</b>		
100,000 - 109,999		
110,000 - 119,999		
120,000 - 129,999	1	1
130,000 - 139,999		
140,000 - 149,999		
150,000 - 159,999		
160,000 - 169,999		

<b>31. EMPLOYEE NUMBERS</b>	<b>2011</b>	<b>2010</b>
The number of full-time equivalent employees at balance date	<u>60.6</u>	<u>61</u>

**32. MAJOR LAND TRANSACTIONS**

Council has had no major land transactions during the 2010/11 financial year.

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

Council did not participate in any trading undertakings or major trading undertakings during the 2010/11 financial year.

**SHIRE OF DENMARK**

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

**FOR THE YEAR ENDED 30TH JUNE 2011**

**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

Financial risk management is carried out by the finance area under policies approved by the Council

The Council held the following financial instruments at balance date:

	<b>Carrying Value</b>		<b>Fair Value</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>				
Cash and cash equivalents	3,193,692	3,563,870	3,193,692	3,563,870
Receivables	<u>2,250,618</u>	<u>1,816,565</u>	<u>2,250,618</u>	<u>1,816,565</u>
	<u><u>5,444,310</u></u>	<u><u>5,380,435</u></u>	<u><u>5,444,310</u></u>	<u><u>5,380,435</u></u>
<b>Financial Liabilities</b>				
Payables	1,340,017	1,794,910	1,340,018	1,794,910
Borrowings	<u>3,086,903</u>	<u>2,416,174</u>	<u>2,850,172</u>	<u>2,228,073</u>
	<u><u>4,426,920</u></u>	<u><u>4,211,084</u></u>	<u><u>4,190,190</u></u>	<u><u>4,022,983</u></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 2011

#### 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.

	30-Jun-11	30-Jun-10
	\$	\$
- Equity	0	0
- Income Statement	141,260	214,435

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

- Equity	0	0
- Income Statement	14,126	21,443

#### 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.



SHIRE OF DENMARK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2011

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:

	30-Jun-11	30-Jun-10
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	97.49%	85.68%
- Overdue	2.51%	14.32%

**SHIRE OF DENMARK**

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

**FOR THE YEAR ENDED 30TH JUNE 2011**

**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>2011</u></b>					
Payables	774,669	565,348	0	1,340,017	1,340,017
Borrowings	554,541	1,771,007	2,223,083	4,548,631	3,086,903
	<u>1,329,210</u>	<u>2,336,355</u>	<u>2,223,083</u>	<u>5,888,648</u>	<u>4,426,920</u>
<b><u>2010</u></b>					
Payables	1,550,840	244,070	0	1,794,910	1,794,910
Borrowings	407,303	1,331,337	1,849,731	3,588,371	2,416,174
	<u>1,958,143</u>	<u>1,575,407</u>	<u>1,849,731</u>	<u>5,383,281</u>	<u>4,211,084</u>

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.

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SHIRE OF DENMARK

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2011

(c) Borrowings (Continued)

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>Year Ended 30 June 2011</b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debentures	0	233,910	0	226,871	522,658	2,103,463	3,086,902	6.44%
Weighted Average Effective Interest Rate	0.00%	6.56%	0.00%	7.28%	5.58%	6.56%		
<b>Year Ended 30 June 2010</b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debentures	35,073	0	233,669	106,355	0	2,041,076	2,416,173	6.68%
Weighted Average Effective Interest Rate	6.30%	0.00%	7.22%	5.11%	0.00%	6.63%		