



2016 / 17

ANNUAL REPORT

SHIRE OF DENMARK

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

Electronic copies of the Annual Report are available for download from the Shire of Denmark website www.denmark.wa.gov.au

Alternative formats are also available upon request, including large print, electronic format (disk or emailed), audio or Braille.





COMMUNITY PROFILE

The Shire of Denmark has a resident population of approximately 5,964 and is located on the south coast of Western Australia, bordered by the Southern Ocean and approximately 400kms south of Perth. The Shire has an area of 1,860sq kms and is home to a passionate, diverse community who reside across the four town sites of Denmark, Peaceful Bay, Bow Bridge and Nornalup.

2016/17 Quick Stats

- Resident Population 5,964
- Number of Electors 5,148
- Total Rates Levied \$5,873,245
- Total Revenue \$15,164,879
- Number of Employees 91 (63.1 FTE)
- Distance from Perth 400 km
- Area 1,860 km²
- Length of Roads
 - Sealed 219 km
 - Unsealed 435 km
- Area of Parks and Reserves 1,290 km²
- Length of Coastline 84 km
- Length of Estuary Foreshores 73 km
- Number of Dwellings 3,472

Vision	Values	Mission Statement
A happy, healthy and eclectic community that embraces creativity, celebrates the natural environment and is invested in a strong local economy	<ul style="list-style-type: none"> • Consistency • Sustainability • Honesty • Integrity • Teamwork • Transparency • Respect 	<p>The Shire of Denmark will protect and improve the quality of life for our community by:</p> <ul style="list-style-type: none"> • Providing quality services and infrastructure that meet community needs; • Carefully managing our natural environment; • Empowering our community to make positive change; and • Embracing innovation and opportunities.



Local Attractions and Activities

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

Local Industries

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

Significant Local Events

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



Education Institutions

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

Freeman of the Shire of Denmark

- Mr Percy Berridge (Dec) (17/11/1973)
- Mrs Eileen Lunan (10/02/2006)

2016/17 Citizenship Award Winners

- Citizen of the Year – Roger Seeney
- Senior Citizen of the Year – Jenny Wilson
- Young Citizen of the Year - Not Awarded
- Community Group or Event of the Year – Denmark Gymnastics

2016/17 Sports Award Winners

- Senior Sports person of the Year – Kelly Judd
- Junior Sports person of the Year - Claire Roocke
- Service to Sport Award - Andrew Milne



SHIRE PRESIDENT'S REPORT AND INTRODUCTION

I am pleased to present the Shire of Denmark's Annual Report for 2016/17.

The Annual Report provides an overview of the Shire's achievements during the year and reports on the actions and major projects associated with the Strategic Community Plan and Corporate Business Plan.

2016/17 has been a busy year for Council and Shire of Denmark employees. Community engagement and strategic planning have been major areas of focus during the year, with Council completing a major review of the Strategic Community Plan. The creation of Denmark 2027 provided a valuable opportunity for staff and Councillors to understand community priorities and tap into local knowledge and skills on a range of issues.

The information gathered during the review is now helping inform the Shire's business planning process and we look forward to presenting our four-year action plan, the Corporate Business Plan, alongside a Workforce Plan, Long Term Financial Plan and Asset Management Plans for adoption in 2017/18.

The Shire of Denmark's partnership with the City of Albany and Shire of Plantagenet continued to play an important role during 2016/17, with the Lower Great Southern Economic Alliance progressing the Amazing South Coast Destination Marketing Strategy. The Alliance was successful in securing \$1M over four years to increase visitor numbers in our region from 1.3M overnight stays to 3M.

A number of capital works and maintenance projects were also delivered during the year, with the iconic Wilderness Ocean Walk



opening occurring in January 2017. The WOW Trail has quickly cemented itself as a tourism icon in our region, with over 4,000 usage counts recorded since the official opening.

Councillors continued to serve on a number of working groups and committees during the year, with a focus on long-term planning and strategy development. The Sustainability Advisory Committee held its inaugural meeting in November with a vision for the Shire of Denmark and the community to be recognised as leaders in sustainability. The Sport and Recreation Masterplan Working Group was also formed during 2016/17, with Council and representatives undertaking a significant body of work to understand community recreation needs and priorities and develop an integrated plan for the future.

On a personal note I would like to acknowledge former Shire President, David Morrell, and former Councillors, Yasmin Bartlett and Clem Wright, for their service and contribution during 2016/17. David served as Shire President for the duration of 2016/17 and led the Shire through a significant period of change over recent years. His work with the Great Southern Economic Alliance will have an impact for years to come.



It was humbling to be elected as Shire President in October 2017 and I look forward to working with all members of the community as we continue to build on Council's achievements over the following years.

We are fortunate to have a fantastic group of Councillors with wide ranging experience and a Shire Administration committed to improving the way we operate as an organisation.

In closing, I encourage all members of the community to continue to take a high level of interest in community affairs and urge you to contact both staff and Councillors should you have any questions, issues or concerns. Your input is vital to ensure that the services and strategic direction of Council continues to represent your views.

A handwritten signature in black ink, appearing to read 'Ceinwen Gearon'.

Cr Ceinwen Gearon

Shire President



Councillor Information and Contact Details



Photo: Councillors Roger Seeney, Ian Osborne, Janine Phillips, Peter Caron, Ceinwen Gearon, Jan Lewis, Rob Whooley, Mark Allen, Kingsley Gibson.

Cr Ceinwen Gearon Shire President Town Ward	c/- Shire of Denmark, PO Box 183, Denmark WA 6333 Mobile: 0434 856 292 Email: cr.gearon@denmark.wa.gov.au
Cr Peter Caron Deputy Shire President Scotsdale/Shadforth Ward	c/- Shire of Denmark, PO Box 183, Denmark WA 6333 Mobile: 0414 438 767 Email: cr.caron@denmark.wa.gov.au
Cr Janine Phillips Kent/Nornalup Ward	25 Fifth Avenue, Peaceful Bay WA 6333 Phone: 08 9840 8257 Mobile: 0428 571 031 Email: cr.phillips@denmark.wa.gov.au
Cr Roger Seeney Kent/Nornalup Ward	2224 Scotsdale Road, Denmark WA 6333 Phone: 08 9840 9036 Mobile: 0428 409 036 Email: crseeney6333@gmail.com
Cr Mark Allen Scotsdale/Shadforth Ward	PO Box 35, Denmark WA 6333 Mobile: 0439 993 686 Email: cr.allen@denmark.wa.gov.au
Cr Kingsley Gibson Scotsdale/Shadforth Ward	12 Barrett Heights, Denmark WA 6333 Mobile: 0428 272 424 Email: kingsley@summerlea.com.au
Cr Jan Lewis Scotsdale/Shadforth Ward	111 McNess Road, Scotsdale WA 6333 Mobile: 0438 061 191 Email: jclewis@overbridgefarm.com.au
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Cr Rob Whooley Town Ward	PO Box 970, Denmark WA 6333 Phone: 08 9848 3513 Email: cr.whooley@denmark.wa.gov.au

The Shire of Denmark would like to thank former Shire President, David Morrell, and former Councillors, Yasmin Bartlett and Clem Wright, for their service and contribution during 2016/17.



CHIEF EXECUTIVE OFFICER'S REPORT

2016/17 has been a productive year for the Shire of Denmark, with Council and Shire staff delivering a number of projects and implementing a range of organisational changes to improve the way we operate as a Local Government.

Work on the Denmark East Development Precinct Project (Eastern Precinct) commenced in 2016/17 with the Shire of Denmark utilising Roads to Recovery funding to complete approximately one third of the required road length to the industrial area during the financial year.

Various compliance issues at the Ocean Beach Lime Quarry were identified during the year, with staff successfully completing a number of actions to rectify areas of concern and extend the life of the quarry. The work completed by the Infrastructure and Assets directorate has ensured that all future mining will be undertaken using contemporary practices and that mining is able to successfully resume in 2017/18.

2016/17 saw the implementation of a new budgeting process that improved the identification, refinement and strategic alignment of projects prior to their inclusion in the annual budget. The new process ensures greater accountability across the organisation and that adequate planning and approvals are in place prior to budget adoption.

The major review of the Strategic Community Plan was a significant body of work undertaken during the year that has set a new benchmark for future engagement activities undertaken by the Shire. The Shire of Denmark has been working collaboratively with other Local Governments in the Great Southern



to improve all aspects of strategic planning and is supporting the City of Albany in the delivery of a Regional Peer Support Program for Integrated Planning and Reporting.

A new Enterprise Bargaining Agreement was successfully negotiated with the Shire's outside staff during the year providing a satisfactory outcome for both staff and the organisation. The new agreement was successfully negotiated following a series of stakeholder meetings and discussions, with all participants approaching the process in good faith.

The organisation underwent a major review of development services during 2016/17, with a number of recommendations provided to further improve service delivery in this area. The review involved key stakeholders within the community that interact with our planning, building and development staff on a regular basis.

2016/17 has been a successful year for the Shire of Denmark and I would like to thank Council, the executive team and all Shire employees for their dedication and support as I completed my first year as Chief Executive Officer.



The outlook for 2017/18 is very positive for our community, with the Shire continuing to improve our organisational processes. 2017/18 will see the adoption of various organisational plans, including a Long Term Financial Plan, Workforce Plan, Asset Management Plans and a Corporate Business Plan.

I am looking forward to the year ahead and working with the community to deliver projects and initiatives that bring us closer to achieving the aspirations in our Strategic Community Plan.

Mr Bill Parker

Chief Executive Officer



SHIRE OF DENMARK ORGANISATION CHART



Executive Team

Chief Executive Officer: **Bill Parker**

Director Corporate and Community Services : **Cary Green**

Director Sustainable Development: **Annette Harbron**

Director Infrastructure and Assets: **Gilbert Arlandoo**

The Shire of Denmark would like to thank former Director of Community and Regulatory Services, Gregg Harwood, for his service and contribution during 2016/17.

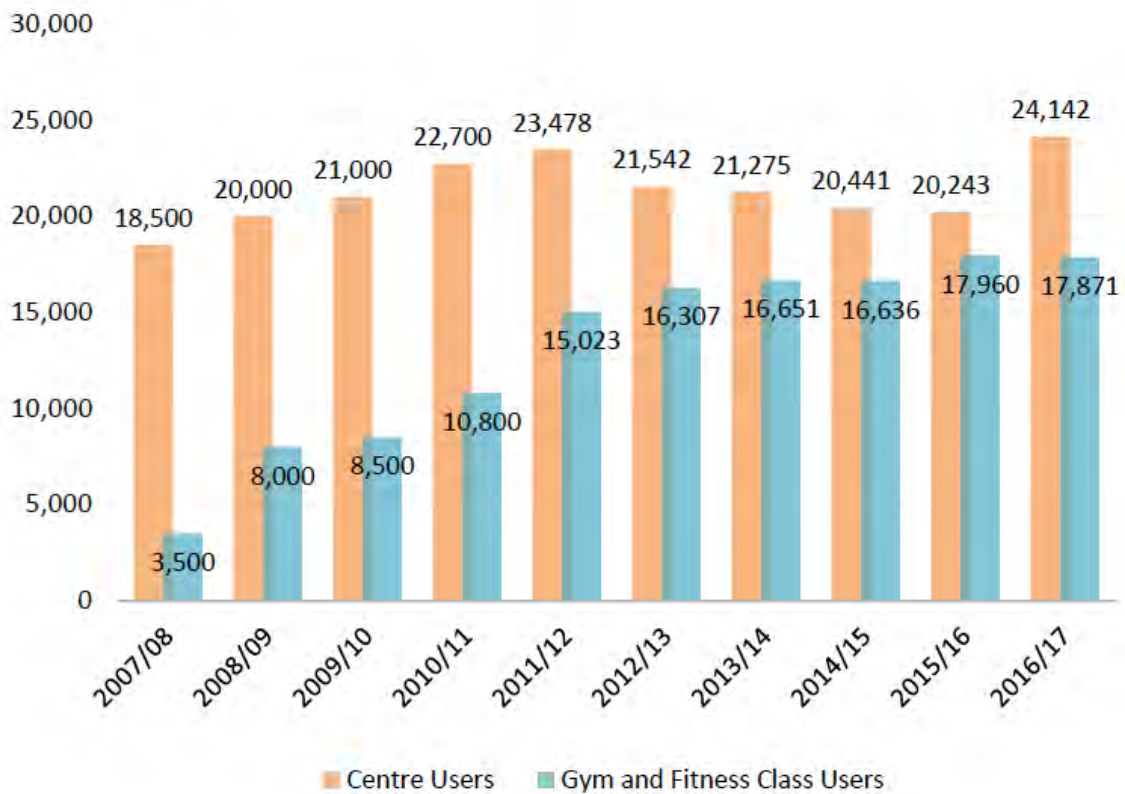


SUMMARY OF SHIRE SERVICES 2016/17

Denmark Recreation Centre

The Recreation Centre recorded 42,013 attendances during 2016/17, representing an increase of 3,810 attendances on the previous year.

Recreation Centre and Gymnasium Attendance



2016/17 Gym Membership Figures	
Membership Type	Number
Bronze Gym	90
Bronze Aero	2
Silver	25
Gold	10
TOTAL	127 (64 After-hours access)



New Programs

The Recreation Centre introduced a number of new programs during the year, including Konga, Aerial Fly High Yoga and Body Moves. Staff also held a free fitness masterclass for the community during February with 21 participants.

Awards

The Denmark Basketball Association, with their Give2Sport initiative, won the 'Supporting Volunteers Award' at the WA Sport and Recreation Industry Awards.

A number of community members were recognised for their sporting achievements at the 2017 Australia Day Breakfast, receiving the following awards:

- Senior Sportsperson of the Year – Kelly Judd (Netball)
- Junior Sportsperson of the Year – Claire Roocke (Netball); and
- Service to Sport Award – Andrew Milne (Little Athletics)

Staff and Training

Erin Barber joined the Recreation Centre as a Casual Creche Attendant during the year and Karen Pascoe commenced as a Casual Fitness Instructor and Gym Attendant.

Recreation Centre staff attended a number of training sessions during the year to develop their skills, including Living Longer Living Stronger training, Online Bootcamp Level 1 and 2 and First Aid certification.

Club Development Officer Scheme

The Club Development Officer scheme secured another round of funding during 2016/17, ensuring that the program can continue in its current form. During the year Club Development Officer Nicole Selesnew commenced maternity leave with Kirsten Perrin appointed as Club Development Officer for the duration of the maternity relief contract. The scheme recorded a number of achievements throughout the year, including:

- Assisting with CSRFF funding for McLean Park precinct;
- Working with Sporting Clubs to sustain and attract volunteers;
- Updating the Shire's contact list for Sporting Clubs;
- Supporting Basketball through developing marketing videos for the Give2Sport program, implementing the Sports TG program, recruitment workshops, holding planning sessions to review their operational structure and promotion and management of the Wildcats tour;
- Supporting Badminton with their registered association status and incorporation compliance;
- Supporting Bridge with their registered association status and incorporation compliance and examining funding options;
- Supporting Gymnastics with the exploration of expansion opportunities both within and outside of their current home at the Recreation Centre and examining funding opportunities;
- Supporting Equine with future development planning, operational updates and opportunities for grant funding;
- Supporting Football with access to regional development pathways for players and a Working with Children policy update;



- Supporting Running with their registered association status and incorporation compliance;
- Supporting Surf Life Saving with funding and grant opportunities and the development of a Sponsorship Policy;
- Supporting the Pistol Club with their registered association status and incorporation compliance; and
- Supporting Tennis with research regarding Great Southern regional academy location.

Great Southern Recreational Advisory Group

The Manager of Recreation and Youth Services and Councillor representatives Yasmin Bartlett and Jan Lewis attended Great Southern Recreational Advisory Group meetings throughout the year. The items covered in these meetings included:

- Great Southern Regional Recreation Plan;
- Great Southern Sporting Infrastructure Plan;
- Great Southern Centre for Outdoor Recreation Excellence (GSCORE) development; and
- CSRFF Small grant funding round.

Great Southern Strategic Sport and Recreation Infrastructure Plan

The Shire of Denmark partnered with other Great Southern Local Governments and the Department of Sport and Recreation to engage a consultant in order to produce a regional plan. This regional plan has commenced and draft documentation is due to be made available for each Local Government to consider.

Sport and Recreation Masterplan

Council adopted the Terms of Reference for the Shire of Denmark's Sport and Recreation Masterplan Working Group and appointed Cr Allen and Cr Lewis as Council representatives. In addition to staff representatives, a number of community and stakeholder positions were advertised and filled by:

- Chris Thompson (Department of Sport and Recreation)
- Ken Davies (Education Department)
- Bernie Wong (Community Member)
- Katy Rutter (Community Member)
- Glen Burton (Community Member)

Kidsport

248 KidSport Vouchers were validated as at 30 June 2017 with the value of the vouchers totalling \$27,182.00. The program provides financial assistance to healthcare card holders, enabling children to be involved in community sport by assisting with club membership fees.



The Denmark Public Library has had another successful year, loaning 51,487 items during 2016/17 and adding 387 new borrowers. A decrease of 8% physical loans occurred during the year which was offset by a 41% increase in the borrowing of eResources.

Library Statistics		
	2015/16	2016/17
Total Physical Issue	55,998	51,487
Total eResources	4,318	7,361
Customer Visits	48,250	41,569
Operating Expenditure	\$209,674	\$220,482
Reference Enquiries	13,753	11,843
Program and Event Numbers	116 programs with 2,970 participants	209 programs with 2,667 participants
Active Members (members having used their Library card within 2 years)	3,248	3,114

Library Programs

During 2016/17 the Library continued to hold regular programs for adults, including a Scrabble Club, Writers Group, Shakespeare Reading Group and two monthly Book Clubs. The programs were well attended and offered opportunities for community members to connect and learn new skills.

Programs for children during the year included Rhyme Time, Better Beginnings, A Smart Start, Play in the Park, Book Week, and drop in Child Health Nurse visits. These programs engage families in the community and provide children with early opportunities to develop literacy skills.

Library Events

During 2016/17 the Library held a number of events, including:

- Author Visits with Linda Bettenay and Guy de la Bédoyère;
- Conversations in the Community ‘What people face while seeking Asylum’ presented by the Australian Red Cross with special guest speaker Mahsa Anderson;
- Children’s Book Week with author illustrator Leanne White;
- Ancestry Workshops using the Ancestry.com Library Edition;
- eResource workshops and one on one eResource assistance;
- Speech Pathology Meetings for parents of young children;
- Library Lovers Day;



- Papercraft Workshops;
- Games Mornings;
- Garage Sale Trail book sale;
- Australian Library and Information Association (ALIA) Library Week; and
- Interactive Facebook Events inviting patrons to share their stories and photos including 'Pets Caught Reading' and 'Shelfies'.



Left photo: Azalea, Sari and Scarlett at Play in the Park

Right photo: Conversations in the Community, with guest speaker Mahsa Anderson



Books on Prescription

The Library commenced a Books on Prescription program, with 30 evidence-based self-help resources acquired to support mental health and wellness. Books on Prescription resources are suitable for adults, youth and children and have been developed in collaboration with health professionals and organisations.

eSmart Libraries

The Library commenced their eSmart journey with the aim to be eSmart by the end of 2017. eSmart Libraries is a purpose-built system designed to equip and connect Libraries and Library users with tools, resources and the skills needed for smart, safe and responsible use of technology.

Dyslexia Support

The Library became a Dyslexic Friendly Library during 2016/17 with the purchase of the Dyslexie Font for public access computers. The Library also increased the number of resources held within the Library.



New Space for the Library

Following the relocation of the Denmark Village Theatre, the Library had the opportunity to create a storage area, relocate the Toy Library and plan a new office space and staff room.

Training

Library Staff have attended workshops and training sessions during the year including:

- Midyear Regional Meeting – Albany;
- E Smart training – Kojonup;
- Annual Regional Meeting - Gnowangerup; and
- Insights, Updates & Other Matters MK III Conference – Donnybrook.

Regional Activity Plan

Following the success of 2016/17, the Library has re-signed the Regional Activities Plan for 2017/18 and looks forward to continuing to work together with the Albany Public Library and the other Libraries in the Great Southern Region.



Denmark Youth Services

Denmark Youth Services held a number of events and programs throughout 2016/17, including:

Challenge Camp

Twelve boys participated in the program which included three day-sessions in the lead up to the five day camp. The camp began with a day of abseiling and rock climbing near the Gap in Albany, before canoeing across to Camp Quaranup. Two nights were spent at Camp Quaranup where the participants honed their hiking and navigating skills. Following their departure at Camp Quaranup the group hiked 48kms along the Bibbulmun track over two and a half days.

Skate and Share Workshops

A series of workshops were facilitated by Glenn Rowley and Ceara Caton that focused on developing and improving park safety, awareness, risk management, community participation and teambuilding. Participants who had never used a skateboard before quickly learnt how to 'ollie' and 'kick flip'. The workshops promoted a real sense of achievement and were coupled with a yoga session to promote strength, flexibility and balance of the body and mind.

Other Events

Other events throughout the year included a Halloween party, the 'Beyond Blue Bash', Pizza Oven Mosaic sessions and art sessions where participants contributed to the 'Plastic Free Denmark' campaign by tie dying, printing and painting bags to donate.



Top left photo: Challenge Camp participants hiking along the coast

Top right photo: Skate and Share attendees warming up

Bottom left photo: Reusable bags created for the Plastic Free Denmark campaign



Planning Services

Planning and Subdivision Applications

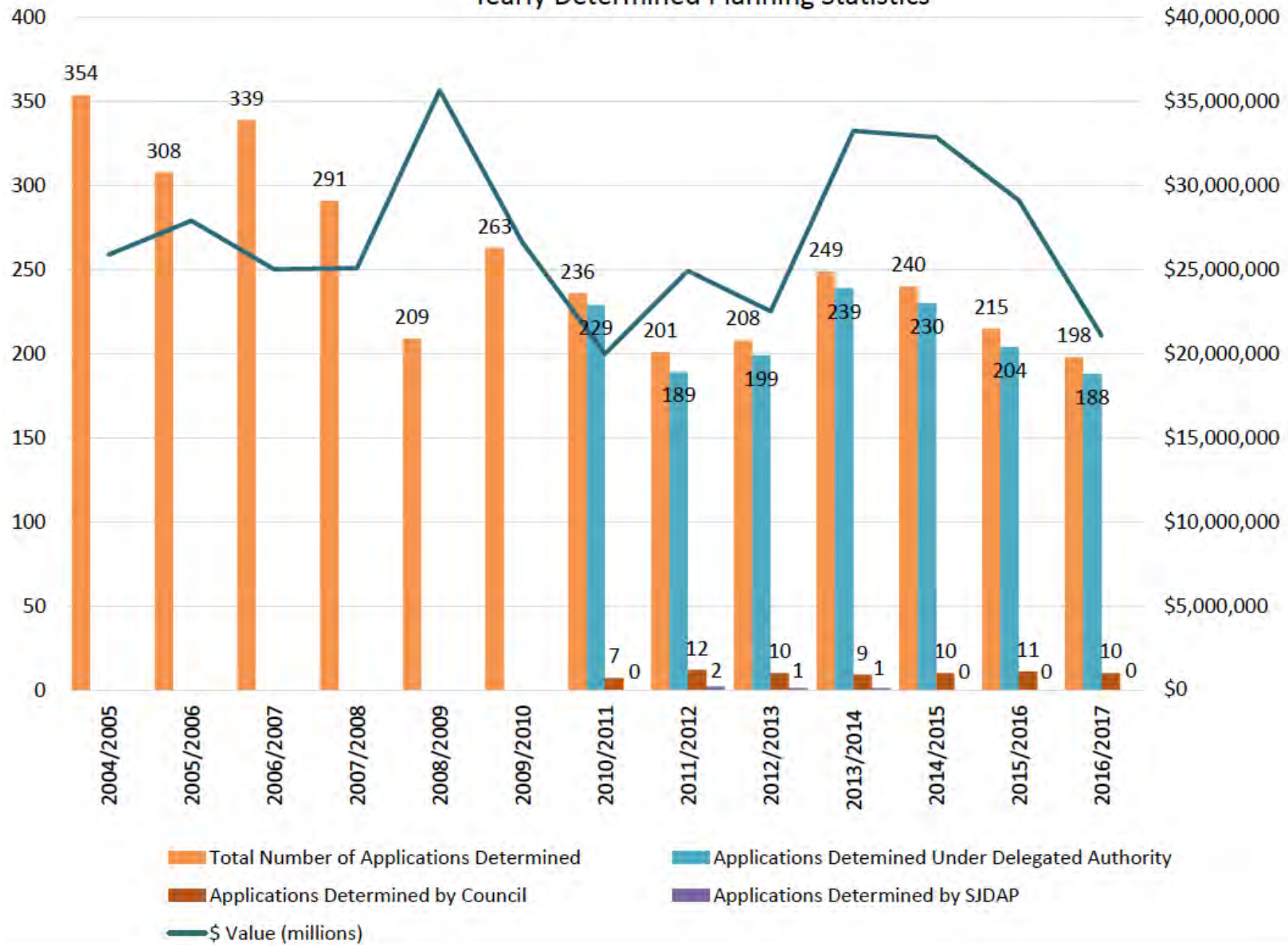
During 2016/17, Planning Services determined a total of 198 development applications, with a total value of \$21,060,566. Of the 198 development applications, 188 (representing approximately 95%) were determined under delegated authority to Planning Services.

2016/17 Planning Applications		
Type of Application	Number of Applications Developed	Cost of Development
Single House	44	\$12,565,084
Single House Additions/Alterations	27	\$1,493,050
Grouped Dwellings	7 (9 dwellings)	\$2,372,948
Second House	4	\$1,240,000
Modification to Building Envelope	1	\$90,000
Holiday Home (Standard)	17	-
Holiday Home (Large)	2	\$120,000
Holiday Accommodation	3	\$168,000
Outbuilding	41	\$805,884
Change of Use	4	\$65,000
Home Occupation	2	\$20,700
Signage	1	-
Aquaculture	2	\$5,000
Use Not Listed	15	\$1,483,400
Commercial and Industrial	14	\$570,500
Rainwater Tank	4	\$61,000
Dam	-	-
Development Approval Renewals	1	-
Amendments to Development Approvals	9	-
TOTAL	198	\$21,060,566

Of the above applications, no development applications were considered by the Southern Joint Development Assessment Panel in 2016/17.

In relation to subdivision proposals, Planning Services provided recommendations (approval or refusal) on 8 subdivision applications (freehold and strata subdivisions) to the Western Australian Planning Commission (being the determination body for subdivisions). Of the 8 subdivision applications, a total of 88 new lots were proposed – 77 residential lots, 3 airport hangar lots, 7 rural lots and 1 rural/conservation lot.

Yearly Determined Planning Statistics





Town Planning Scheme Amendments

During 2016/17, the number of Scheme Amendments (including Scheme Amendment requests) progressed were as follows:

- 1 x Scheme Amendment was initiated by Council for advertising purposes;
- 2 x Scheme Amendments were adopted by Council for final approval and were awaiting consideration by the Minister for Planning; and
- 1 x Scheme Amendment was approved by the Minister for Planning and gazetted accordingly.



Sustainability Services

Biodiversity

Clearing of Native Vegetation

- Sustainability Services undertook 7 investigations into alleged unauthorised clearing of native vegetation on private property and Shire-managed land. This resulted in one infringement notice issued for unauthorised clearing.

Shorebirds

- Support was given to Birdlife Australia (Albany) to install temporary fencing, nest shelters and signage for Red-Capped Plovers breeding on Prawn Rock Island. The works were an attempt to keep dogs and people away from the nests. The birds nest in the open and so are highly vulnerable to disturbance or direct destruction of eggs.

Revegetation

- WA College of Agriculture students assisted planting 400 native seedlings at Lights Beach.
- Green Army assisted in planting:
 - 320 native seedlings at Millars Creek;
 - 500 native seedlings at Back Beach; and
 - 100 native seedlings at Ocean Beach Lookout.

Biosecurity

During 2016/17, Sustainability Services completed a number of weed control and dieback management works including:

- Herbicide control of spring and summer weeds listed at a local, State or National-level on Shire road, bushland, coastal and foreshore reserves. Control particularly targeted Blackberry (*Rubus anglocandicans*), African Love Grass (*Eragrostis curvula*), Sydney Golden Wattle (*Acacia longifolia*), Arum Lilly (*Zantedeschia aethiopica*) and *Watsonia* species. Control occurred on 24 Shire reserves and 25 road reserves;
- Woody weeds (*Taylorina*, Sydney Golden Wattle and Sweet Pittosporum) were removed from two reserves;
- Denmark Weed Action Group was contracted to undertake manual removal of weeds on 17 Shire reserves;
- Funding was received through the State NRM Program Community Action Grants to complete *Phytophthora* Dieback occurrence surveys of Turner Road and Sheoak Drive Reserves and a portion of the Denmark-Nornalup Heritage Rail Trail. Project works will be completed in 2017/18; and
- Funding was provided to the Wilson Inlet Catchment Committee to support the implementation of the Wilson Inlet Management Strategy. The funding was used to support strategy recommendations relating to feral animal control in the catchment.



Natural Resource Management

Sustainability Services assisted in management of the Shire's coastline, waterways and bushland reserves by:

- Continued representation on the South Coast Management Group, which is a regional representative body of coastal planners, land managers and community delegates along the South Coast. Sustainability Services attended meetings in Bremer Bay, Denmark and Albany, and was elected as the group's treasurer;
- Closure of the unmade portions of Station Road, Limbourne Road and Rudgyard Close road reserves. These thoroughfares coincide with the alignment of the Denmark-Nornalup Heritage Rail Trail (Rail Trail). The aim of the closures is to prohibit all vehicles from utilising the Rail Trail, unless otherwise permitted under the Rail Trail Policy;
- Support was received from South Coast Natural Resource Management to undertake coastal maintenance works at Boat Harbour reserve and Ocean Beach. 11 unauthorised 4WD tracks were also closed at Back Beach and Lights Beach and a pedestrian track rehabilitated at Lights Beach; and
- Funding was received from the Western Australian Planning Commission's Coastal Management Plan Assistance Program to undertake a Coastal Hazard Risk Management and Adaptation Plan for Ocean Beach and Peaceful Bay. The Plan includes 10-year concept planning for both sites and is being completed with the assistance of the Ocean Beach and Peaceful Bay Foreshore Concept Plan Working Group. The project will identify the vulnerability of the Ocean Beach and Peaceful Bay coastlines to coastal hazards, like erosion, in order to properly plan development and land use, with an emphasis on the next ten years. The plan will be completed in 2017/18.
- The following project milestones were completed in 2016/17:
 - Project scope approved by the Western Australian Planning Commission;
 - Contractor engaged;
 - Hazard assessment;
 - Issues paper;
 - Stakeholder and Community Engagement strategy; and
 - Community survey.

Climate Change Adaptation and Mitigation

Performance

- Planet Footprint's Reporting Platform is utilised to monitor and analyse energy and water consumption and costs for the Shire's assets, with the aim of identifying opportunities to reduce consumption and costs and minimising greenhouse gas emissions over time.

Energy Performance

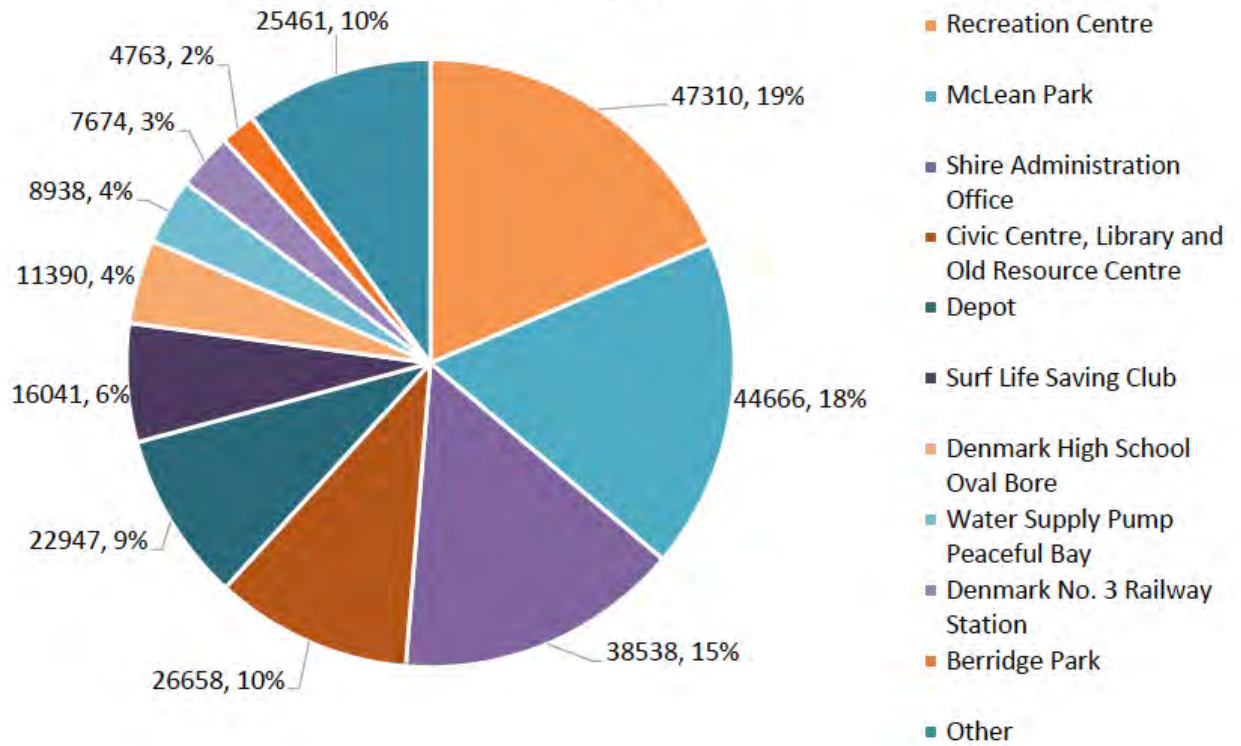
- Total costs across the Shire - \$74,238. Consumption decreased by 13% compared to last financial year, with a 12% decrease in costs.



The highest energy consuming Shire assets were:

- Recreation Centre – Cost \$13,998. Consumption 47,310 kWh.
- McLean Park – Cost \$13,249. Consumption 44,666 kWh.
- Shire Administration Centre – Cost \$7,850. Consumption 38,538 kWh.

2016/17 Breakdown of Electricity Consumption
Top 10



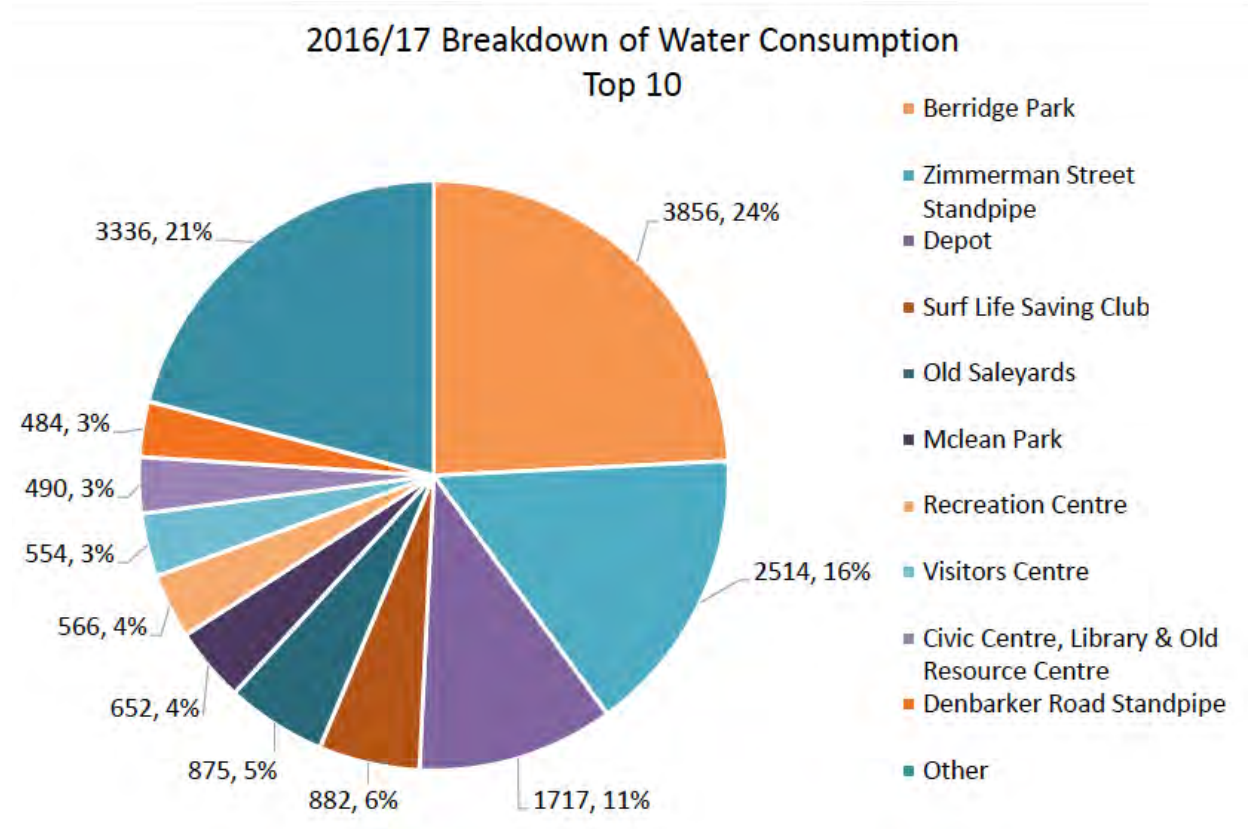


Water Performance (Scheme water only)

- Total costs across the Shire - \$26,620. Total consumption was 15,926 kL. This equates to a 16% increase in consumption and 27% increase in costs compared to 2015/16.

The highest water consuming assets were:

- Berridge Park – 3,856 kL consumed and \$7,717 in costs.
- Zimmerman Street Standpipe – 2,514 kL consumed and \$4,437 in costs.
- Shire Depot – 1,717 kL consumed and \$2,644 in costs.



Interval Water Meters

- Interval water meters were used at a number of Shire assets to confirm water leaks and detect abnormal water use.

Waterwise Gardening

- Support from the Water Corporation and Green Army enabled a waterwise demonstration garden to be installed at the Morgan Richards Community Centre. The garden features over 200 waterwise plants and uses soil amendments and mulch.

Environmental Education, Training and Community Engagement

Sustainability Services undertook the following community engagement activities and education and training of internal staff and the community in 2016/17:



- Participation in the national Garage Sale Trail event, which was held on 22 October with funding support from the WA Waste Authority. Garage Sale Trail is Australia's largest sustainability event which encourages schools, households, community groups, businesses and cultural institutions to hold a garage sale, all on the same day, in an effort to increase social connections, raise funds within the local community and divert waste from landfill. The event received local media coverage, including an interview on RadioWest. Over 15,000 garage sales were held across the country, with 151 Councils participating. In Denmark, outcomes were:
 - 31 registered garage sales (compared to 21 sales in 2015/16);
 - Over 5,000 items listed for sale, with a value estimated of more than \$4,000; and
 - An estimated 1,100 community interactions on the day.



Top left photo: Sellers Lia Porteous and Brittany Needs at the Garage Sale Trail on 22 October 2016, **Top right photo:** Official opening of the Wilderness Ocean Walk Trail on 26 January 2017, by the Hon. Terry Redman MLA (left) and David Morrell, Shire President (right)

- The Shire partnered with the Denmark Supa IGA supermarket to expand the community soft plastic recycling program. Collection bins were located at the Shire Administration Office, Recreation Centre and Supa IGA. Supa IGA transports the soft plastics collected to a recycling facility in Perth, whilst Sustainability Services coordinates the media, education and awareness around the program. The program has generated interest amongst other local governments and community groups across Australia. Media attention included local radio coverage on launch of the expanded program.
- Participation in the international Plastic Free July campaign. Sustainability Services helped promote the event amongst the community and Shire staff held a 'Plastic Free' morning tea.
- Two trail head and six interpretive signs were designed and installed on the Wilderness Ocean Walk Trail.
- The Sustainability Advisory Committee (SAC) held its inaugural meeting in November 2016. The Committee is composed of three Councillors and seven community members and is supported by Sustainability Services. The SAC's vision is "for the Shire of Denmark and the community to be recognised as leaders in sustainability". Four meetings of the SAC were held in 2016/17.
- Presentation to Denmark College of Agriculture Humanities and Social Sciences students on managing coastal hazards at Ocean Beach.



Infrastructure and Assets

The Shire's Infrastructure and Assets directorate undertook a number of capital and maintenance projects during 2016/17 to maintain and improve local infrastructure that support vital services.

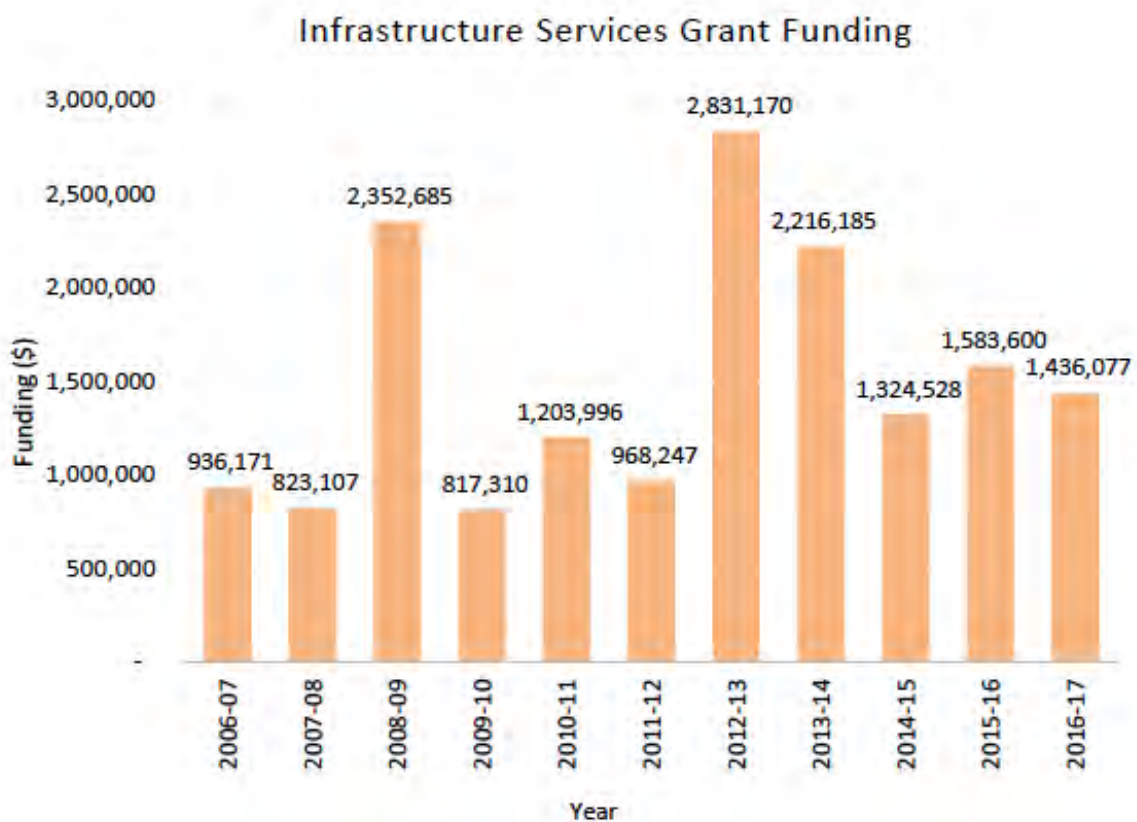
The following major projects were completed:

2016/17 Major Infrastructure Projects	
Project	Cost (\$)
Denmark East Development Project – East River Road Upgrade (Stage 1)	539,219
MRWA – Ocean Beach Road Upgrade (Phase 2)	397,682
MRWA – Widening and Reconstruction of McLeod Road (Stage 1)	262,267
MRWA – Blackspot Realignment of Mount Shadforth and Scotsdale Road	36,000
MRWA – Inlet Drive Repair and Reseal	3,209
Bridge Construction – McNess Road Bridge	472,419
Bridge Construction Convert to Culverts – Barnes Road	30,000
CSRF – Bandit Road – Formation and Gravel Resheet	185,579
WOW Walk and Ride Trail Stage 2	630,927
Barnett Street Car Park – Asphalt Seal	11,746
Street Lighting – Jill Street	3,347
Street Lighting – Hardy Street	3,617
R2R – Atkinson Road Resheeting	20,808
R2R – Nunn Road Bridge	35,424
R2R – Freds Road Bridge	20,052
R2R – East River Road	353,672
McLean Park Drainage Upgrade and Reinstatement	59,218
Replacement of Dog and Prawn Rock Channel Bridge	134,220
Installation of Footpath - Scotsdale and Mount Shadforth Road Intersection	40,000
Installation of Lighting in Berridge Park (Elm Trees)	5,299
New Site Fencing – McIntosh Refuse Site	13,172
Installation of New Site Office – McIntosh Refuse Site	23,039
Sealing Car Park – McIntosh Refuse Site (Green Skills)	83,086
Airstrip Water Bombing Turnaround Sealing (Asphalt)	64,000



The Shire of Denmark continues to source competitive external funding from State and Federal Government to undertake key infrastructure projects throughout the Shire. The major contributors are:

- Department of Regional Development for the development of the light industrial area and upgrades required for a Restricted Access Vehicles (RAV);
- Main Roads WA, including Regional Road Projects and Blackspot Funding, to improve road safety and help preserve significant local roads of regional importance. Examples include the improvements to Ocean Beach Road and footpath, Mount Shadforth and Scotsdale Road intersection upgrade and various bridge repairs;
- Commodity Route Funding to assist with improvements to minor roads transporting commodities like timber, grain and minerals; and
- Roads to Recovery Funding to assist with improvements to existing road networks.



Domestic and Commercial Rubbish Services

Population growth and recent changes to town boundaries have continued to put upward pressure on current resources for dealing with waste.

Commercial collections have remained steady from 2007 as regional contractors supply diversified services to businesses including bulk skip bins.

In February 2017 Infrastructure Services introduced a residential bin sticker system to identify inconsistencies in the use of Shire's rubbish collection service. After this system was introduced, an audit was conducted to identify areas of noncompliance.

Domestic and Commercial Waste Collection Service

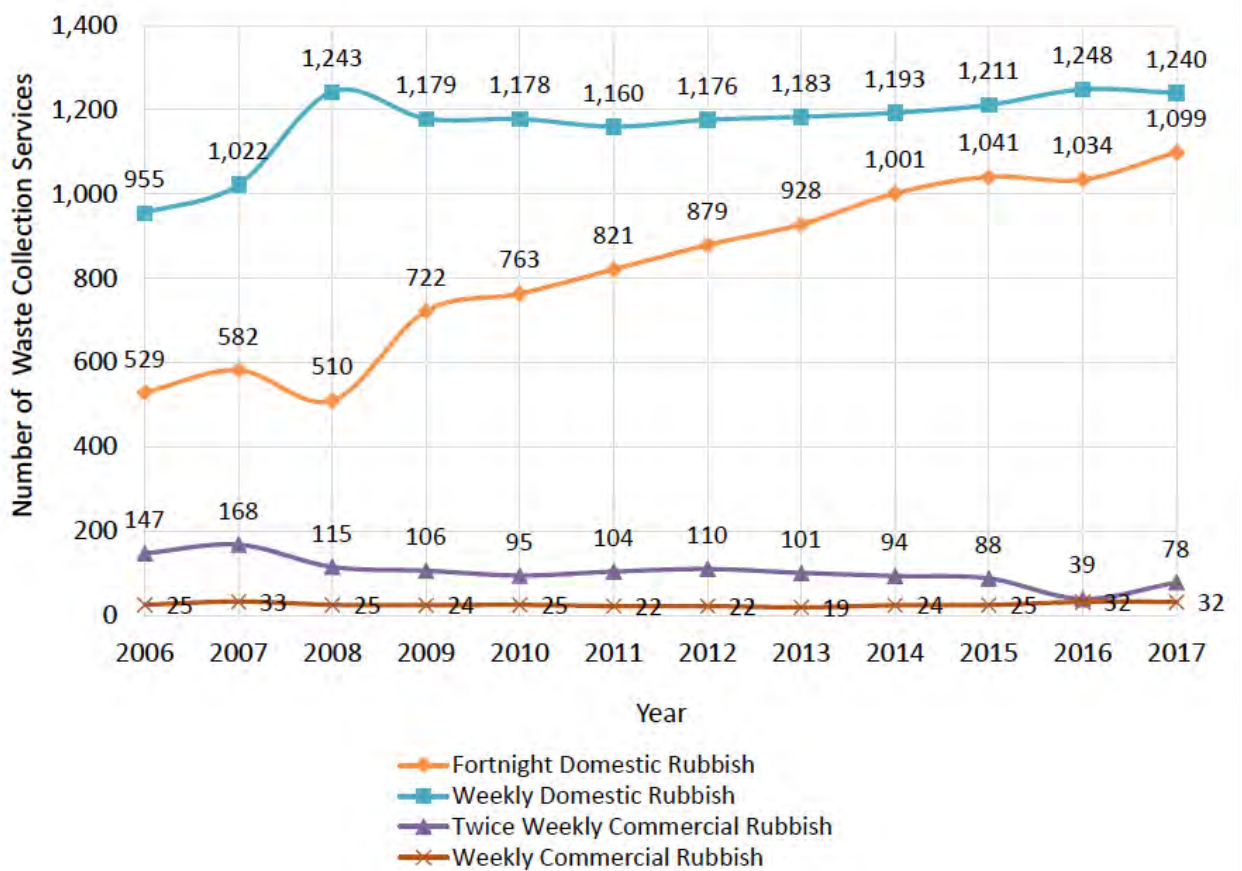




Photo: New command and support vehicle

FIRE PREVENTION AND EMERGENCY MANAGEMENT

Prevention

Prescribed Burning

A number of successful prescribed burns were conducted on public land in the Shire during the year, planned by Shire of Denmark staff and conducted by volunteer fire fighters using equipment from local Bush Fire Brigades and the Volunteer Fire and Rescue Service.

The following hazard reduction burns were conducted on public land during 2016/17:

- Denmark Cemetery; and
- UCL/Water Corp Reserve – Zimmermann Street and Ocean Beach Road.

Shire Brigades also conducted more than a dozen private property hazard reduction burns during the year to reduce the overall fire fuel load able to be consumed by a bushfire.

Preparedness

Training, Equipment and Support

New recruits completed the Introduction to Firefighting and Bush Firefighting courses during the year, with longer serving volunteers successfully completing First Aid Training, Pump Operations, Structural Firefighting and Advanced Bush Fire Firefighting.

The training undertaken by volunteers was a mix of face to face training provided by officers from the Department of Fire and Emergency (DFES), sessions with local officers from the Shire of Denmark and Bush Fire Brigades and online training using the DFES eAcademy. Brigades also undertook a number of local drills and exercises to enhance their skills and improve safety.

Several volunteer members from Denmark emergency service organisations attended the WA Emergency Services Conference in Perth Convention Centre. This was an opportunity for volunteers to view displays of new equipment, learn new procedures and listen to speakers from various disciplines.



Photo: SES volunteers refilling water bombers at the Denmark Airport

A number of significant improvements were carried out by volunteers at the Denmark Airport water bombing facility during 2016/17, with the Shire obtaining funds to install a second large water tank at the airport. The installation of a second tank has improved the Shire's capability of supporting a sustained bushfire.

In March 2017 Lotterywest provided a grant to assist with the purchase of a four-wheel crew cab chassis vehicle fitted with an enclosed canopy. This was the culmination of four years effort and combination of a Lotterywest grant, donations by local community groups, volunteer labour and funds allocated by Council. The vehicle has improved the Bush Fire Brigades ability to efficiently command and support larger incidents.

New firefighting appliances were delivered late in the year and provide a greater mix of water carrying facilities to better manage fires, with two of the new appliances able to carry four thousand litres of water each.

DFES fitted Automatic Vehicle Locators (AVL) to all fire appliances and SES vehicles in the Shire of Denmark, using Royalties for Regions funding. The AVL system allows the Incident Control Management Team to see the location of all vehicles in real time through a web based system. Importantly this allows firefighters to immediately send a high priority emergency signal.

Additional equipment was also acquired during the year and the need for a dedicated trailer to store and transport equipment has been identified. The Bush Fire Brigades will aim to source or purchase a suitable trailer during 2017/18.

The Shire of Denmark continues to maintain and support two committees that focus on providing Council with guidance in the areas of Prevention, Preparedness, Response and Recovery. The Local Emergency Management Committee (LEMC) comprises members of relevant Government agencies and volunteer organisations who maintain the Local Emergency Management Arrangements that guide agencies in dealing with emergency incidents.

The Bush Fire Advisory Committee (BFAC), comprises Fire Control Officers from across the Shire and representatives from DFES, DPaW and Council. BFAC provides advice and recommendations to Council on matters relating to the Shire's ability to manage the threat of bushfire and local brigade ability to provide an effective response to fire.



Response

Shire of Denmark Brigades responded to a number of fires during 2016/17 including escaped fires at the end of the Restricted Period in May and June. Many of the fires occurred due to insufficient water and equipment on hand to manage the fires or due to lack of attendance while the fire was alight.

In October, prior to the Restricted Period commencing, a large fire to the west of Bow Bridge occurred near Nut Road. The fire was in a heavily wooded area and it took brigades many hours over a period of six weeks to finally extinguish the fire.

During November, six separate fires occurred on the same day. A Total Fire Ban was in place due to the extreme conditions and resources were stretched to contain each of the fires, with a number having the potential to become very serious. Emergency service personnel responded effectively ensuring that no assets were lost and no injuries occurred.

Denmark volunteer fire brigades also assisted the City of Albany with the Marbelup fire in January, with SES volunteers operating the water bomber refilling facility at the Denmark Airport.

Recovery

Recovery plans were not invoked during the 2016/17 financial year.

Recognition

National Service Medals recognising the long service of volunteers who serve or protect the community were awarded to a number of volunteers in 2016/17. Gail Guthrie, David Guthrie, Colin Tindale, Bev Seeney, Robin Young, Illya Cenin, Brian Vigus, Jean-Marc Merat, Kevin Hard and Dennis Clark were presented with National Service Medals at the 2017 Australia Day Breakfast.

Donald Brooks was the recipient of a 25 Year WA Volunteer Service Award. Mr Brooks received the twenty-five year badge for his service as Fire Control Officer for the Kordabup/Owingup Brigade recognising his service since 1987.



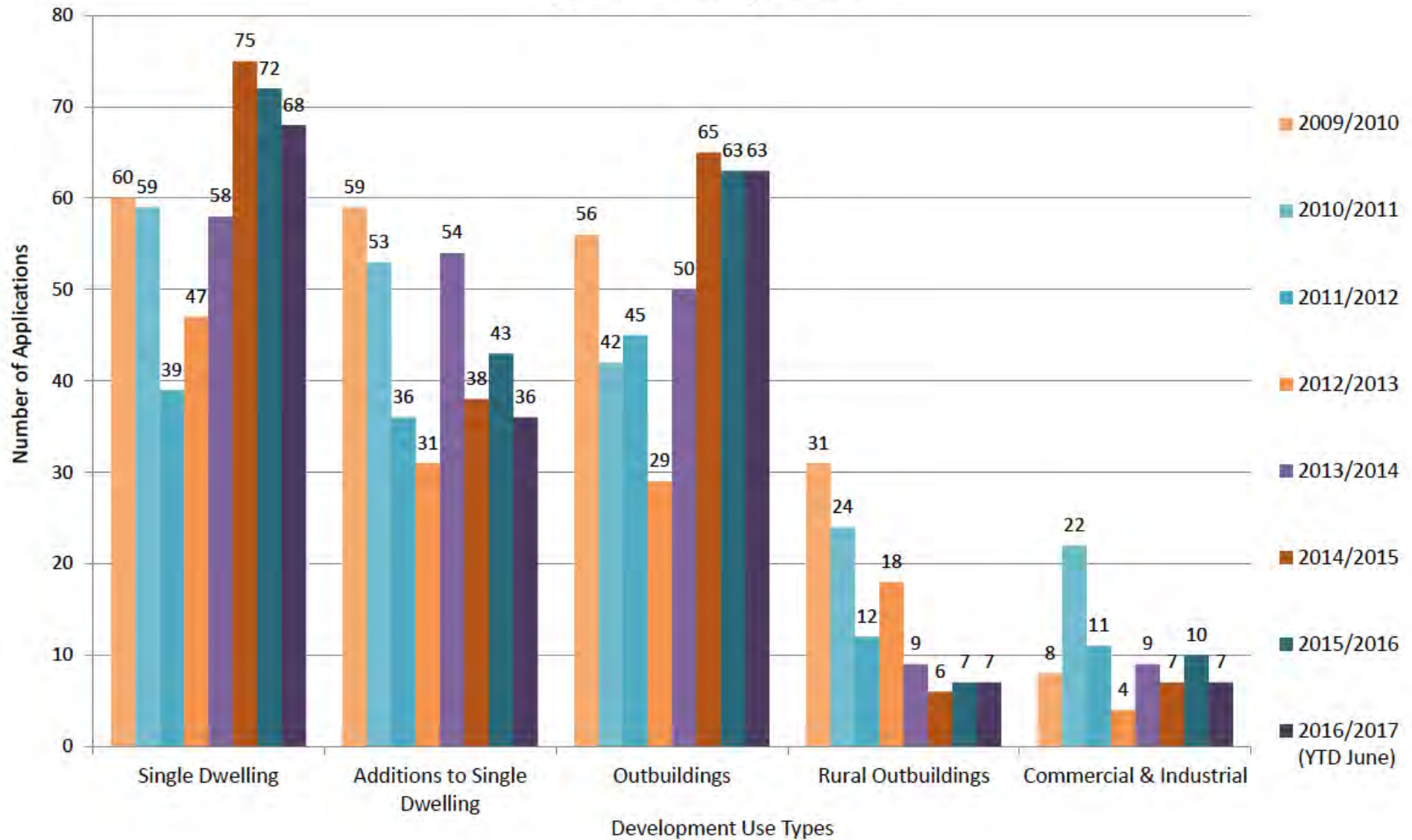
Building Services

During 2016/17 the number of building approvals decreased by 7% in comparison to the preceding year. The total cost of development decreased by \$3,799,830 and this is indicative of general economic trends. The value of single house approvals increased by \$6,506,103 whilst commercial and industrial approvals has decreased by 52%.

There was a decrease of over 13% in the total investment value for the 2016/17 period.

Building Statistics Summary 2016/17		
Type	Number of Permits Issued	Total Value of Approved Work
Single Houses	68	\$24,045,644
Additions to Single Houses	36	\$1,420,868
Outbuildings (Not Rural)	63	\$1,893,372
Rural Outbuildings	7	\$182,000
Commercial and Industrial	7	\$1,450,000
TOTAL	181	\$28,991,884

Approved Building Permits





Ranger Services

Rangers within the Shire of Denmark are responsible for applying various State and Local Laws relating to animal control, fire mitigation compliance, litter, parking, illegal camping, livestock and snake removal.

Rangers undertook the following activities during 2016/17, with a comparison of previous years provided:

Summary of Ranger activity						
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Cat Control						
Impounded	N/A	0	10	12	10	9
Infringements	N/A	2	2	0	1	5
Dog Control						
Impounded	39	58	55	47	27	27
Cautions	62	43	122	140	78	91
Verbal Warnings	209	Not recorded	Not recorded	759	680	597
Infringements	9	12	38	44	28	23
Bushfire						
Cautions/Education	85	456	942	342	726	2383
Warnings	0	199	0	30	0	432
Fire reports	7	Administration record only 11	22	30	15	24
Infringements	12	27	10	24	35	26
Litter Control						
Verbal Warnings	10	Not recorded	5	3	0	7
Infringements	0	1	3	2	0	1
Camping						
Cautions	41	16	12	57	49	64
Infringements	4	5	37	45	21	18
Miscellaneous						
Off Road Vehicle warnings	2	5	1	7	0	8
Off Road Vehicle Infringement	1	0	0	1	0	3
Kangaroo Removal	58	55	50	54	48	75
Livestock Investigation	109	98	200	110	92	141
Livestock Infringement	1	5	16	22	12	9
Snake removal	20	13	16	67	51	61
Car parking						
Cautions	59	174	141	137	146	73
Verbal Warnings	216	Not recorded	246	133	143	106
Infringements	13	62	45	72	74	23



Ranger Services assisted with a number of community events held during the year, including:

- Denmark Arts Markets;
- Australia Day Breakfast;
- Anzac Day Parade;
- Christmas Parade;
- New Year's Eve at Peaceful Bay;
- Million Paws Walk;
- Black Dog Ride; and
- Opening of the Wilson Inlet.

Shire of Denmark Rangers also undertook an assessment of water levels in the Shire's water tanks and provided condition reports of various standpipes, targeted pest plants within the Shire and assisted the Royal Flying Doctors Service with clearing wildlife from the runway at the Denmark Airport.



Top left photo: Emergency Services Information Day at Berridge Park, Other photos: Million Paws Walk at Kwoorabup Park



Public Health

During 2016/17 the following activities were undertaken by the Principal Environmental Health Officer:

Joint inspection carried out with the Marine Pollution Unit regarding a diesel spillage from a sunken vessel

Implementation of the 'I'm Alert' food program with all new food handlers to prevent food-borne illnesses

Education sessions with property owners and smoke monitoring to help reduce smoke pollution when burning garden waste

Water sampling to determine the water quality in the Wilson Inlet and Peaceful Bay

Groundwater testing for chlorine identification to detect any leakages from the potable water supply

Reporting annual Food Act Activities to the Department of Health

Approval given for a fun fair (Wild West Entertainment) at Annie Harrison Park

Inspections of the food stalls for the Denmark Arts Market days, Taste Great Southern night market at Rockcliffe winery and Castelli Estate Wines for the Waifs concert

Feedback given to the Department of Health regarding offensive trades and the Department of Commerce regarding long-stay tenants

Information given to Department of Environmental Regulation regarding bore samples at the McIntosh Road Tip site

336 food premise assessments were carried out and 9 registration certificates were issued

34 stall holders' licenses were issued

2 permits were issued regarding selling food on private land

1 approval given to a mobile coffee van at Lights Beach

14 caravan and camping ground inspections were undertaken

22 Home Holiday accommodation premises were inspected

6 inspections and property reports for Peaceful Bay Leasehold properties were carried out.

75 sheep and 8 cattle meat inspections were carried out

233 water samples were taken comprising 54 chemical, 177 bacteriological, 1 hydrocarbon and 1 standard chemical suite test

41 formal complaints were responded to

47 septic tank approvals were issued

1 food (fish) sample was taken



- Reviewed an acoustic report for a proposed shopping centre
- 6 potential asbestos samples and swab samples were taken and sent to MPL Laboratories for asbestos fibre identification
- Inspections of mains water supply standpipe/backflow prevention devices were undertaken
- 2 sewerage spillage inspections have been undertaken together with the Water Corporation
- 2 Public Buildings Regulations Certificates of approval were issued
- Subdivision and development assessments
- Noise level measurements taken
- Water sampling results provided to the Department of Health Water Unit
- Mediation regarding a subdivision
- Flushing of the Peaceful Bay mains was conducted and an inspection occurred to identify maintenance requirements



STATUTORY REPORTING MATTERS

Strategic Community Plan

The Shire of Denmark undertook a major review of the Strategic Community Plan, 'Denmark 2027' during 2016/17.

The community shared their ideas for the future during a four-stage engagement process, 'Denmark 2027: Have Your Say!', which comprised surveys, competitions, workshops and focus groups during March to August 2017.

Community Participation

Engagement Method	Level of Engagement*	Participation
Community Survey	Consult	523
Youth Survey	Consult	117
Staff Survey	Consult	23
Visions of Denmark Photo Competition	Consult	9
My Vision for Denmark Drawing Competition	Consult	3
Councillor Workshop (including Executive Team)	Involve/Collaborate	10
Peaceful Bay Community Workshop	Involve/Collaborate	16
Denmark Community Workshop	Involve/Collaborate	65
Staff Workshop	Involve/Collaborate	60
Workshop DIY Kits	Involve/Collaborate	88
Focus Group: Sustainable Population and Development	Collaborate	40
Focus Group: Development of Agriculture, Tourism and Small Business	Collaborate	59
Focus Group: Housing Availability and Affordability	Collaborate	39
Focus Group: Decision Making and Community Engagement	Collaborate	35
Focus Group: Bushfire Management and Planning	Collaborate	40
TOTAL:		1127

Each stage of the process allowed for greater community input, with increasing levels of public participation.

Denmark 2027 is broken into five key themes:

- Our Economy;
- Our Natural Environment;
- Our Built Environment;
- Our Community; and
- Our Local Government.

Each theme has an aspiration and a number of objectives that activate community feedback and bring priorities to life.

An overview of aspirations and objectives can be found in the following summary, with copies of Denmark 2027 available to view at the Shire Administration Office, Library and online at www.denmark.wa.gov.au/our-council/strategic-community-plan.aspx.

E1.0

Our Economy

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

- E1.1 To have a locally supported resilient, stable and innovative business community that embraces creativity, resourcefulness and originality
- E1.2 To be a vibrant and unique tourist destination, that celebrates our natural and historical assets
- E1.3 To have diverse education and employment opportunities
- E1.4 To recognise the importance of agriculture in our local economy and protect prime agricultural land

N2.0

Our Natural Environment

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

- N2.1 To preserve and protect the natural environment
- N2.2 To promote and encourage responsible development
- N2.3 To reduce human impact on natural resources, reduce waste and utilise renewable energy
- N2.4 To acknowledge and adapt to climate change

B3.0

Our Built Environment

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

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

C4.0

Our Community

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

- C4.1 To have services that foster a happy, healthy, vibrant and safe community
- C4.2 To have services that are inclusive, promote cohesiveness and reflect our creative nature
- C4.3 To create a community that nurtures and integrates natural, cultural and historical values
- C4.4 To recognise and respect our local heritage and Aboriginal history

L5.0

Our Local Government

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

- L5.1 To be high functioning, open, transparent, ethical and responsive
- L5.2 To have meaningful, respectful and proactive collaboration with the community
- L5.3 To be decisive and to make consistent and well considered decisions
- L5.4 To be fiscally responsible
- L5.5 To embrace change, apply technological advancement and pursue regional partnerships that drive business efficiency

Corporate Business Plan

The Shire of Denmark's Corporate Business Plan was adopted during the 2015/16 financial year and utilises the framework outlined in the Shire's **former** Strategic Community Plan to link strategic initiatives, actions and projects to community objectives and goals.

The Corporate Business Plan is currently under review and will be realigned to the aspirations and objectives of the Shire's new Strategic Community Plan, Denmark 2027.

During the interim period, Shire of Denmark directorates have provided a report on related progress and actions utilising a number of the current Corporate Business Plan objectives for 2016/17, as follows:

GOALS That the Shire of Denmark...	Strategic Initiative	Action / Project	Comment
<p>Population: ...closely monitors its population growth over the next two decades, to put into place advocacy, policies and infrastructure that reflect the needs of a diverse age range and which will be attractive to both present and new residents.</p>	1.1.2	Support the provision of active ageing activities and services for seniors.	<ul style="list-style-type: none"> Information on local activities, including Recreation Centre programs, provided to seniors at seniors function held in November 2016. Seniors Advisory Committee met on 5 occasions in 2016/17. Updated and published local business discounts available for people with a seniors card. Checked currency of links and information for seniors provided on the Council's website. Updated the transport options in Denmark Brochure and re-published and printed. Hosted a Council of the Ageing (COTA) information session for seniors on Seniors Housing, Safety and Healthy Living in November 2016.
	1.1.3	Support the provision of services for people with disability through the implementation the Shire's Disability Access and Inclusion Plan and review annually.	<ul style="list-style-type: none"> Disability Services Advisory Committee met on 6 occasions in 2016/17. Ongoing assessment and implementation of the DAIP including; <ul style="list-style-type: none"> Promoted the Living Life Pack available at the Recreation Centre, had it noted on the Centre's quarterly Activity Program and included on Council's website. Celebrated International Day of People with Disability in December 2017 and developed and launched Flying High – a book of stories of local people living with disability. Launched the Recreation Centre Holiday Inclusion Program. Identified intersection safety concerns for people with disability and referred to the Roadwise Advisory Committee for further investigation. Investigated the provision and use of Council's Beach Trekkers. Provided input as a Committee into the Shire's Strategic Community Plan review. Commenced review of website including accessibility improvements. Upgrade to toilet and shower facilities for the disabled at the Shire's Parry's Beach Camping Ground and Denmark Recreation Centre. Assisted in the relocation of a building to be used by Riding for the Disabled. Installation of disability compliant toilets at the Denmark Cemetery. The Library supported residents and visitors with disabilities by assisting with selection of items and ensuring each person has sufficient resources to cater for their needs. The Library became a Dyslexic Friendly Library with the purchase of the Dyslexie Font for public access computers and print, and increased resources for children with Dyslexia.
	1.1.4	Monitor Shire population and demographic statistics.	<ul style="list-style-type: none"> The Shire of Denmark secured a subscription to Profile.ID to facilitate monitoring of population and demographic statistics. The subscription is made available on the Shire's website for the members of the public to access.
	1.1.5	Consider the diverse needs of various groups and communities in planning for the services required to cater for population growth.	<ul style="list-style-type: none"> The Shire undertook a major review of the Strategic Community Plan which will inform strategies and plans to cater for the diverse needs of the community and plan for population growth.
	1.1.6	Implement the Local Planning Strategy implementation items as required.	<ul style="list-style-type: none"> Continuing work on new Local Planning Scheme No. 4. Scheme Amendment 141 pertaining to the McIntosh Road Industrial Area was adopted by Council in March 2017. McIntosh Road industrial area subdivision progressed with LandCorp. Denmark East - Sought funding and entered into agreement with Landcorp to undertake design considerations on the proposed Denmark River bridge crossing and associated connector roads.

Lifestyle: ...endeavour to maintain and improve the standards and style of living, together with the creative and vibrant culture, that residents and visitors have come to expect.	1.2.2	Implement the public realm works from the Plane Tree Precinct Development Concept Plan and support the lessees in developing their buildings, obtaining grant funds wherever possible.	<ul style="list-style-type: none"> • Funding application lodged with the Great Southern Development Commission and Lotterywest for the implementation and associated works. • RSL obtained development approval for the proposed building works for the proposed building works for the RSL Hall, consistent with the Development Concept Plan.
	1.2.5	Maintain and plan parks, gardens, recreational areas and open space at standards acceptable to the community.	<ul style="list-style-type: none"> • Disability Services and Seniors Advisory Committees - Referred a number of public area access issues to Infrastructure Services and Council's building maintenance officers for investigation. • Seniors Advisory Committee - made a number of recommendations regarding; <ul style="list-style-type: none"> ○ Installation of footpaths where there are noticeable missing links. ○ Referred identified issues with on / off ramps and missing sections of footpath to Council's Infrastructure Services for investigation. ○ Provided input into existing and potential public water fountain locations. • Provided input to the purchase and installation of a number of additional park benches.
	1.2.7	Consider arts and culture in all relevant areas of urban and social planning.	<ul style="list-style-type: none"> • Public art condition applied on relevant development approvals having regard to Town Planning Scheme Policy No 42: Public Art.
	1.2.8	Support, encourage and advocate for the hosting of local events and festivals.	<ul style="list-style-type: none"> • Provided letters of support for local events seeking external funding opportunities (eg. Denmark Arts). • Provided donations towards a number of local events • Emergency Services Open Day • Occasional Day Care Centre – celebration and fundraising event. • 2017 Denmark Festival of Cycling event. • Community Resource Centre – Community Christmas lunch. • Spirit of Play – Bush Dance fundraiser event. • Denmark Gymnastics Roller Disco fundraiser

Education: ...work with relevant authorities and organisations that encourage the growth and diversity of educational opportunities and facilities for all age groups both in the town of Denmark and in its outlying communities.	1.3.1	Develop partnerships with educational institutions to create an 'environment of learning'.	<ul style="list-style-type: none"> • The Library partnered with schools to celebrate Children's Book Week. • Author/illustrator Leanne White was invited to Denmark and visited classes at the Denmark Primary School and the Spirit of Play Community School. • Annually, Library staff visit the kindergartens in Denmark to present the children with Better Beginnings Plus packs and to help them learn more about the Library. • The Library provides a space for Read, Write, Now - One on One tutoring for people needing assistance with reading and writing English.
	1.3.2	Promote and support the provision of Library services that suit the needs of the community, including education and lifelong learning programs.	<ul style="list-style-type: none"> • Provided free access to a wide range of relevant resources and services, within the Library and online. • The Denmark Library commenced the eSmart journey to become an eSmart Library by the end of 201/18. eSmart Libraries connect Library users to the skills they need for smart, safe and responsible use of technology.
	1.3.3	Review the Shire's involvement in early childhood education and care including use of Shire facilities for these services whilst continuing to support 'A Smart Start' and 'Better Beginnings' early childhood education programs through the Library.	<ul style="list-style-type: none"> • The Library continued their childhood education programs including Better Beginnings for babies, the Sing With Me program for 2 year olds and Better Beginnings Plus for 4 year olds. • The Library continues to work closely with the Child Health Nurse and A Smart Start Great Southern to deliver the "A Smart Start" program in Denmark. • Play in the Park is held a once a month at Denmark's Berridge Park.
Youth: ...encourage opportunities, employment and facilities for young people, and aims to involve them in decisions made within the community.	1.4.1	Identify and support mentoring programs that assist in youth development and leadership, including the dissemination of information on youth development and leadership programs leading to a Youth Development Plan.	<ul style="list-style-type: none"> • Youth Mentoring Program operated during school terms and was incorporated with Denmark High School and the annual Challenge Camps, providing opportunities for youth leadership and development.

Housing: ...monitor the availability of low-cost and rental housing in its region, and, if appropriate, encourages and works with relevant authorities, organisations and developers to provide a diverse range of accommodation that caters for the various sectors of the community.	1.5.1	Guide local development in accordance with the Town Planning Scheme.	<ul style="list-style-type: none"> Assessment of development applications having regard to Town Planning Scheme No. 3 and associated Planning Policies as relevant.
	1.5.2	Require local development compliance with the Town Planning Scheme.	<ul style="list-style-type: none"> Address compliance issues as identified.
	1.5.3	Investigate, promote and support affordable housing development through collaboration with both public and private housing providers to ensure appropriate housing is available in the district, whilst encouraging variety in land use and housing options to promote a diverse population and stronger community.	<ul style="list-style-type: none"> Seniors Advisory Committee – liaison with current and potential aged housing providers regarding housing models and identification of gaps and needs in Denmark.
Non-Residents: ...be cognisant of the issue of the high percentage of non-resident ratepayers and maximises the opportunities that they present, whilst minimising any downsides.	1.6.1	Continue to support the use of residential properties for holiday home (short-term) use, whilst minimising impacts on adjoining properties, to increase (tourism) accommodation stock.	<ul style="list-style-type: none"> Development applications assessed having regard to Policy 19.5: Holiday Homes.
Public Safety: ...work with relevant authorities and organisations to maintain a safe and secure environment for its residents and visitors	1.7.1	Provide animal control in accordance with legislative requirements.	<ul style="list-style-type: none"> Rangers provided animal control in accordance with the Shire of Denmark's Local Laws and relevant State Legislation.
	1.7.2	Educate the community regarding rules and requirements associated with keeping animals in rural and urban areas.	<ul style="list-style-type: none"> Upon notification from the RSPCA that a dog or cat had been rehomed within Denmark, Rangers mailed out registration forms and a Local Government brochure on responsible pet ownership which outlined Local Government and State Laws. Rangers also organised follow ups to ensure that pets were registered. Dog exercise area information is available on signage throughout the Shire and on the Shire of Denmark's website. When patrolling, or responding to a call out, Shire Rangers provided education to the customer by ensuring they were aware of the relevant legislation relating to the incident/situation.
	1.7.3	Support the functions of Community Emergency Services in achieving required actions and goals.	<ul style="list-style-type: none"> Shire of Denmark provided administrative and physical support to Bush Fire Brigades and the SES.

	1.7.4	Educate the community in matters of emergency prevention and preparedness.	<ul style="list-style-type: none"> Community forums and displays held to promote bush fire safety. Information disseminated via Fire Regulation Notices, mail and social media.
	1.7.5	Maximise community safety through the management of the risks associated with fire, natural events and large scale emergencies, whilst supporting initiatives to improve community safety.	<ul style="list-style-type: none"> Upgrades to provisions for water bombers at Denmark airport. Installation of fire fighting facilities at Parry's Beach Camping Ground. Prescriptions for hazard reduction burns prepared and a number of burns completed. BFB and SES training to prepare volunteers to deal with emergencies Rangers liaised with the Community Emergency Services Manager on community safety and assisted with Community Resilience Workshops. Enforcement of provisions within the Building Code aimed at reducing the destruction of houses by requiring specific construction details contained within Australian Standard AS3959 Building in a Bushfire Prone Area. Explanations provided to prospective new home owners and site visits.
	1.7.6	Develop partnerships with hazard management agencies to help plan for emergency events.	<ul style="list-style-type: none"> Shire of Denmark promotes cooperation between emergency services and administers LEMC meetings. Ongoing with Department of Fire and Emergency Services, Department of Parks and Wildlife, City of Albany, Office of Emergency Management and Local Emergency Management Committee.
	1.7.7	Consult regularly with community groups regarding volunteer requirements and support initiatives regarding community safety and security.	<ul style="list-style-type: none"> Shire directly supports emergency service volunteers and assists with advertising for new volunteers. Liaised with Demark Weed Action Group in regard to town site area.
	1.7.8	Promote and support planning and activities that encourage a safe and responsible community.	<ul style="list-style-type: none"> The Shire of Denmark has run a number of community meetings promoting community safety and encouraging residents to have an emergency plan. Provided feedback on Bushfire Management Plans associated with new subdivisions.
Regional Services: ...support objectives that manage the development of long-term growth settlement areas that ensures an acceptable level of services for its residents, regardless of where they live.	1.8.1	Continue Cemetery upgrades and improvements, including both renewal and maintenance projects.	<ul style="list-style-type: none"> Concrete beams for Lawn Burial section completed. Eco Toilet installed at the Denmark Cemetery. Strategic burn undertaken at eastern side of Cemetery. Clearing of two memorial gardens. Review of Cemetery maintenance program.
	1.8.4	Collaborate with the State Government to ensure that local planning development and long term growth needs are met.	<ul style="list-style-type: none"> Regular liaison with relevant Local Government departments
	1.8.7	Actively work with neighbouring Councils on a regional approach to planning and development issues.	<ul style="list-style-type: none"> Regular liaison with other Planning areas of adjoining Local Governments to discuss approaches, processes and issues.

Health: ...work with relevant authorities and organisations to maintain and improve health services at all levels within the region.	1.9.2	Establish and maintain relationships with medical and hospital services in Denmark and the region whilst advocating for improved facilities.	<ul style="list-style-type: none"> Continuing Denmark Health Services representation on the Disability Services and Seniors Advisory Committees. Continuing Disability Services Commission representation on the Disability Services Advisory Committee.
	1.9.4	Facilitate the provision of quality accommodation for the aged.	<ul style="list-style-type: none"> Provision for appropriate aged housing land within the Shire has been identified in the Local Planning Scheme.
	1.9.5	Identify gaps in service and facility provisions.	<ul style="list-style-type: none"> Seniors Advisory Committee have met on 5 occasions in 2016/17 and provides a conduit between the Denmark Over 50s Association, health professionals, community members, Amaroo Care Services and the Council.
	1.9.6	Ensure public health and building legislative requirements are met and undertake inspections of food premises to ensure they meet compliance requirements.	<ul style="list-style-type: none"> 6 Potential asbestos samples were taken and sent to MPL laboratories for asbestos fibre identification. 336 Food premises inspections were carried out and 2 Public Buildings Regulations Certificate of approval was issued. Upgrades to the Peaceful Bay Water Supply. Provide public conveniences at the Denmark Cemetery.
	1.9.7	Undertake food safety and public health promotion.	<ul style="list-style-type: none"> The "I'm Alert" food program to prevent food-borne illnesses is being used by every new food premises application to be completed before registration. Fish samples have been taken to test for food borne illnesses.
	1.9.8	Ensure outdoor dining and trading are conducted to the benefit of both retailers and the community.	<ul style="list-style-type: none"> Renewal of annual licences to ensure that outdoor dining and trading is conducted.
	1.9.9	Promote public health as an important community issue.	<ul style="list-style-type: none"> Demonstration has been conducted and pamphlets have been distributed by Department of Regulation and the Shire's PEHO regarding wood heaters. Education regarding the burning of garden waste has also been given by the PEHO. 233 water samples were taken to monitor the water quality in the Wilson Inlet and Peaceful Bay. Joint inspection was carried out with the Marine Pollution Unit regarding a diesel spillage from a sunken vessel and steps were taken to contain the spillage and to remove the vessel.
	1.9.10	Work with the State Government to control infectious diseases in accordance with the Health Act 1911 and Health Local Law.	<ul style="list-style-type: none"> No cases recorded.

	1.9.11	Monitor health threats and notices issued by the Health Department and ensure the action required is carried out as soon as possible.	<ul style="list-style-type: none"> • Food recalls have been monitored and inspections have been carried out to ensure that all items are removed from the shelves.
Recreation: ...monitor all forms of recreational and cultural facilities and services, and take careful account of the level of community support for those in determining the improvements or new facilities to be supported together with their relative contribution to personal and community.	1.10.2	Upgrade and construct paths and trails in line with the Priority Table for Path Development.	<ul style="list-style-type: none"> • Wilderness Ocean Walk Trail Stage 1 completed.
	1.10.3	Support the Denmark Surf Club Redevelopment/ Upgrade.	<ul style="list-style-type: none"> • Surf Club redevelopment principles provided for in Ocean Beach Coastal Hazard Risk Management and Adaption Plan exercise and the Ocean Beach Foreshore Concept Plan.
	1.10.6	Investigate improvements to parks and reserves and implement improvements where appropriate.	<ul style="list-style-type: none"> • Installation of a BBQ facility at the Peaceful Bay playground. • Upgrade lighting to the McLean Park skate board park. • Closure of unmade road reserves making up portions of the Denmark-Nornalup Heritage Rail Trail, which will now allow legal prohibition of any vehicles on the trail. • Over 1300 native seedlings planted at Lights Beach, Ocean Beach, Millars Creek and Back Beach.
	1.10.14	Progress planning for the High School Oval development.	<ul style="list-style-type: none"> • The High School Oval Development Working Group received a concept report from consultant Brian Humphries with proposed designs and staged construction options which will be considered as part of the Sport and Recreation Masterplan.
	1.10.21	Encourage and support the establishment of new sport and recreation clubs in the district.	<ul style="list-style-type: none"> • Preliminary meetings with representatives of a proposed Denmark Pony Club to examine lease arrangements and Shire support. • Establishment of the Denmark Running Club.
	1.10.26	Encourage the delivery of volunteer training opportunities offered through the Club Development Officer program.	<ul style="list-style-type: none"> • Training offered through the Club Development Program to a number of sporting clubs throughout the year.
	1.10.27	Provide grant and funding assistance to community groups and clubs, and assist with coordinating their promotion.	<ul style="list-style-type: none"> • Grant funding and coordination assistance provided to the following sports/clubs: <ul style="list-style-type: none"> ○ Basketball ○ Netball ○ Surf Life Saving ○ Running Club ○ Football Club ○ Equestrian Club ○ Scouts ○ Little Athletics

GOALS <i>That the Shire of Denmark...</i>	Strategic Initiative	Action / Project	Comment
2.1 Natural Environment: ...acknowledge the importance of the natural environment to the residents of Denmark and the region, and works with residents and all relevant agencies to maintain a high standard of environmental protection and its integration with community life.	2.1.1	Reduce the distribution and abundance of weeds within Council controlled roads and reserves, and on private property.	<ul style="list-style-type: none"> Control of priority weeds at over 34 Shire natural area reserves and 25 road reserves.
	2.1.2	Manage natural resources in a sustainable manner on land owned or managed by the Shire.	<ul style="list-style-type: none"> 11 unauthorised 4WD tracks were closed at Back Beach and Lights Beach and a pedestrian track rehabilitated at Lights Beach. Provided materials and support to Birdlife Australia for exclusion fencing, shelters and educational signage for nesting shorebirds at Prawn Rock Island.
	2.1.3	Educate the community on native vegetation clearing requirements.	<ul style="list-style-type: none"> Provide information on the Shire's website for ease of reference. Provide details of native vegetation clearing requirements in Council Conversations.
	2.1.4	Support programs to control feral animals throughout the Shire.	<ul style="list-style-type: none"> Provide funding and support to the Lake Muir-Denbarker Feral Pig Eradication Project. Provide funding to the Wilson Inlet Catchment Committee to conduct fox control as part of implementation of the Wilson Inlet Management Strategy.
	2.1.5	Maintain the Council's land and reserves in accordance with the relevant legislation.	<ul style="list-style-type: none"> Investigation of unauthorised clearing of native vegetation on Shire managed land. Commenced work on a coastal hazard risk management and adaptation plan for Ocean Beach and Peaceful Bay in accordance with State Planning Policy 2.6.
	2.1.6	Maintain the natural values present on bush reserves controlled by the Shire including Dieback management.	<ul style="list-style-type: none"> Funding was received through the State NRM Program Community Action Grants to complete Phytophthora Dieback occurrence surveys of Turner Road and Sheoak Drive Reserves and a portion of the Denmark-Nornalup Heritage Rail Trail. Infringement issued to person responsible for unauthorised clearing of native vegetation on a Shire road reserve. Coastal maintenance tasks included erosion control on coastal dunes and reinstating track closures at Ocean Beach and weeding and litter collection at Boat Harbour.
	2.1.7	Identify and monitor areas affected by salinity impacting on Council land.	<ul style="list-style-type: none"> There are no known salinity-affected areas managed by the Shire.
	2.1.10	Promote waste minimisation through education and improved infrastructure and resources within the waste management site.	<ul style="list-style-type: none"> Participation in the national Garage Sale Trail, which promotes re-homing items rather than sending them to landfill. In-kind support to the community Plastic Free Denmark campaign. Promote the Responsible Cafes program and Plastic Free July campaign. Community soft plastic recycling program expanded in partnership with Supa IGA Denmark supermarket. Support for a community-run Clean Up Australia day event at Boat Harbour.

2.2 Climate Change: ...monitor the effects of climate change and implements and advocates for policies that will not only mitigate any adverse effects, but also take advantage of any opportunities created.	2.2.1	Support community education and promotion of energy and water efficiency.	<ul style="list-style-type: none"> • Waterwise demonstration garden installed at the Morgan Richards Community Centre, with support from the Water Corporation and Green Army. • Support for the Denmark Community Resource Centre's community garden proposal. • Support for the Denmark Festival of Cycling event 2017.
	2.2.2	Work with relevant organisations to hold a program of workshops to encourage more sustainable practices around the home.	<ul style="list-style-type: none"> • Supported a Great Southern Science Council electric bicycle workshop.
	2.2.3	Reduce environmental impact and encourage sustainability in all aspects of Shire operations.	<ul style="list-style-type: none"> • Use of interval water meters to detect leaks and improve water use. • Novated leasing of e-bikes offered to Shire employees.
	2.2.4	Develop management plans that improve the performance of Council operations to address global warming.	<ul style="list-style-type: none"> • Active monitoring of water and energy performance across the Shire's assets through a Planet Footprint subscription. • Participated in South Coast Natural Resource Management's study of local government response to climate change on the South Coast.
	2.2.5	Develop partnerships with State Government agencies to identify initiatives to reduce the use of reticulated potable water.	<ul style="list-style-type: none"> • Working towards Waterwise Council status. A Memorandum of Understanding exists with the Water Corporation and Department of Water and Environmental Regulation to recognise the Shire's commitment to the Waterwise Councils program.
	2.2.6	Implement strategies to conserve water, while still retaining amenity, sport and recreation, and biodiversity outcomes.	<ul style="list-style-type: none"> • Progressed work on a Water Efficiency Action Plan as part of the Shire's progression towards becoming a 'Waterwise Council'.
	2.2.7	Investigate, promote and encourage proposals for re-use of waste water.	<ul style="list-style-type: none"> • Continued liaison with Water Corporation project officers regarding the third pipe waste water re-use project from the Denmark Waste Water Treatment Plant to McIntosh Road.
	2.2.9	Assess coastal vulnerability of high risk Shire assets along the coastline.	<ul style="list-style-type: none"> • Coastal hazard risk management and adaptation planning in progress for Ocean Beach and Peaceful Bay, made possible with funding support from the WA Planning Commission.

2.3 Fire Management: ...work collaboratively with relevant agencies to maintain a high level of planning, communication and infrastructure for effective fire and emergency management.	2.3.1	Support the community in emergency and fire management planning, preparedness, response and recovery.	<ul style="list-style-type: none"> The Shire supports the community including through management of BFAC and LEMC meetings, public information meetings and displays and management of the Denmark Bush Fire Service. Directly supports the BFS by maintaining buildings, equipment fire appliances and safety equipment. Arranges and supports firefighter training and supplies equipment and supplies to active incidents.
	2.3.2	Maximise community safety through the management of the risks associated with fire.	<ul style="list-style-type: none"> Denmark Bush Fire Brigades assisted Shire to review revised Fire Management Notice.
	2.3.4	Undertake fire fuel reduction burns and other works on Shire, strategic private, and Government held land.	<ul style="list-style-type: none"> Volunteer Bush Fire Brigades undertook numerous Hazard Reduction Burns on public and private lands.
	2.3.5	Maintain and expand strategic fire access routes.	<ul style="list-style-type: none"> Annual maintenance of strategic fire access routes Community Emergency Services Manager provided advice on additional fire access routes on new subdivisions.
	2.3.6	Review the Fire Regulation Notice and ensure compliance.	<ul style="list-style-type: none"> A review of Fire Management Notice was undertaken in 2016/17 and the format was changes to make it easier to read.
	2.4 Waterways: ...acknowledge the importance of rivers, inlets and coastline to residents, visitors and the local economy, and implements and advocates for policies with other relevant authorities and organisations to maintain these to a high standard of health and amenity.	2.4.1	Upgrade Peaceful Bay's water supply and sewerage.
2.4.2		Work collaboratively with the Department of Water, Department of Transport, Water Corporation and other Government agencies to ensure the best outcomes for our waterways.	<ul style="list-style-type: none"> Continued liaison with Water Corporation project officers regarding the third pipe waste water re-use project from the Denmark Waste Water Treatment Plant to McIntosh Road.
2.4.3		Maintain an elementary human contact focused bacterial water quality monitoring program in conjunction with the Health Department of Western Australia, Department of Water and the Department of Fisheries.	<ul style="list-style-type: none"> Conducted water sampling at Peaceful Bay, Denmark River, Wilson Inlet and Frankland River.

GOALS <i>That the Shire of Denmark...</i>	Strategic Initiative	Action / Project	Comment
3.1 Agriculture: ...acknowledge agriculture as a diverse and prominent industry in the region, and implements and advocates for policies and strategies that will assist farming to improve its effectiveness and viability.	3.1.2	Encourage and promote the use of agricultural land.	<ul style="list-style-type: none"> • Due regard to considering agricultural land in development applications.
	3.1.3	Ensure that local planning development and long term growth needs are met to ensure a viable agriculture sector.	<ul style="list-style-type: none"> • Due regard being given to relevant provisions in new Local Planning Scheme No. 4.

3.2 Development: ...closely monitor development and associated infrastructure needs in the region, and acts in conjunction with other authorities and agencies to plan development which is sensitive, timely and appropriate to the community's needs.	3.2.1	Finalise the Demark East Development Precinct industrial land subdivision works.	<ul style="list-style-type: none"> • Design and construction for the eastern precinct and light industrial area are ongoing. • Council accepted funding arrangements for the Denmark East Development Precinct Project in March 2016 – which included progression of Stage 1 of the industrial area. • Scheme Amendment 141 pertaining to the McIntosh Road Industrial Area was initiated by Council at the Ordinary Meeting of Council of 18/10/2016 and adopted by Council for final approval with modifications at the Ordinary Meeting of Council held on 21/03/17.
	3.2.2	Work with other Government bodies on Local and State regional planning and development issues.	<ul style="list-style-type: none"> • Regular meetings with relevant government agencies/servicing authorities regarding regional planning and development related issues.
	3.2.3	Encourage development that is consistent with the individual character of town sites.	<ul style="list-style-type: none"> • Assessment of development applications having regard to Town Planning Scheme No. 3 and associated Planning Policies as relevant.
	3.2.4	Investigate opportunities to rationalise or devolve obsolete buildings, landholdings and other assets.	<ul style="list-style-type: none"> • Commenced an Asset Management Planning process to quantify assets in the Shire and obtain the necessary data to comprehensively review all assets.
	3.2.5	Liaise with utility providers to ensure that adequate power, water and sewer services are available in the Shire.	<ul style="list-style-type: none"> • Regular meetings with relevant government agencies/servicing authorities regarding regional planning and development related issues.
	3.2.6	Provide supportive planning and development guidance on appropriate major land developments.	<ul style="list-style-type: none"> • The Shire website and customer service counters are provided with up-to-date information such that it is available for customers seeking to develop in the Shire of Denmark.
	3.2.7	Guide local development and require compliance in accordance with the Planning Scheme policy.	<ul style="list-style-type: none"> • Assessment of development applications having regard to Town Planning Scheme No. 3 and associated Planning Policies as relevant. • Address compliance issues as identified.
	3.2.8	Ensure conditions relative to development approvals and building permits are complied with and issued in a timely and efficient manner.	<ul style="list-style-type: none"> • Address compliance issues as identified. • Regular review of turnaround times to ensure approvals being issued within statutory timeframes.

<p>3.4 Transport: ...acknowledge the importance of transport through and within its area, and, with the help of other relevant authorities and agencies, develops, implements and advocates for policies that provide quality, efficient and effective transport infrastructure and options amenity.</p>	3.4.1	Undertake construction in relation to Roads to Recovery projects including road resealing and gravel resheeting, blackspot upgrades and reserve rehabilitation.	<ul style="list-style-type: none"> • Blackspot Projects included the intersection upgrade of Mount Shadforth and Scotsdale Roads. • Road to Recovery Projects included the conversion of bridges to culverts for Nunn’s Road Bridge and Fred’s Road Bridge and the upgrading of East River Road to a RAV 5 network.
	3.4.2	Bridge upgrades in line with Main Roads WA funding.	<ul style="list-style-type: none"> • Bridges upgraded included Barnes Road Bridge and McNess Road Bridge.
	3.4.4	Construct the Denmark Wilderness Ocean Walk and Ride Trail.	<ul style="list-style-type: none"> • The construction of the WOW was completed and officially opened to the public on the 26 January 2017.
	3.4.6	Implement and manage the construction phases of the Denmark East Development Precinct project.	<ul style="list-style-type: none"> • Construction commenced on the upgrading of East River Road to a Restricted Access Vehicles (RAV 5) from Denmark – Mount Barker Road up to Wrightson Road.
	3.4.7	Maintain and improve road and pathway infrastructure (including dual use paths) to appropriate standards.	<ul style="list-style-type: none"> • Ocean Beach Road (Phase 2) was completed, with the carriage way and footpath upgraded to an appropriate standard and the final link between Scotsdale and Mount Shadforth road.
	3.4.10	Identify and record infrastructure asset systems to provide the basis for future infrastructure requirements.	<ul style="list-style-type: none"> • A consultant was appointed to update the data base for all sealed and unsealed roads within the shire of Denmark and provide a condition rating with a forward works program.
	3.4.13	Ensure the provision of directional, service and tourism signage is integrated into the urban and rural landscape and the amenity of the locality is maintained and protected.	<ul style="list-style-type: none"> • Applications for directional signage are assessed having regard to Tourism WA recommendations for signage. • Ongoing review of current directional signage to ensure accuracy, clarity, visibility and appropriate having regard to Tourism WA signage recommendations.
	3.4.14	Ensure that all signs and other road safety devices are adequately maintained and replaced when required.	<ul style="list-style-type: none"> • As required.

3.5 Communication: ...acknowledges the importance of high quality and reliable communication networks, and assists and advocates for the timely growth, capacity and improvement of them.	3.5.1	Advocate for improved mobile telephone and internet infrastructure in Denmark and the region.	<ul style="list-style-type: none"> • Regular liaison with mobile telephone providers and NBN Co regarding improvements to existing infrastructure to service community. • Timely processing of development applications (where required) to facilitate provision of improved mobile telephone and internet.
	3.5.3	Ensure that communication needs of emergency services groups are provided and maintained at the required standard.	<ul style="list-style-type: none"> • Bush Fire Brigade and SES radios regularly checked to make sure they are in working order with repairs as required and an annual maintenance check.
3.6 Energy: ...set an example in the use of alternative energy, and encourages authorities, agencies and residents to support alternative methods of power, industry and transport, as well as improving on their efficient use.	3.6.2	Support the dissemination of information to the community with respect to energy efficiency measures.	<ul style="list-style-type: none"> • Relevant grant opportunities were distributed to relevant stakeholders and/or the community for consideration.
	3.6.5	Work in collaboration with Local, State and private sectors to promote energy efficient measures and sources.	<ul style="list-style-type: none"> • Where relevant, information is provided on the Shire's website.
	3.6.6	Ensure new developments meet required energy efficiency standards through building approval processes in accordance with legislative requirements.	<ul style="list-style-type: none"> • Assessed as part of building permit processes.
3.7 Tourism: ...acknowledge the importance of tourism to the region, and, by innovative policies, practices and partnerships, facilitates and encourages the greater year-round sustainability of tourism, whilst monitoring and managing its impacts.	3.7.3	Continue to engage in the management of local natural areas with associated recreation and tourism uses.	<ul style="list-style-type: none"> • Trail head signage and interpretive signage installed on the Wilderness Ocean Walk Trail.

GOALS <i>That the Shire of Denmark...</i>	Strategic Initiative	Action / Project	Comment
4.1 Planning: ...work with other relevant authorities and agencies to develop and implement planning policies and decisions that not only reflect the wishes of the community, but also provide the region with appropriate development options.	4.1.1	Ensure quality, consistent and responsive development and building assessment approval processes and enforcement.	<ul style="list-style-type: none"> • Assessment of development applications having regard to Town Planning Scheme No. 3 and associated Planning Policies as relevant. • Address compliance issues as identified. • Regular review of turnaround times to ensure approvals being issued within statutory timeframes. • Regular review of development approval processes to identify continual improvement opportunities.
	4.1.2	Ensure that a system of processes through which the Shire conducts its decision making and directs, controls, and monitors the operation of the organisation, is implemented and maintained.	<ul style="list-style-type: none"> • Regular review of turnaround times to ensure approvals being issued within statutory timeframes. • Regular review of development approval processes to identify continual improvement opportunities.
	4.1.3	Review existing planning policies and prepare new policies as required whilst providing Council and staff with policies that cover a range of issues and provide a basis for determining applications.	<ul style="list-style-type: none"> • Ongoing review of existing planning policies to ensure currency and applicability of policies.
	4.1.4	Create and implement an Environmental Health Plan.	<ul style="list-style-type: none"> • Preliminary research has commenced into the new Public Health Act requirement to create a Public Health Plan.
	4.1.7	Prepare Local Planning Scheme No. 4.	<ul style="list-style-type: none"> • Draft planning scheme provisions are being prepared having regard to Local Planning Strategy (2011), current Town Planning Scheme No. 3 review and relevant State Planning Policies and related legislative provisions pertaining to Local Planning Schemes.

4.2 Structure: ...ensures that it has a structure that is transparent, trustworthy, flexible, consultative and collaborative, and is able to attract and retain a high standard of Councillors and Senior Management.	4.2.1	Ensure the corporate structure is aligned with the Shire's strategic direction.	<ul style="list-style-type: none"> Following the major review of the Strategic Community Plan the Shire commenced business planning processes to realign the corporate structure to achieve the aspirations and objectives detailed in the Strategic Community Plan
	4.2.2	Ensure that agendas and minutes are prepared and Council and Committee meetings are held in accordance with the appropriate legislation, Local Law, policies and corporate standards.	<ul style="list-style-type: none"> Agendas and Minutes for Council Meetings, Committees and Working Groups were prepared and distributed in accordance with appropriate legislation, Local Law, policies and corporate standards.
	4.2.3	Develop the skills and information required for Councillors and senior staff to represent the interests of the Shire and provide ongoing training that emphasises the role of corporate governance.	<ul style="list-style-type: none"> Training opportunities offered to Elected Members. Councillor Induction provided to new Councillors following Extraordinary Election in November 2016.
4.3 Funding: ...be fiscally responsible and seek to develop both safe income generating assets and the maximisation of external funding that will benefit the community and assist in meeting its aims and obligations.	4.3.1	Represent and promote the Council at appropriate Regional, State and Federal forums.	<ul style="list-style-type: none"> Completed throughout the year.
	4.3.2	Identify grant funding opportunities as a means of financing (fully or partially) Council projects.	<ul style="list-style-type: none"> Sustainability Services secured \$30,000 from the WA Planning Commission for a coastal hazard risk management and adaptation plan for Ocean Beach and Peaceful Bay, \$10,000 for dieback mitigation works on three priority reserves and a subsidy from the WA Waste Authority for participation in Garage Sale Trail.
	4.3.6	Work collaboratively with community groups and organisations to maximise successful grant applications.	<ul style="list-style-type: none"> Letters of support provided to community organisations applying for funding through external agencies or organisations. Supported local community group applications for state and federal funding programs.
	4.3.7	Promote the shared position of Club Development Officer to assist clubs and community organisations ensure that appropriate funding sources are identified.	<ul style="list-style-type: none"> Club Development Officer involved in Thank a Volunteer Day 2016 to assist promote the position. Ongoing relationship with the Club Development Officer with respect to club contact details and promotion of training / workshop / information sharing opportunities.

4.4 Co-operation and Community Input: ...acknowledge that it also has a regional role, and endeavours to work collaboratively with neighbouring Local Governments, the State Government and external organisations, whilst remaining responsive to the voice of its own community.	4.4.1	Actively work with neighbouring Councils on a regional approach to relevant Local Government issues.	<ul style="list-style-type: none"> Working with five other Council's across the South Coast on coastal management issues as part of South Coast Management Group.
	4.4.6	Support strategic alliances, community groups, stakeholder forums and advisory committees that assist the Shire in policy development and service planning.	<ul style="list-style-type: none"> Establishment and support of the Shire's Sustainability Advisory Committee. Establishment of the Peaceful Bay and Ocean Beach Foreshore Concept Plan Working Group, which will develop a ten-year concept plan for both sites, in association with coastal hazard risk management and adaptation planning.
	4.4.8	Provide delegation mechanisms to enable the day to day business of the Council to be handled by the administration.	<ul style="list-style-type: none"> Delegations Register updated when and as required. New staff in positions with Delegated Authority provided with written delegation, pursuant to legislative requirement.
	4.4.9	Encourage and support the continuation of a local independent media presence.	<ul style="list-style-type: none"> Denmark Bulletin and Walpole Weekly included in Minutes and Agendas email notification list. Denmark Bulletin and Walpole Weekly utilised for printed media requirements. Denmark Bulletin and Walpole Weekly included in Media Release email notification list. Local Media welcomed at public events.
	4.4.10	Deliver timely, accurate and consistent information to our customers, whilst ensuring customer service is accessible and convenient to the whole community thus maintaining a positive image of the Shire.	<ul style="list-style-type: none"> Achieved as required.
	4.4.11	Investigate and utilise new technology and features to engage with the public and continue to improve the Shire's website presence.	<ul style="list-style-type: none"> Monthly website audit undertaken by website provider. Commenced refresh design for website including accessibility improvements.
	4.4.12	Provide statutory and other relevant information to internal and external stakeholders on a timely basis.	<ul style="list-style-type: none"> Achieved as required.



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 2016/17 reporting period, no public interest disclosures were lodged.

Responsible Officer: Director of Finance and Administration

Disability Access and Inclusion Plan (DAIP)

Council adopted the Shire of Denmark Disability Access and Inclusion Plan (DAIP) in July 2013 which was subsequently lodged with the Disability Services Commission, pursuant to the Disability Services Act 1993.

The DAIP was reviewed by Council in June 2015, with the next major review scheduled for June 2018.

The DAIP builds on the capacity for people with disabilities to access services, facilities and information in a way that promotes independence, opportunities and inclusion in the community and promotes participation in decision-making processes. Council's Disability Services Advisory Committee has the ongoing task of working towards achieving the seven major outcomes of the plan.

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

A complete copy of the Shire of Denmark DAIP can be downloaded from the Shire's website at www.denmark.wa.gov.au/accessibility.aspx

Progress Report 2016/17 (provided to Disability Services Commission)

Name of public authority: Shire of Denmark



Outcome 1: Services and events

Please describe the strategies your organisation planned and implemented in 2016–2017 for DAIP

Outcome 1: **‘People with disability have the same opportunities as other people to access the services of, and any events organised by, a public authority.’**

Total number of strategies planned (whether implemented or not):	5
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Out of those strategies, how many were:

Implemented and highly effective?	0
Implemented and somewhat effective?	0
Implemented but ineffective?	2
Implemented but not yet evaluated?	1
Not implemented?	2

What did your organisation achieve this year in support of Outcome 1?
<ul style="list-style-type: none">• Developed and adopted a new Council Policy with respect to Council funding carers for children with disability who would like to participate in the Shire of Denmark’s Recreation Centre School Holiday Program.• Extracted list of local businesses from the Access WA website with view to contacted them to check their details.• Liaison with the Denmark Health Service and local taxi operator with respect to provision of transport for people with disability. Information regarding possible grants for retrofitting and/or provision of wheelchair accessible taxis provided to local taxi operator.

Outcome 2: Buildings and facilities

Please describe the strategies your organisation planned and implemented in 2016–2017 for DAIP Outcome 2: **‘People with disability have the same opportunities as other people to access the buildings and other facilities of a public authority’.**

Total number of strategies planned (whether implemented or not):	11
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Out of those strategies, how many were:

Implemented and highly effective?	2
Implemented and somewhat effective?	1
Implemented but ineffective?	0
Implemented but not yet evaluated?	4
Not implemented?	4

What did your organisation achieve this year in support of Outcome 2?

- Upgraded the audio system in the Council Chambers and Council's Reception Room.
- Installed an accessible Eco Toilet at the Denmark Cemetery, including pathways and landscaping.
- Reviewed the Recfishwest Fishability website. Completed survey and provided required updates.
- Review of footpaths and ramps at the main Park in the Denmark CBD, Berridge Park. Recommendations sent to Infrastructure Services for comment and consideration.
- Committee reviewed sections of footpaths and connectivity within the Denmark townsite CBD. Recommendations for disability access and inclusion improvements provided to Infrastructure Services for comment and consideration.
- Access improvement at the Morgan Richards Community Centre for the Denmark Over 50s Association club room.



Outcome 3: Information

Please describe the strategies your organisation planned and implemented in 2016–2017 for DAIP Outcome 3: **‘People with disability receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it’.**

Total number of strategies planned (whether implemented or not):	1
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Out of those strategies, how many were:

Implemented and highly effective?	0
Implemented and somewhat effective?	0
Implemented but ineffective?	0
Implemented but not yet evaluated?	0
Not implemented?	1

What did your organisation achieve this year in support of Outcome 3?

Outcome 4: Level and quality of service

Please describe the strategies your organisation planned and implemented in 2016–2017 for DAIP Outcome 4: **‘People with disability receive the same level and quality of service from the staff of a public authority as other people receive from the staff of that public authority’.**

Total number of strategies planned (whether implemented or not):	3
--	---

Out of those strategies, how many were:

Implemented and highly effective?	0
Implemented and somewhat effective?	0
Implemented but ineffective?	0
Implemented but not yet evaluated?	0
Not implemented?	3

What did your organisation achieve this year in support of Outcome 4?



Outcome 5: Complaints

Please describe the strategies your organisation planned and implemented in 2016–2017 for DAIP Outcome 5: **‘People with disability have the same opportunities as other people to make complaints to a public authority’.**

Total number of strategies planned (whether implemented or not):	1
--	---

Out of those strategies, how many were:

Implemented and highly effective?	0
Implemented and somewhat effective?	0
Implemented but ineffective?	0
Implemented but not yet evaluated?	0
Not implemented?	1

What did your organisation achieve this year in support of Outcome 5?

Outcome 6: Consultation

Please describe the strategies your organisation planned and implemented in 2016–2017 for DAIP Outcome 6: **‘People with disability have the same opportunities as other people to participate in any public consultation by a public authority’.**

Total number of strategies planned (whether implemented or not):	5
--	---

Out of those strategies, how many were:

Implemented and highly effective?	1
Implemented and somewhat effective?	0
Implemented but ineffective?	0
Implemented but not yet evaluated?	0
Not implemented?	4

What did your organisation achieve this year in support of Outcome 6?
Upgraded the audio system in the Council Chambers and Council’s Reception Room.



Outcome 7: Employment

Please describe the strategies your organisation planned and implemented in 2016–2017 for DAIP Outcome 7: **‘People with disability have the same opportunities as other people to obtain and maintain employment with a public authority’.**

Total number of strategies planned (whether implemented or not):	4
--	---

Out of those strategies, how many were:

Implemented and highly effective?	1
Implemented and somewhat effective?	0
Implemented but ineffective?	0
Implemented but not yet evaluated?	0
Not implemented?	4

What did your organisation achieve this year in support of Outcome 7?
Improvements to workplace audit formats are being undertaken by the Occupational Safety and Health Committee on a regular basis.

Agents and contractors

Agents and contractors must comply with your organisation’s DAIP when undertaking work involving interaction with the community. Please tell us how you have supported agents and contractors in 2016/17. (Contract employees should not be considered as contractors for this report.)

For 2016–2017, how have you informed agents and contractors about your DAIP? (Please tick)

Provided a copy of your agency DAIP	x
Provided a link to the DAIP on your website	x
Sent a letter	x
Referenced in a contract(s)	x
Referenced in a contract variation(s)	x
Included requirement in funding/sponsorship agreements	x
Other (please describe)	
A copy of the Shire of Denmark’s Disability Access and Inclusion Plan is available at the front counter and the Shire’s website.	



How do agents and contractors report progress of outcomes to you? (Please tick)

Through internal annual progress reporting systems (email, meetings etc.)	<input type="checkbox"/>
Completing a contractor progress reporting template	<input type="checkbox"/>
Did not report (please explain)	<input checked="" type="checkbox"/>
The work that contractors do for the Shire of Denmark is generally as required and specified. Access and inclusion matters are addressed by Council Officers in relation to specified jobs and contractor is made aware of any necessary requirements and/or considerations.	

Please provide a description of any significant DAIP strategies undertaken by your organisation’s agents and contractors in 2016–2017.

None

Challenges

What challenges did you experience with strategies that were planned but not implemented? (Please tick)

Budgetary constraints (please explain)	<input type="checkbox"/>
Lack of support / input and feedback from the community (please explain)	<input type="checkbox"/>
Difficulties with contractor or agent input (please explain)	<input type="checkbox"/>
Difficulties coordinating strategies/initiatives (please explain)	<input type="checkbox"/>
Council Officer resources available to drive projects and implement strategies were limited in 2016/17.	
Other (please explain):	<input type="checkbox"/>

If you would like to provide more information about the challenges your organisation faced, please do so below.



Recordkeeping Plans

The Shire of Denmark undertook a comprehensive review of the Record Keeping Plan during 2013/2014 and the amended Plan (RKP 2013034) was approved by the State Records Commission in March 2014. The next review of the Plan is due by 21 March 2019.

Since the review, Council has adopted a series of policies and procedures that continue to ensure that records are captured, stored and retained in accordance with the State Records Act 2000.

Staff undergo Electronic Records Management System (ERMS) and general record keeping training as required during the year to ensure that all appropriate records are captured, retained and able to be retrieved. The induction manual given to all staff includes directions on recordkeeping requirements, roles and responsibilities.

Responsible Officer: Director of Finance and Administration

Freedom of Information Requests

In complying with the Freedom of Information Act 1992, the Shire of Denmark is required to prepare and publish an information statement.

The Shire of Denmark's Information Statement is reviewed annually and is available to download via the website www.denmark.wa.gov.au/our-council/freedom-of-information-procedures.aspx and can be viewed in hard copy at the Shire Administration Office.

The information statement contains information on the type of documents available to the public and how to access those documents.

During 2016/17 year, Council received four requests for information under the Freedom of Information Act.

Responsible Officer: Director of Finance and Administration

Complaints Lodged Under Provisions of the Local Government Act 1995

In accordance with Section 5.121 of the Local Government Act 1995, no entries were made in the register of complaints during the financial year.

Responsible Officer: Director of Finance and Administration



Employee's Remuneration

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

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

2016/17 Employee Remuneration	
Salary Range \$	Number of Employees
100,000 - 109,999	0
110,000 - 119,999	1
120,000 - 129,999	3
130,000 - 139,999	0
140,000 - 149,999	0
150,000 - 159,999	0
160,000 - 169,999	0
170,000 - 179,999	1



2016 /17 ANNUAL FINANCIAL REPORT EXECUTIVE SUMMARY

The following is a summary of the financial position of the Shire of Denmark as at 30 June 2017. The summary provides comment on the financial information contained within the Annual Financial Report in order to assist Electors interpret this information.

Overall Financial Position

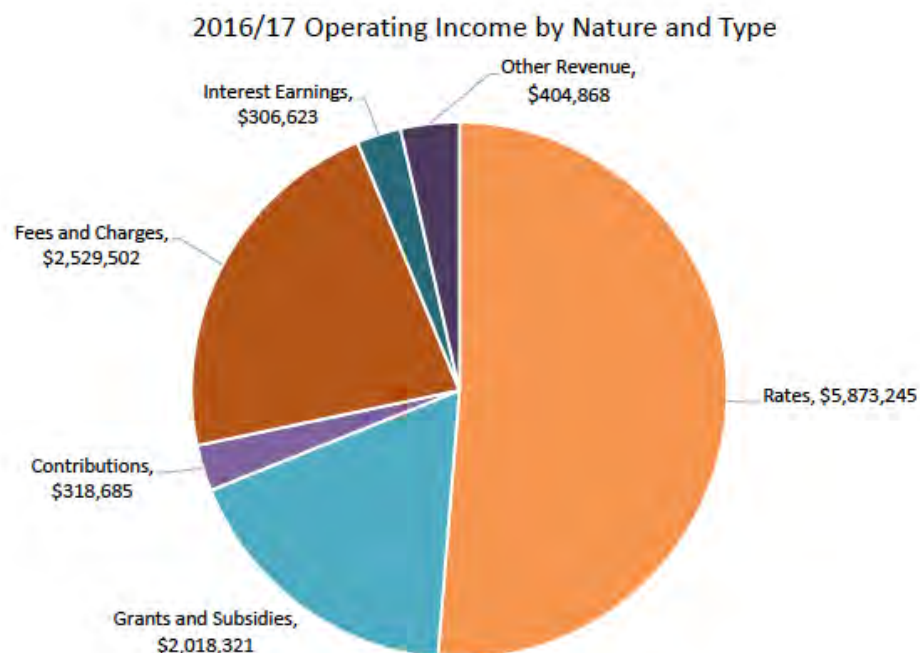
The Shire of Denmark's net result, according to the Statement of Comprehensive Income, was a surplus of \$206,216. This surplus is primarily due to revenue exceeding budget projections, in particular operating grants. Total revenue received for 2016/17 was \$11,451,243, with the majority of the Shire's revenue being raised through rates and fees and charges.

The Shire has a relatively low loan borrowing position (excluding self-supporting loans), which provides a good indication of the Shire's capacity to fund future projects and ongoing financial commitments. A Draft Long Term Financial Plan is currently being prepared for Council consideration, which will outline the Shire's capacity to fund future and ongoing financial commitments over a fifteen-year time horizon.

Summary of Income and Expenditure

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

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





Rates

The number of properties that comprise the rates base of the Shire has increased by 29. Growth is an important indicator for the Shire, as growth in the number of rateable properties allows costs to be borne by an increased number of owners, which in turn 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 \$1,518 up from \$1,467 in the previous year.

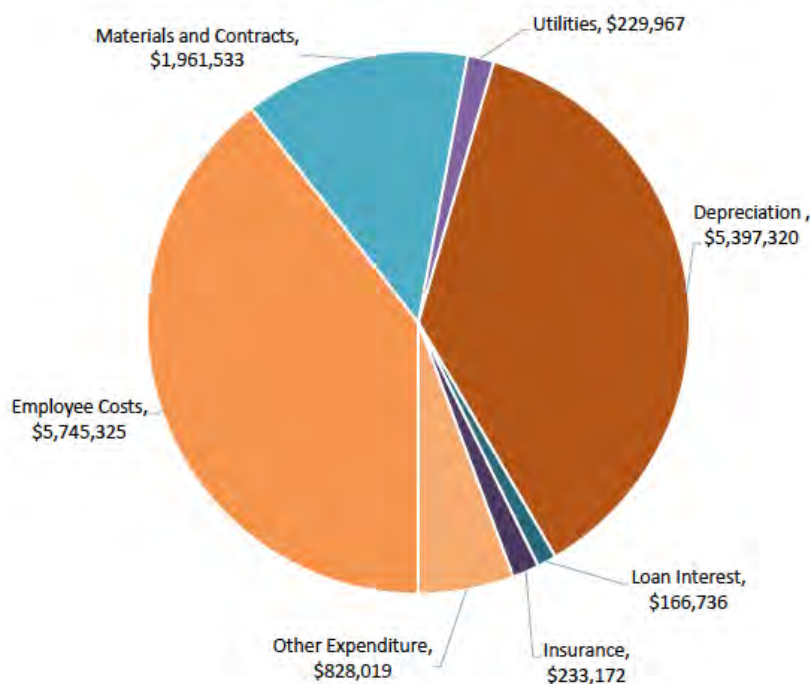
Summary of Rates Base History for Shire of Denmark Total Asset Expenditure

Year	No. of Rateable Properties	Total Rates Levied	Ave Residential Rate (A2077)
2016/17	3,987	\$5,873,245	\$1,518
2015/16	3,958	\$5,656,209	\$1,467
2014/15	3,883	\$5,293,412	\$1,374
2013/14	3,861	\$4,952,366	\$1,308
2012/13	3,837	\$4,682,290	\$1,124
2011/12	3,811	\$4,242,245	\$1,038
2010/11	3,772	\$3,919,755	\$908
2009/10	3,656	\$3,700,382	\$856
2008/09	3,636	\$3,404,550	\$820.00

Expenditure

Total operating expenditure for 2016/17 was \$14,562,072, as shown in the chart graph below.

2016/17 Operating Expenditure by Nature and Type



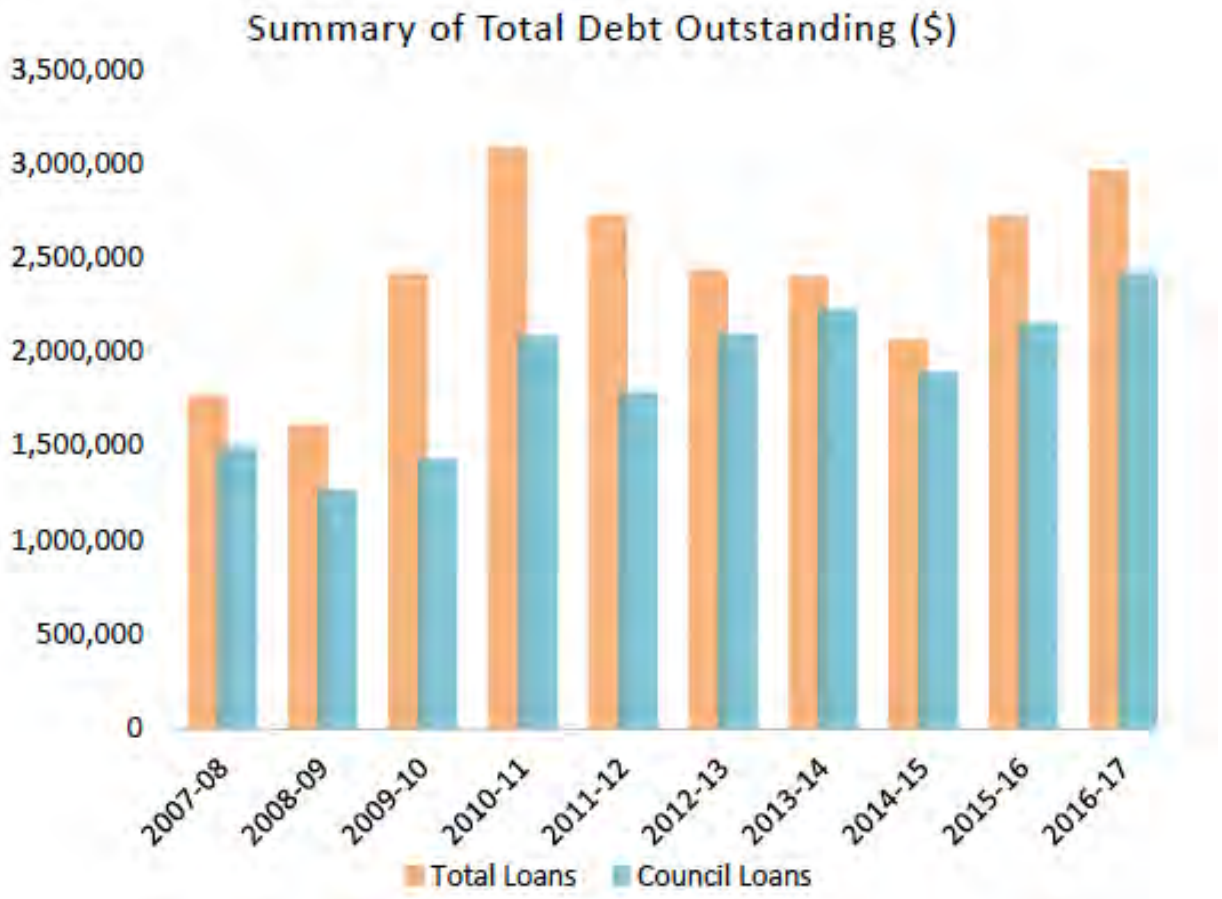


Loans

After principal repayments were made on existing loans, the Shires total debt position was \$2,964,768. This amount includes self-supporting loans totalling \$431,961, which is payable by various community organisations (to whom the funds have been lent) to Council.

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

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

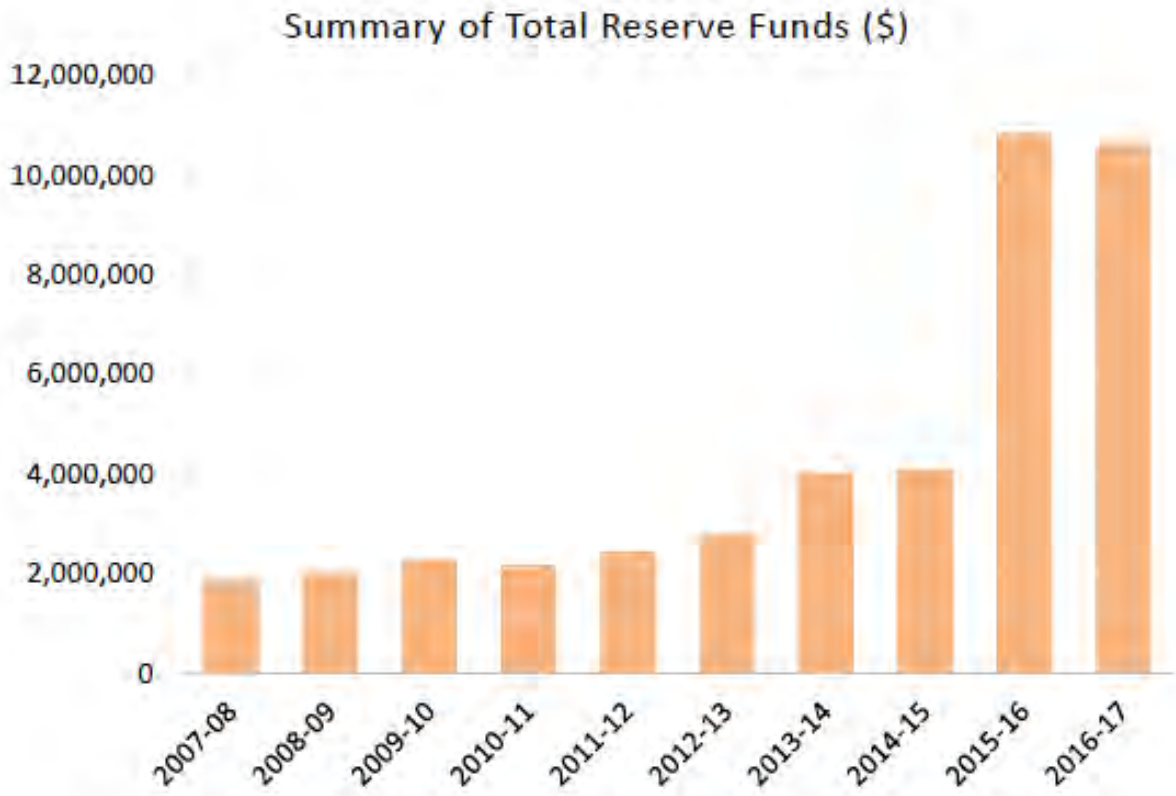




Reserves

The Shire of Denmark's total cash-backed Reserve Funds for 2016/17 was \$10,645,758, which includes the interest earned during the past year and the Denmark East Development Precinct Project grant.

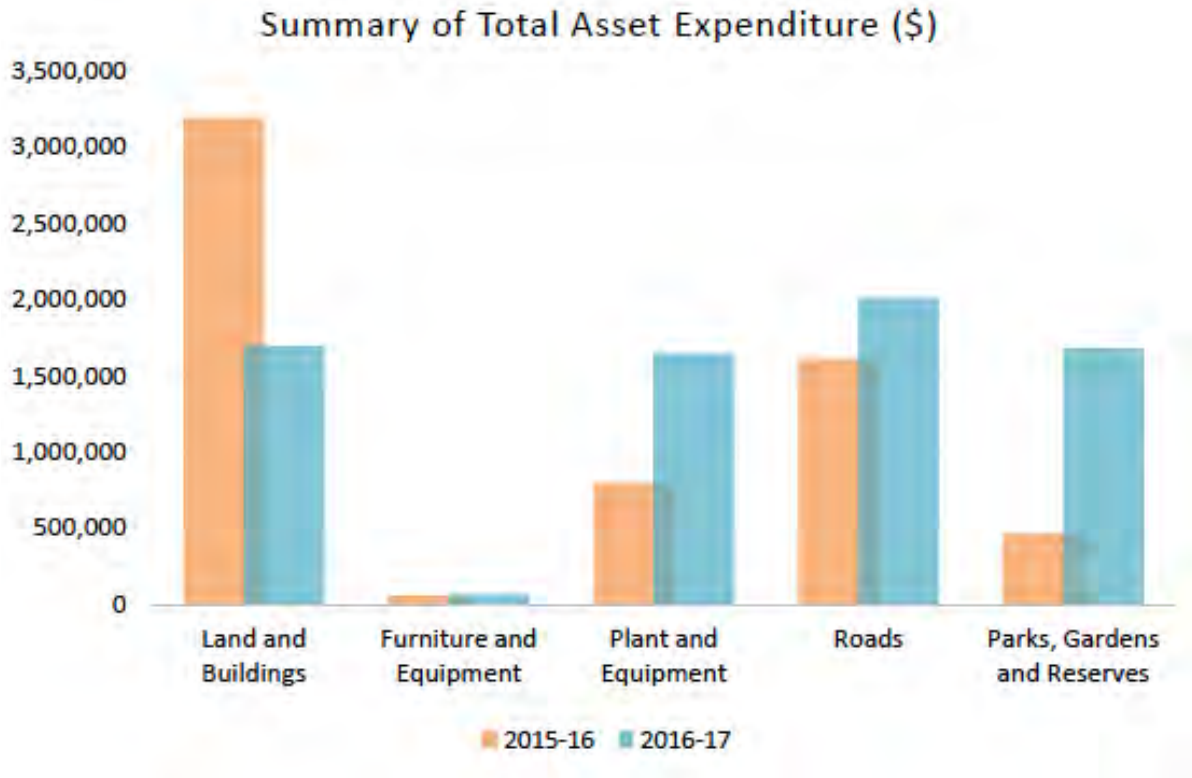
A summary of Reserve Fund balances for the past ten years is as follows:





Capital Expenditure

Expenditure on capital works and purchases for 2016/17 is as follows for the following classes of assets, with a comparison to the previous financial year:



Key Financial Indicators (Financial Ratios)

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

<i>Financial ratios</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>
Current Ratio (Industry standard is greater than 1.00)	1.35	1.15	1.05
Asset Sustainability Ratio (Industry standard is above 0.90)	1.36	0.39	0.40
Debt Service Cover Ratio (Industry standard is greater than 2.00)	3.98	3.21	4.93
Operating Surplus Ratio (Industry standard is between 0.01 and 0.15)	(0.22)	(0.41)	(0.39)
Own Source Revenue Coverage Ratio (Industry standard is between 0.4 and 0.6)	0.72	0.64	0.60

The above ratios are calculated as follows:

<i>Current Ratio</i>	current assets minus restricted assets
	current liabilities minus liabilities associated with restricted assets
<i>Asset Sustainability Ratio</i>	capital renewal and replacement expenditure
	depreciation expenses
<i>Debt Service Cover Ratio</i>	annual operating surplus before interest and depreciation
	principal and interest
<i>Operating Surplus Ratio</i>	operating revenue minus operating expenses
	own source operating revenue
<i>Own Source Revenue Coverage Ratio</i>	own source operating revenue
	operating expenses

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant (FAG) in June 2017. The early payment of the grant increased operating revenue in 2017 by \$564,986.

The Shire's non-compliance with some of the ratios has been discussed with the Auditor. The Auditor has stressed that all ratios can't be assessed in isolation and need to be considered in a broader context.

The Shire's Asset Sustainability ratio is low due to the revaluation of infrastructure assets in recent times, which has considerably increased the depreciation expense. The completion of the Shires Asset Management Plan will assist in addressing the renewal of our existing asset base, in the coming year.

The current year Operating Surplus ratio is (0.46) after the prepayment of 2017/18 FAG's is adjusted as outlined in the Financial Statements. Once the Asset Management Plan is completed the Shire will be reassessing the fair value of infrastructure assets to ensure the correct depreciation rate is applied, as depreciation has a significant impact on the operating result.

The Asset Consumption and Asset Renewal Funding Ratios were not calculated because the Shire has not completed an Asset Management Plan or Long Term Financial Plan as required by Administration Regulation 19D. Councillors have been made aware of this matter previously by Officers and these outstanding items are currently being prepared for consideration by Council.

The Auditor has not expressed any significant concerns in relation to these results or the Shire's broader financial position.

Summary

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

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

Solicitors

McLeods Barristers and Lawyers
Stirling Highway
Claremont WA 6010

Auditors

Lincolns Chartered Accountants
PO Box 494
Albany 6330

Banking Services

National Australia Bank
59 Strickland St
Denmark WA 6333

Debt Recovery Agents

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

Insurance Broking

Local Government Insurance Services
PO Box 1003
West Perth WA 6872

Taxation and Accounting

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

Human Resources Consultancy

WALGA – Workplace Solutions
15 Altona St
West Perth WA 6872

Risk Management/Occupational Health and Safety Consultancy

Local Government Insurance Services
PO Box 1003
West Perth WA 6872

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

APPENDIX A

2016/17 ANNUAL FINANCIAL REPORT

21 December 2017



Attn: Bill Parker
Chief Executive Officer
Shire of Denmark
PO Box 183
DENMARK WA 6333

Dear Council,

Audit for the year ended 30 June 2017

We are pleased to report that our audit of the Shire of Denmark financial statements and records for the year ended 30 June 2017 is now complete.

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

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

Our responsibilities as auditors are outlined in our audit report. Significantly our objectives are to obtain reasonable assurance that the financial report is free from material misstatement and to provide our opinion to that effect. Reasonable assurance, whilst being high level, is not a guarantee that a material misstatement has occurred.

We obtain reasonable assurance by;

- Identifying the risks of material misstatement, design and perform audit procedures in response and obtain audit evidence to support our opinion;
- gain an understanding of internal controls to assist in the design of our audit procedures;
- evaluate accounting policies and confirm the design, structure and content of the financial report.

The nature of our audit is influenced by factors such as the use of professional judgement, selective testing, inherent limitations in internal control, persuasive rather than conclusive evidence.

Comment on Adverse Ratios

Local Government guidelines provide 'standards' applicable to financial reporting ratios as detailed in the financial report.

Annexure 1 contains details and discussion of ratios below the established standard.

Audit Misstatements

Audit misstatements are presented as;

- 1) Uncorrected Misstatements
- 2) Corrected Misstatements

Refer to Annexure 2

Findings and Recommendations

During our audit we noted the matters referred to in Annexure 3 which we wish to bring to Council's attention.

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

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

Kind Regards



.....
Russell Harrison
Partner

Enc

ANNEXURE 1
SHIRE OF DENMARK
COMMENT ON ADVERSE RATIOS
FOR THE YEAR ENDED 30 JUNE 2017

RATIO	ACTUAL			TARGET	COMMENT
	2017	2016	2015		
Current Ratio	1.05	1.15	1.35	≥ 1	This ratio is a measure of liquidity. Calculation has been directly impacted by the Federal Government FAGS grants. These grants have been subject to unbudgeted prepayments and retentions over the past years. These are a significant revenue item. When adjusted for FAGS the ratio for the 2016/17 year reduces to .055. Less than the target of 1. We note that Council has adopted a balanced operating budget for the current year and is undertaking a comprehensive process leading to an integrated long term plan. Close monitoring of actual results against budget remains critical.
Asset Sustainability Ratio	0.4	0.39	1.36	≥ 0.9	The downward trend in this ratio needs to be considered with the decision to make significant investment in new or upgraded assets. This was approximately \$4.8m in 2017 and \$4m in 2016. This expenditure is eliminated as the ratio is designed to reflect renewal of the existing asset base. We understand that the asset management plan will address this in detail over the coming year.
Debt Service Cover Ratio	4.93	3.21	3.98	≥2	
Operating Surplus Ratio	(0.39)	(0.41)	(0.22)	≥0.01	The current year ratio is (0.46) after the prepayment of 2017/18 FAGS is adjusted as outlined in the Financial Statements. In the current year, the Shire is reassessing the fair value of infrastructure assets. We strongly recommend engaging experienced consultants tasked with the review of remaining effective lives of infrastructure. This directly impacts on depreciation which has a significant impact on operating result.

ANNEXURE 1
SHIRE OF DENMARK
COMMENT ON ADVERSE RATIOS
FOR THE YEAR ENDED 30 JUNE 2017

RATIO	ACTUAL			TARGET	COMMENT
	2017	2016	2015		
Own Source Revenue Coverage Ratio	0.60	0.64	0.72	≥0.4	
Asset Consumption Ratio				≥0.5	Ratio is not able to be calculated as Asset Management Plan incomplete.
Asset Renewal Funding Ratio				≥0.75	Ratio is not able to be calculated as Long Term Financial Plan incomplete.

ANNEXURE 2
SHIRE OF DENMARK
CORRECTED MISSTATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	FINANCIAL STATEMENTS ACCOUNTS IMPACTED	STATEMENT OF FINANCIAL POSITION ADJUSTMENT	EFFECT ON OPERATING SURPLUS	EFFECT ON OTHER COMPREHENSIVE INCOME	COMMENT
1.	Land and Buildings - Independent valuation 2017 Changes in Revaluation Non - Current assets	\$548,021		\$548,021	Correction of calculation error in revaluation worksheet
2.	Liability Peaceful Bay Caravan Park Buildings Liability Rivermouth Caravan Park Buildings Other Comprehensive Income	\$82,000 \$24,700		\$106,700	Derecognition of deferred liabilities

ANNEXURE 2
SHIRE OF DENMARK
UNCORRECTED MISSTATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	FINANCIAL STATEMENTS ACCOUNTS IMPACTED	STATEMENT OF FINANCIAL POSITION ADJUSTMENT	EFFECT ON OPERATING SURPLUS	EFFECT ON OTHER COMPREHENSIVE INCOME	COMMENT
1.	Local Government House Units Revaluation of Assets Through Profit and Loss	(\$84,826)	(\$84,826)		Independent confirmation disclosed reduction in carrying value. To be adjusted in 2017/18 as not material to users of financial statements.

ANNEXURE 3
SHIRE OF DENMARK
AUDIT FINDINGS
FOR THE YEAR ENDED 30 JUNE 2017

Matter	Present Procedure Finding	Recommendation	DoF Comment
Related Party Transactions	At the time of audit the implementation of policy, measurement and disclosure of related party transactions in the annual reports had not been effected.	As a result of discussions, all required procedures were carried out and satisfactorily disclosed in the financial statements prior to audit completion.	The Related Party Disclosure procedures have been adopted by council and all disclosures have been completed, and included in the Annual Financial statements.
Land Revaluation	The take up of land revaluation contained a data entry error. This resulted in the incorrect write off of a \$528,021 land asset.	This was subsequently corrected during audit. We do however recommend that an improved reconciliation process is implemented to assist in the reconciliation of the final revaluation amount.	A review of the reconciliation process will be undertaken to improve accounting controls in this area.
General Journal Entry Controls	Non - standard journal entries are prepared by the Accountant and are not subject to a formal review process. General journal entries enable circumvention of normal transaction controls.	We recommend that a formal process of review by the Director of Finance is implemented. This would involve scrutiny of system generated journal reports, sighting necessary support documentation and signing and retention as evidence.	A review of the process to approve and reconcile journals will be undertaken to improve accounting controls in this area
Local Government House Trust Asset	Independent valuation of 3 Units held in the Local Government House Trust determined that the current value is \$84,826 less than the market value.	The amount was below materiality and did not require amendment to the financial reports. We recommend the adjustment is posted in 2017/18.	The Shire received a circular "Local Government House Trust update" in December 2017, which provided a valuation update for 30 June 2017. We support the auditor's recommendation to adjust the financials to reflect the new valuation.

ANNEXURE 3
SHIRE OF DENMARK
AUDIT FINDINGS
FOR THE YEAR ENDED 30 JUNE 2017

<p>Review of Primary and Annual Returns</p>	<p>During our review of Primary and Annual Returns for Councillors and Key Management Personnel the Primary Return for Marcus Owen – Community Emergency Services Manager could not be located.</p>	<p>We recommend that the file containing Primary and Annual Returns be reviewed on an annual basis to ensure that all returns are submitted and filed as required by the legislation.</p>	<p>The register of Financial Returns (Primary and Annual) is currently reviewed annually, however the return in question has been misplaced. Full review will be undertaken on an annual basis.</p>
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SHIRE OF DENMARK

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2017

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Principal place of business: 952 South Coast Highway, Denmark WA	

**SHIRE OF DENMARK
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

**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 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire of Denmark at 30 June 2017 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 the regulations under that Act.

Signed as authorisation of issue on the Twenty First day of December 2017



Bill Parker
Chief Executive Officer

SHIRE OF DENMARK
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 \$	Budget 2017 \$	2016 \$
Revenue				
Rates	23	5,873,245	5,623,178	5,656,209
Operating Grants, Subsidies	29	2,018,321	787,660	853,737
Contributions and Reimbursements		318,685	391,434	393,788
Fees and Charges	28	2,529,502	2,670,159	2,888,893
Service Charges	25	0	0	0
Interest Earnings	2(a)	306,623	242,458	249,088
Other Revenue		404,868	299,455	367,547
		<u>11,451,243</u>	<u>10,014,344</u>	<u>10,409,263</u>
Expenses				
Employee Costs		(5,745,325)	(5,212,258)	(5,454,257)
Materials and Contracts		(1,961,533)	(2,244,899)	(1,891,170)
Utility Charges		(229,967)	(240,077)	(228,273)
Depreciation on Non-Current Assets	2(a)	(5,397,320)	(3,730,001)	(4,974,892)
Interest Expenses	2(a)	(166,736)	(180,165)	(137,020)
Insurance Expenses		(233,172)	(199,727)	(202,546)
Other Expenditure		(828,019)	(759,567)	(798,967)
		<u>(14,562,072)</u>	<u>(12,566,694)</u>	<u>(13,687,125)</u>
		<u>(3,110,829)</u>	<u>(2,552,350)</u>	<u>(3,277,862)</u>
Non-Operating Grants, Subsidies and Contributions	29	3,713,637	4,738,846	10,523,781
Loss on Revaluation of Fixed Assets	2(a)	0	0	0
Profit on Asset Disposals	21	0	9,400	16,664
Loss on Asset Disposals	21	(396,593)	(36,800)	(492,353)
		<u>206,216</u>	<u>2,159,097</u>	<u>6,770,230</u>
NET RESULT		206,216	2,159,097	6,770,230
Changes on Revaluation of Non-Current Assets	13	(402,026)	0	2,317,859
Write back of Deferred Liability	10	106,700	0	0
Total Other Comprehensive Income		(295,326)	0	2,317,859
		<u>(89,110)</u>	<u>2,159,097</u>	<u>9,088,089</u>
Total Comprehensive Income		(89,110)	2,159,097	9,088,089

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 2017

	NOTE	2017 \$	Budget 2017 \$	2016 \$
Revenue				
Governance		40,833	21,699	28,123
General Purpose Funding		7,774,155	6,367,450	6,504,438
Law, Order, Public Safety		303,806	277,068	293,749
Health		42,766	32,868	42,908
Education and Welfare		23,743	33,592	46,658
Housing		8,004	9,922	9,644
Community Amenities		1,519,051	1,485,432	1,555,258
Recreation and Culture		403,570	351,899	325,331
Transport		387,934	320,052	325,344
Economic Services		740,212	946,272	1,073,213
Other Property and Services		207,169	168,090	204,595
	2(a)	<u>11,451,242</u>	<u>10,014,344</u>	<u>10,409,262</u>
Expenses				
Governance		(594,166)	(595,886)	(586,931)
General Purpose Funding		(453,437)	(417,571)	(446,355)
Law, Order, Public Safety		(1,454,163)	(1,223,977)	(1,201,727)
Health		(263,093)	(266,026)	(269,743)
Education and Welfare		(281,018)	(275,480)	(276,232)
Housing		(61,526)	(60,768)	(51,259)
Community Amenities		(2,322,504)	(2,413,675)	(2,208,788)
Recreation & Culture		(2,528,017)	(2,309,903)	(2,272,198)
Transport		(5,379,938)	(3,666,256)	(5,139,403)
Economic Services		(900,220)	(1,017,240)	(970,099)
Other Property and Services		(207,365)	(139,747)	(131,283)
	2(a)	<u>(14,445,447)</u>	<u>(12,386,529)</u>	<u>(13,554,018)</u>
Financial Costs				
Governance		(2,228)	(2,797)	(2,798)
Education and Welfare		0	0	0
Housing		(43,416)	(63,070)	(47,018)
Community Amenities		(10,409)	(15,974)	(12,406)
Recreation & Culture		(19,396)	(48,931)	(21,304)
Transport		(3,999)	(9,136)	(9,138)
Economic Services		(37,176)	(40,257)	(40,442)
	2(a)	<u>(116,624)</u>	<u>(180,164)</u>	<u>(133,106)</u>
Non-Operating Grants and Subsidies				
General Purpose Funding		30,000	0	0
Law, Order, Public Safety		783,811	1,043,240	234,862
Education and Welfare		0	0	6,338
Recreation & Culture		1,453,537	1,760,548	912,069
Transport		1,422,289	1,845,058	9,334,512
Economic Services		24,000	90,000	36,000
		<u>3,713,637</u>	<u>4,738,846</u>	<u>10,523,781</u>
Profit/(Loss) on Disposal of Assets				
Governance		0	1,932	2,598
Law, Order, Public Safety		(250,539)	0	(37,439)
Health		0	(2,573)	1,213
Community Amenities		0	(6,986)	(3,015)
Recreation & Culture		(50,113)	0	(451,899)
Transport		(95,940)	(39,882)	12,853
Other Property and Services		0	0	0
		<u>(396,592)</u>	<u>(47,509)</u>	<u>(475,689)</u>
Loss on Revaluation of Fixed Assets				
Net Result		<u>206,216</u>	<u>2,138,988</u>	<u>6,770,230</u>
Other Comprehensive Income				
Changes on revaluation of non-current assets	13	(402,026)	0	2,317,859
Total Other Comprehensive Income		<u>(402,026)</u>	<u>0</u>	<u>2,317,859</u>
Write back of Deferred Liability	10	106,700	0	0
Total Comprehensive Income		<u>(89,110)</u>	<u>2,138,988</u>	<u>9,088,089</u>

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

**SHIRE OF DENMARK
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2017**

	NOTE	2017 \$	2016 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	12,353,732	14,518,398
Trade and Other Receivables	4	706,746	965,375
Inventories	5	167,776	219,490
TOTAL CURRENT ASSETS		<u>13,228,254</u>	<u>15,703,264</u>
NON-CURRENT ASSETS			
Other Receivables	4	676,160	296,146
Investments	6	131,326	131,326
Property, Plant and Equipment	7	33,581,312	32,805,060
Infrastructure	8	263,621,117	263,610,228
TOTAL NON-CURRENT ASSETS		<u>298,009,913</u>	<u>296,842,759</u>
TOTAL ASSETS		<u>311,238,168</u>	<u>312,546,023</u>
CURRENT LIABILITIES			
Trade and Other Payables	9	1,229,400	2,631,281
Current Portion of Long Term Borrowings	10	270,579	239,966
Provisions	11	972,601	998,112
TOTAL CURRENT LIABILITIES		<u>2,472,580</u>	<u>3,869,359</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	10	2,694,191	2,482,857
Deferred Liabilities	10	0	106,700
Provisions	11	193,671	120,950
TOTAL NON-CURRENT LIABILITIES		<u>2,887,862</u>	<u>2,710,507</u>
TOTAL LIABILITIES		<u>5,360,442</u>	<u>6,579,866</u>
NET ASSETS		<u>305,877,716</u>	<u>305,966,157</u>
EQUITY			
Retained Surplus		22,984,164	22,444,012
Reserves - Cash Backed	12	10,645,754	10,872,990
Revaluation Surplus	13	272,247,797	272,649,823
TOTAL EQUITY		<u>305,877,716</u>	<u>305,966,825</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 2017

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2015		22,437,215	4,109,558	270,331,964	296,878,735
Comprehensive Income					
Net Result		6,770,230	0	0	6,770,230
Revaluation Reserve Adjustments				2,317,859	2,317,859
Changes on Revaluation of Non-Current Assets	13	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		6,770,230	0	2,317,859	9,088,089
Transfers from/(to) Reserves		<u>(6,763,433)</u>	<u>6,763,433</u>	<u>0</u>	<u>0</u>
Balance as at 30 June 2016		22,444,012	10,872,990	272,649,823	305,966,825
Comprehensive Income					
Net Result		206,216	0	0	206,216
Write back of Deferred Liability		106,700	0	0	106,700
Changes on Revaluation of Non-Current Assets	13	<u>0</u>	<u>0</u>	<u>(402,026)</u>	<u>(402,026)</u>
Total Comprehensive Income		312,916	0	(402,026)	(89,110)
Transfers from/(to) Reserves		<u>227,236</u>	<u>(227,236)</u>	<u>0</u>	<u>0</u>
Balance as at 30 June 2017		22,984,164	10,645,754	272,247,797	305,877,716

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

**SHIRE OF DENMARK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 \$	2017 Budget \$	2016 \$
Cash Flows From Operating Activities				
Receipts				
Rates		5,832,524	5,970,080	5,641,296
Operating Grants, Subsidies		2,442,712	1,434,207	802,905
Contributions and Reimbursements		318,685	345,902	393,788
Fees and Charges		2,529,502	2,880,856	2,888,893
Service Charges		0	0	0
Interest Earnings		306,623	366,294	249,088
Goods and Services Tax		0	0	35,642
Other Revenue		404,868	333,740	367,547
		<u>11,834,914</u>	<u>11,331,079</u>	<u>10,379,159</u>
Payments				
Employee Costs		(5,720,672)	(5,503,147)	(5,432,408)
Materials and Contracts		(3,292,456)	(1,892,428)	(1,320,400)
Utility Charges		(229,967)	(228,523)	(228,273)
Interest Expenses		(162,756)	(237,241)	(135,849)
Insurance Expenses		(233,172)	(174,859)	(202,546)
Goods and Services Tax		(99,663)	0	0
Other Expenditure		(828,257)	(841,952)	(794,046)
		<u>(10,566,943)</u>	<u>(8,878,150)</u>	<u>(8,113,522)</u>
Net Cash Provided By (Used In) Operating Activities	14(b)	<u>1,267,971</u>	<u>2,452,930</u>	<u>2,265,637</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		0	0	0
Payments for Purchase of Property, Plant & Equipment		(3,409,607)	(2,894,915)	(4,046,819)
Payments for Construction of Infrastructure		(3,696,200)	(10,209,006)	(2,084,026)
Advances to Community Groups		0	0	0
Non-Operating Grants, Subsidies and Contributions		3,713,637	5,237,549	10,523,781
Proceeds from Sale of Fixed Assets		122,727	141,564	98,055
		<u>0</u>	<u>0</u>	<u>0</u>
Net Cash Provided by (Used in) Investment Activities		<u>(3,269,442)</u>	<u>(7,724,808)</u>	4,490,991
Cash Flows from Financing Activities				
Repayment of Debentures		(248,906)	(322,328)	(286,782)
Proceeds from Self Supporting Loans		(405,141)	44,953	27,563
Proceeds from New Debentures		490,852	1,300,852	940,000
Net Cash Provided By (Used In) Financing Activities		<u>(163,195)</u>	1,023,477	680,781
Net Increase (Decrease) in Cash Held Cash at Beginning of Year		<u>(2,164,666)</u>	<u>(4,248,401)</u>	7,437,410
Cash and Cash Equivalents at the End of the Year	14(a)	<u>12,353,732</u>	<u>10,260,791</u>	<u>14,518,398</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 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
Revenue				
Governance		40,833	24,561	30,721
General Purpose Funding		1,977,402	1,423,987	894,445
Law, Order, Public Safety		1,087,617	345,926	528,611
Health		42,766	39,552	44,121
Education and Welfare		23,743	14,998	59,334
Housing		8,004	8,250	9,644
Community Amenities		1,519,051	1,585,466	1,555,258
Recreation and Culture		1,857,107	1,695,120	1,237,400
Transport		1,810,223	4,227,452	9,672,709
Economic Services		764,212	1,109,474	1,109,213
Other Property and Services		207,169	180,121	204,595
		<u>9,338,127</u>	<u>10,654,907</u>	<u>15,346,051</u>
Expenses				
Governance		(596,394)	(615,767)	(589,729)
General Purpose Funding		(453,437)	(441,909)	(446,355)
Law, Order, Public Safety		(1,937,502)	(1,266,522)	(1,276,605)
Health		(263,093)	(284,516)	(269,743)
Education and Welfare		(281,018)	(287,411)	(276,232)
Housing		(104,942)	(111,155)	(98,277)
Community Amenities		(2,332,913)	(2,285,686)	(2,227,224)
Recreation and Culture		(2,616,922)	(2,511,518)	(3,218,604)
Transport		(5,479,877)	(5,105,807)	(5,148,541)
Economic Services		(974,572)	(1,157,029)	(1,050,983)
Other Property and Services		(207,365)	(132,524)	(131,283)
		<u>(15,248,035)</u>	<u>(14,199,843)</u>	<u>(14,733,576)</u>
Net Result Excluding Rates		(5,909,908)	(3,544,936)	612,475
Adjustments for Cash Budget Requirements:				
(Profit)/Loss on Asset Disposals	21	396,592	27,400	475,689
Movement in Deferred Pensioner Rates (Non-Current)		6,017	0	(3,533)
Movement in Employee Benefit Provisions		47,210	0	64,266
Depreciation and Amortisation on Assets	2(a)	5,397,320	4,992,321	4,974,892
Movement in Accrued Interest		3,981	3,819	1,172
Movement in Accrued Income		1,039	8,500	(1,256)
Movement in Accrued Expenses		43,604	0	0
Movement in Accrued Sal & Wages		34,873	0	(11,873)
Revaluation Reserve Adjustments		0	0	0
Capital Expenditure and Revenue				
Purchase Land and Buildings	7(a)	(1,693,723)	(1,847,311)	(3,195,400)
Purchase Furniture and Equipment	7(a)	(66,984)	(75,500)	(56,975)
Purchase Plant and Equipment	7(a)	(1,648,899)	(972,104)	(794,445)
Purchase Roads & Paths	8(a)	(2,013,046)	(10,209,006)	(1,585,900)
Purchase Parks & Gardens	8(a)	(849,202)	0	(469,359)
Purchase Airstrip	8(a)	(138,375)	0	0
Purchase Bridges	8(a)	(695,577)	0	(28,768)
Proceeds from Disposal of Fixed Assets	21	122,727	141,564	98,055
Repayment of Debentures	22(a)	(248,906)	(322,328)	(286,782)
Proceeds from New Debentures	22(a)	490,852	1,300,852	940,000
Proceeds from Self Supporting Loans		44,953	44,953	27,563
Transfers to Reserves (Restricted Assets)	12	(1,124,312)	(457,772)	(8,663,466)
Transfers from Reserves (Restricted Assets)	12	1,351,548	3,635,018	1,900,033
Transfers (Restricted Assets Grants Unspent)	12	0	0	(1,229,315)
Transfer Back Grants Unspent		469,183	1,229,315	895,865
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	23(b)	940,402	127,586	1,621,255
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	23(b)	834,612	2,452	940,402
Total Amount Raised from General Rate	23(a)	<u>(5,873,245)</u>	<u>(5,920,080)</u>	<u>(5,656,209)</u>

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

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 20 to these financial statements.

(a) Goods and Services Tax (GST)

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

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

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

(b) Cash and Cash Equivalents

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

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

(c) Trade and Other Receivables

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

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

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Trade and Other Receivables cont'd

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

(d) Inventories

General

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

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

Land held for sale

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

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

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

(e) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2016 all non-current assets were carried at Fair Value in accordance with the the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

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

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Land under control

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

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

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

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

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

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

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 Shire.

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Depreciation

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

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset are:

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets	
clearing and earthworks	not depreciated
construction/road base	50 years
original surfacing and	
major re-surfacing	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
gravel sheet	12 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	40 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years
Bridges	75 years

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

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

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

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

(f) Fair Value of Assets and Liabilities

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

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

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

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

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

Fair Value Hierarchy

AASB 113 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities (continued)

Market approach

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

Income approach

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

Cost approach

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

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

(g) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

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

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Classification and Subsequent Measurement (continued)

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

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

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

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

(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 payments.

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

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

(v) Financial liabilities

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

Impairment

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

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

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Impairment cont'd

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

Derecognition

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

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

(h) Impairment of Assets

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

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

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

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

(i) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

(j) Employee Benefits

Short-Term Employee Benefits

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

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

Other Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Employee Benefits (continued)

Other Long-Term Employee Benefits cont'd

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

(k) Borrowing Costs

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

(l) Provisions

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

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

(m) Leases

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

Finance leases are capitalised recording an asset and a liability at the lower 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 for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

(n) Investments in Associates

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

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

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

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 17.

(p) 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.

(q) Superannuation

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

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

(s) Rounding Off Figures

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

(t) Comparative Figures

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

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

(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 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 – Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	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 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.

Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are: - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services.

Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

(w) Adoption of New and Revised Accounting Standards

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

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

- (i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

[AASB 10, 124 & 1049]

The objective of this Standard was to extend the scope of AASB 124 Related Party Disclosures to include not-for-profit sector entities.

The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES	2017	2016	
	\$	\$	
(a) Net Result			
The Net Result includes:			
(i) Charging as an Expense:			
Significant Expense	<u>0</u>	<u>0</u>	
Auditors Remuneration			
- Audit of the annual financial report	25,882	21,500	
- Financial Management Review			
- Assistance with the finalisation of the annual financial report		3,950	
Depreciation			
Non-Specialised Buildings	604,806	556,437	
Specialised Buildings	0	0	
Furniture and Equipment	62,668	74,805	
Plant and Equipment	1,044,534	775,700	
Tools	0	0	
Roads	3,354,696	3,280,878	
Parks & Gardens	218,023	194,258	
Airstrip	19,750	19,750	
Bridges	92,843	73,062	
	<u>5,397,321</u>	<u>4,974,892</u>	
Interest Expenses (Finance Costs)			
Debentures (<i>refer Note 22.(a)</i>)	166,737	137,020	
	<u>166,737</u>	<u>137,020</u>	
Rental Charges			
- Operating Leases	15,245	15,120	
	<u>15,245</u>	<u>15,120</u>	
(ii) Crediting as Revenue:			
Other Revenue			
Reimbursements and Recoveries	217,077	0	
Other	187,791	336,682	
	<u>404,868</u>	<u>336,682</u>	
	2017	2017	2016
	Actual	Budget	Actual
	\$	\$	\$
Interest Earnings			
- Self Supporting Loans	25,551	31,000	26,039
- Reserve Funds	182,866	181,816	116,730
- Other Funds	57,113	167,000	81,173
Other Interest Revenue (<i>refer note 27</i>)	41,093	32,000	25,146
	<u>306,623</u>	<u>411,816</u>	<u>249,089</u>

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

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

GENERAL PURPOSE FUNDING

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

LAW, ORDER, PUBLIC SAFETY

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

HEALTH

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

EDUCATION AND WELFARE

Assistance to early childhood education, provision of educational scholarships, youth services, aged and disability programs

HOUSING

Lionsville Aged Accommodation self supporting loans.

COMMUNITY AMENITIES

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

RECREATION AND CULTURE

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

TRANSPORT

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

BUILDING & ECONOMIC SERVICES

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

OTHER PROPERTY & SERVICES

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

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance ⁽¹⁾ 01/07/15	Received ⁽²⁾ 2015/16	Expended ⁽³⁾ 2015/16	Closing Balance ⁽¹⁾ 30/06/16	Received ⁽²⁾ 2016/17	Expended ⁽³⁾ 2016/17	Closing Balance 30/06/17
Grant/Contribution		\$	\$	\$	\$	\$	\$	\$
Function/ Activity	Activity							
Pension Deferred Grant	General Purpose	0	1,119	(1,119)	0	688	(688)	0
Grants Commission	General Purpose	0	507,168	(507,168)	0	1,648,328	(1,648,328)	0
Youth Development Scholarship	Administration	0	0	0	0	9,750	(9,750)	0
Thank a Volunteer	Law, Order	0	0	0	0	1,000	(1,000)	0
Lotterywesy Command Vehicle	Law, Order	0	0	0	0	47,887	(47,887)	0
ESL Grants	Law, Order	0	396,028	(396,028)	0	892,834	(892,834)	0
Council of the Ageing	Welfare	0	0	0	0	750	(750)	0
Drug Aware DYS Streetball	Welfare	0	29,750	(8,920)	20,830	0	(20,830)	0
National Youth Week	Welfare	0	1,000	(1,000)	0	0	0	0
Youth Scholarship	Welfare	0	0	0	0	7,000	(7,000)	0
Community Crime Prevention	Welfare	0	6,338	0	6,338	0	(6,338)	0
Sustainability Projects - Works	Environment	0	0	0	0	15,000	(15,000)	0
Dieback Implementation	Environment	0	0	0	0	10,000	(10,000)	0
Ocean Beach Alternate Launch	Recreation	0	0	0	0	14,811	(14,811)	0
Recreation Plan	Recreation	0	0	0	0	13,927	0	13,927
Stronger Communities Program	Recreation	0	0	0	0	15,000	(15,000)	0
Sport 4 All - Kidsport Program	Recreation	0	24,000	(24,000)	0	30,000	(30,000)	0
Lotterywest Community Park	Recreation	0	25,500	(25,500)	0	6,900	(6,900)	0
Riverside Club Stage1	Recreation	0	686,569	(686,569)	0	1,168,110	(1,168,110)	0
WOW Walk & Ride Trail	Recreation	0	200,000	0	200,000	150,909	(350,909)	0
Old Hospital Upgrades	Recreation	0	0	0	0	112,618	(112,618)	0
Recreational Boating Facilities	Recreation	0	0	0	0	0	0	0
Youth Support Service	Recreation	0	29,295	(25,218)	4,077	29,764	(33,840)	0
Activation Pilot Project	Recreation	0	4,740	(4,740)	0	0	0	0
Main Roads Grants	Transport	0	731,753	(608,529)	123,224	470,359	(593,583)	0
Roadwise	Transport	0	0	0	0	1,591	(1,591)	0
Roads to Recovery	Transport	15,067	634,374	(128,265)	521,176	704,513	(770,433)	455,256
Royalties for Regions - Roads	Transport	103,168	0	(103,168)	0	0	0	0
Denmark East Development	Transport	0	7,626,000	(7,626,000)	0	0	0	0
CSRf Timber Roads	Transport	0	120,000	(120,000)	0	125,000	(125,000)	0
Bridge improvements	Transport	42,614	317,885	(60,499)	300,000	172,419	(472,419)	0
Tourism Overflow Camping	Economic	248,324	0	(248,324)	0	0	0	0
Airport Water Bomber Upgrade	Economic	0	0	0	0	58,800	(58,800)	0
Parry Beach Ablutions	Economic	0	36,000	(36,000)	0	24,000	(24,000)	0
CLGF Regional	Economic	53,670	0	0	53,670	0	(53,670)	0
Total		462,843	11,377,519	(10,611,047)	1,229,315	5,731,958	(6,492,089)	469,163

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions		Opening Balance ⁽¹⁾ 01/07/15	Received ⁽²⁾ 2015/16	Expended ⁽³⁾ 2015/16	Closing Balance ⁽¹⁾ 30/06/16	Received ⁽²⁾ 2016/17	Expended ⁽³⁾ 2016/17	Closing Balance 30/06/17
Restricted Creditors		\$	\$	\$	\$	\$	\$	\$
Function/ Activity	Activity							
Fire Break Conditions	Law Order	4,770	0	0	4,770	0	0	4,770
Animal Equipment Hire Bonds	Law Order	0	50	(50)	0	0	0	0
Developer Contributions	Community	97,215	57,690	0	154,905	89,756	0	244,661
Tree Planting Bond	Environment	2,200	9,108	0	11,308	29,949	(2,200)	39,057
Civic Centre Bonds	Recreation	6,580	2,923	(3,796)	5,707	2,651	(2,644)	5,714
Recreation Centre Bonds	Recreation	1,520	1,000	(700)	1,820	840	(1,340)	1,320
Bus Hire Bond	Recreation	4,360	3,600	(2,700)	5,260	3,900	(5,580)	3,580
Relocated Dwelling Deposit	Transport	20,500	10,000	(2,500)	28,000	5,000	(3,000)	30,000
Contributions in lieu of Parking	Transport	20,565	0	0	20,565	0	0	20,565
Contributions to Roadworks	Transport	286,144	56,903	(98,097)	244,949	4,281	(29,854)	249,230
Retention on Works	Transport	280,363	9,089	(123,864)	165,588	57,436	0	193,170
Riverbend House Bonds	Transport	0	0	0	0	860	0	860
Extractive Industry Bonds	Economic	9,900	0	0	9,900	2,200	0	12,100
Total		734,118	150,361	(231,707)	652,771	196,873	(44,618)	805,026

Notes:

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

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

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

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	Note	2017 \$	2016 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		319,594	1,715,943
Restricted		<u>12,034,138</u>	<u>12,802,455</u>
		<u>12,353,732</u>	<u>14,518,398</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	12	417,589	407,840
Plant Reserve	12	586,814	1,082,964
Parry Inlet Reserve	12	98,282	106,015
Cemetery Reserve	12	1,972	1,926
Lime Quarry Rehabilitation Reserve	12	166,217	211,535
Land and Building Reserve	12	379,933	371,063
Refuse Site Development Reserve	12	531,293	623,683
Kwoorabup Community Park Reserve	12	73,556	91,508
Aquatic Facility Development Reserve	12	94,862	92,709
Lionsville Reserve	12	412,625	460,932
Peaceful Bay Water Supply Reserve	12	50,148	32,987
Rivermouth Caravan Park Reserve	12	51,192	30,317
Peaceful Bay Caravan Park Reserve	12	25,596	15,159
Loan Funding Reserve	12	0	0
Recreation Centre Equipment Reserve	12	40,664	20,035
Denmark East Development Reserve	12	7,715,015	7,324,320
Unspent Grants	2(c)	469,183	1,229,315
Restricted Creditors	2(c)	805,026	652,772
Income Received in Advance		<u>114,171</u>	<u>47,376</u>
		<u>12,034,138</u>	<u>12,802,455</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		337,260	290,522
Sundry Debtors		250,505	673,856
GST Receivable		64,021	(35,642)
Loans - Clubs/Institutions		49,301	30,191
Accrued Income		5,659	6,698
Short Term Loan DTI		0	(251)
		<u>706,746</u>	<u>965,374</u>
Non-Current			
Rates Outstanding - Pensioners		40,529	46,546
Loans - Clubs/Institutions		635,631	249,600
		<u>676,160</u>	<u>296,146</u>
5. INVENTORIES			
Current			
Fuel and Oils		19,553	32,318
Materials		148,223	187,172
		<u>167,776</u>	<u>219,490</u>
6. INVESTMENTS			
Non-Current			
Local Govt House Units		131,226	131,226
Denmark Co-op Shares		100	100
		<u>131,326</u>	<u>131,326</u>

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017 \$	2016 \$
7. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at 2014	0	1,371,770
- Independent Valuation 2017	3,244,308	
- Additions after Valuation - Cost	<u>0</u>	<u>1,842,701</u>
	<u>3,244,308</u>	<u>3,214,472</u>
Land Vested In and Under the Control of Council at 2014	0	1,470,320
- Independent Valuation 2017	1,470,320	0
- Cost	<u>0</u>	<u>0</u>
	<u>1,470,320</u>	<u>1,470,320</u>
Total Land	<u><u>4,714,628</u></u>	<u><u>4,684,792</u></u>
Non-Specialised Buildings at 2014	0	20,543,201
- Independent Valuation 2017	22,684,956	
- Additions after Valuation - Cost	0	2,565,993
Less: Accumulated Depreciation	<u>(158,168)</u>	<u>(1,189,348)</u>
	<u>22,526,789</u>	<u>21,919,848</u>
Specialised Buildings at:		
- Independent Valuation 2014	0	0
- Cost	0	0
Less: Accumulated Depreciation	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
Total Buildings	<u><u>22,526,789</u></u>	<u><u>21,919,848</u></u>
Total Land and Buildings	<u><u>27,241,417</u></u>	<u><u>26,604,640</u></u>
Furniture and Equipment at: Management Valuation 2016	140,116	140,116
- Management Valuation 2013	0	0
- Additions after Valuation - Cost	66,984	0
Less Accumulated Depreciation	<u>(62,668)</u>	<u>0</u>
	<u>144,432</u>	<u>140,116</u>
Plant and Equipment at: Management Valuation 2016	5,591,096	6,060,302
- Management Valuation 2013	0	0
- Additions after Valuation - Cost	1,648,899	0
Less Accumulated Depreciation	<u>(1,044,534)</u>	<u>0</u>
	<u>6,195,461</u>	<u>6,060,302</u>
	<u><u>33,581,312</u></u>	<u><u>32,805,060</u></u>

The fair value of property, plant and equipment is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/(Decrements)	Impairment (Losses)/Reversals	Depreciation (Expense)	Carrying Amount at the End of Year
	\$	\$	\$	\$	\$	\$	\$
Freehold Land (Level 2)	3,214,472	29,837	0	0	0	0	3,244,309
Land Vested In and Under the Control of Council (Level 3)	1,470,320	0	0	0	0	0	1,470,320
Total Land	4,684,792	29,837	0	0	0	0	4,714,629
Non-Specialised Buildings (Level 2)	21,919,848	1,663,886	(50,113)	(402,026)	0	(604,806)	22,526,789
Specialised Buildings (Level 3)	0	0	0	0	0	0	0
Total Buildings	21,919,848	1,663,886	(50,113)	(402,026)	0	(604,806)	22,526,789
Total Land and Buildings	26,604,640	1,693,723	(50,113)	(402,026)	0	(604,806)	27,241,418
Furniture and Equipment (Level 3)	140,116	66,984	0	0	0	(62,668)	144,434
Plant and Equipment (Level 2)	6,060,302	1,648,899	(469,206)	0	0	(1,044,534)	6,195,461
Total Property, Plant and Equipment	32,805,059	3,409,607	(519,319)	(402,026)	0	(1,712,008)	33,581,312

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land and buildings					
Freehold land	2	Market approach using recent observable market data for similar properties	Management Valuation	June 2017	Using market value
Land vested in and under the control of Council	3	Cost approach	Management Valuation	June 2017	Using market value
Non-specialised buildings	2	Market	Hemsley Paterson Valuers	June 2017	Using market value and current condition, residual values and remaining useful life assessments
Specialised buildings	3	Cost	Hemsley Paterson Valuers	June 2017	Using construction costs and current condition, residual values and remaining useful life assessments
Plant & Equipment					
	2	Market approach using recent observable market data for similar items or cost approach using depreciated replacement cost	Howson Management P/L	June 2016	Price per item
Furniture and equipment	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Price per item

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

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
8. INFRASTRUCTURE		
Roads & Paths		
- Management Valuation 2015	246,229,001	247,923,979
- Additions after Valuation - Cost	2,013,046	1,585,900
- Cost	0	0
Less Accumulated Depreciation	<u>(3,354,696)</u>	<u>(3,280,878)</u>
	<u>244,887,351</u>	<u>246,229,001</u>
Parks & Gardens		
- Management Valuation 2015	9,028,264	8,753,163
- Additions after Valuation - Cost	849,202	469,359
- Cost	0	0
Less Accumulated Depreciation	<u>(218,023)</u>	<u>(194,258)</u>
	<u>9,659,443</u>	<u>9,028,264</u>
Airstrip		
- Management Valuation 2015	750,250	770,000
- Additions after Valuation - Cost	138,375	0
- Cost	0	0
Less Accumulated Depreciation	<u>(19,750)</u>	<u>(19,750)</u>
	<u>868,875</u>	<u>750,250</u>
Bridges		
- Management Valuation 2015	7,602,712	7,647,007
- Additions after Valuation - Cost	695,577	28,768
- Cost	0	0
Less Accumulated Depreciation	<u>(92,843)</u>	<u>(73,062)</u>
	<u>8,205,446</u>	<u>7,602,712</u>
	<u>263,621,117</u>	<u>263,610,228</u>

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

8. INFRASTRUCTURE (Continued)

(a) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Roads & Paths	246,229,001	2,013,046	0	0	0	(3,354,696)	244,887,352
Parks & Gardens	9,028,264	849,202	0	0	0	(218,023)	9,659,443
Airstrip	750,250	138,375	0	0	0	(19,750)	868,875
Bridges	7,602,712	695,577	0	0	0	(92,843)	8,205,446
Total	263,610,228	3,696,200	0	0	0	(3,685,312)	263,621,117

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

8. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Roads	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments. Used Romans software to calculate
Footpaths	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments. Used Romans software to calculate
Drainage	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments. Used Romans software to calculate
Parks and Ovals	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Average square metre rate for redevelopment based on other shire construction rates
Other Infrastructure	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments
Airstrip	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition, residual values and remaining useful life assessments

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

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

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors and Accruals	247,506	1,849,193
Accrued Interest on Debentures	18,033	14,052
Accrued Salaries and Wages	0	0
Accrued RDO's	88,267	67,220
Accrued Expenses	(43,604)	0
Income Received In Advance	114,171	47,376
Bonds & Deposits	805,027	652,772
	<u>1,229,400</u>	<u>2,630,613</u>

10. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge Debentures	<u>270,579</u>	<u>239,966</u>
	<u>270,579</u>	<u>239,966</u>
Non-Current		
Secured by Floating Charge Debentures	<u>2,694,191</u>	<u>2,482,857</u>
	<u>2,694,191</u>	<u>2,482,857</u>

Additional detail on borrowings is provided in Note 22.

Deferred Liabilities

Peaceful Bay Caravan Park Buildings	0	82,000
Rivermouth Caravan Park Buildings	<u>0</u>	<u>24,700</u>
	<u>0</u>	<u>106,700</u>

Lease agreements provide for reimbursement of lessee capital improvements only in the event the lease is terminated and the land is re-leased for caravan park use within two years. In the event of that occurrence, it is probable that the new lessee's would purchase the capital improvements.

Accordingly the deferred liabilities have been derecognised.

11. PROVISIONS

Analysis of Total Provisions

Current	972,601	998,112
Non-Current	<u>193,671</u>	<u>120,950</u>
	<u>1,166,272</u>	<u>1,119,063</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2016	641,327	477,736	1,119,063
Additional provision	(7,686)	54,896	47,210
Balance at 30 June 2017	<u>633,641</u>	<u>532,632</u>	<u>1,166,272</u>

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017 \$	2017 Budget \$	2016 \$
12. RESERVES - CASH BACKED			
(a) Employee Entitlements Reserve			
Opening Balance	407,840	407,839	396,626
Amount Set Aside / Transfer to Reserve	9,749	8,564	11,214
Amount Used / Transfer from Reserve	0	0	0
	<u>417,589</u>	<u>416,403</u>	<u>407,840</u>
(b) Plant Reserve			
Opening Balance	1,082,964	1,082,964	1,130,256
Amount Set Aside / Transfer to Reserve	172,001	172,742	481,310
Amount Used / Transfer from Reserve	<u>(668,151)</u>	<u>(706,540)</u>	<u>(528,602)</u>
	<u>586,814</u>	<u>549,166</u>	<u>1,082,964</u>
(c) Parry Inlet Reserve			
Opening Balance	106,015	106,014	71,971
Amount Set Aside / Transfer to Reserve	129,368	51,932	84,044
Amount Used / Transfer from Reserve	<u>(137,101)</u>	<u>(98,343)</u>	<u>(50,000)</u>
	<u>98,282</u>	<u>59,603</u>	<u>106,015</u>
(d) Cemetery Reserve			
Opening Balance	1,926	1,926	1,873
Amount Set Aside / Transfer to Reserve	46	40	53
Amount Used / Transfer from Reserve	0	0	0
	<u>1,972</u>	<u>1,966</u>	<u>1,926</u>
(e) Lime Quarry Rehabilitation Reserve			
Opening Balance	211,535	211,535	157,010
Amount Set Aside / Transfer to Reserve	14,682	14,442	54,525
Amount Used / Transfer from Reserve	<u>(60,000)</u>	<u>(70,000)</u>	<u>0</u>
	<u>166,217</u>	<u>155,977</u>	<u>211,535</u>
(f) Land and Building Reserve			
Opening Balance	371,063	371,063	1,135,337
Amount Set Aside / Transfer to Reserve	8,870	7,792	30,726
Amount Used / Transfer from Reserve	0	0	<u>(795,000)</u>
	<u>379,933</u>	<u>378,855</u>	<u>371,063</u>
(g) Refuse Site Development Reserve			
Opening Balance	623,683	623,683	557,826
Amount Set Aside / Transfer to Reserve	14,110	13,097	65,857
Amount Used / Transfer from Reserve	<u>(106,500)</u>	<u>(88,000)</u>	<u>0</u>
	<u>531,293</u>	<u>548,780</u>	<u>623,683</u>
(h) Kwoorabup Community Park Reserve			
Opening Balance	91,508	91,517	89,002
Amount Set Aside / Transfer to Reserve	2,038	1,922	2,506
Amount Used / Transfer from Reserve	<u>(19,990)</u>	<u>(19,990)</u>	<u>0</u>
	<u>73,556</u>	<u>73,449</u>	<u>91,508</u>
(i) Aquatic Facility Development Reserve			
Opening Balance	92,709	90,061	87,585
Amount Set Aside / Transfer to Reserve	2,153	1,891	5,124
Amount Used / Transfer from Reserve	0	0	0
	<u>94,862</u>	<u>91,952</u>	<u>92,709</u>
(j) Lionsville Reserve			
Opening Balance	460,932	463,569	450,823
Amount Set Aside / Transfer to Reserve	10,639	9,734	10,109
Amount Used / Transfer from Reserve	<u>(58,946)</u>	<u>(78,825)</u>	<u>0</u>
	<u>412,625</u>	<u>394,478</u>	<u>460,932</u>
(k) Peaceful Bay Water Supply Reserve			
Opening Balance	32,987	32,987	16,250
Amount Set Aside / Transfer to Reserve	17,160	16,942	16,737
Amount Used / Transfer from Reserve	0	0	0
	<u>50,148</u>	<u>49,929</u>	<u>32,987</u>

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2017 \$	2017 Budget	2016 \$
12. RESERVES - CASH BACKED (continued)			
(l) Rivermouth Caravan Park Reserve			
Opening Balance	30,317	30,317	10,000
Amount Set Aside / Transfer to Reserve	20,875	20,636	20,317
Amount Used / Transfer from Reserve	0	0	0
	<u>51,192</u>	<u>50,953</u>	<u>30,317</u>
(m) Peaceful Bay Caravan Park Reserve			
Opening Balance	15,159	15,159	5,000
Amount Set Aside / Transfer to Reserve	10,437	10,318	10,159
Amount Used / Transfer from Reserve	0	0	0
	<u>25,596</u>	<u>25,477</u>	<u>15,159</u>
(n) Loan Funding Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	0	0	526,431
Amount Used / Transfer from Reserve	0	0	(526,431)
	<u>0</u>	<u>0</u>	<u>0</u>
(o) Recreation Centre Equipment Reserve			
Opening Balance	20,035	20,035	0
Amount Set Aside / Transfer to Reserve	20,629	20,420	20,035
Amount Used / Transfer from Reserve	0	0	0
	<u>40,664</u>	<u>40,455</u>	<u>20,035</u>
(p) Denmark East Development Reserve			
Opening Balance	7,324,320	7,324,320	0
Amount Set Aside / Transfer to Reserve	691,555	107,300	7,324,320
Amount Used / Transfer from Reserve	(300,860)	(2,573,320)	0
	<u>7,715,015</u>	<u>4,858,300</u>	<u>7,324,320</u>
TOTAL RESERVES	<u>10,645,758</u>	<u>7,695,744</u>	<u>10,872,992</u>
Total Opening Balance	10,872,992	10,872,992	4,109,559
Total Amount Set Aside / Transfer to Reserve	1,124,312	457,772	8,663,466
Total Amount Used / Transfer from Reserve	(1,351,548)	(3,635,018)	(1,900,033)
TOTAL RESERVES	<u>10,645,756</u>	<u>7,695,748</u>	<u>10,872,992</u>

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.
In accordance with council resolutions in relation to each reserve account, the purpose for which the funds are set aside are as follows:

- (a) Employee Entitlements Reserve**
- to be used to fund employee entitlements.
- (b) Plant Reserve**
- to be used for the purchase of major plant as per the plant replacement schedule.
- (c) Parry Inlet Reserve**
- to be utilised to carry out improvements and maintenance on the Parry Beach Reserve.
- (d) Cemetery Reserve**
- to be used for the construction of new facilities at the Denmark Cemetery.
- (e) Lime Quarry Rehabilitation Reserve**
- to be used for the rehabilitation of the Shire Lime Quarry (Reserve 46273, Ocean Beach Road).
- (f) Land and Building Reserve**
- to be used for the construction of new building or land purchases.
- (g) Refuse Site Development Reserve**
- to be used for land acquisition and development of a new refuse facility.
- (h) Kwoorabup Community Park Reserve**
- to be used for the development of the Kwoorabup Community Park.
- (i) Aquatic Facility Development Reserve**
- to be used for the development of a Aquatic Facility.

SHIRE OF DENMARK
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12. RESERVES - CASH BACKED (continued)

- (j) Lionsville Reserve**
- to be used for the future repayment of loan funds.
- (k) Peaceful Bay Water Supply Reserve**
- to be used for future requirements as per asset plan.
- (l) Rivermouth Caravan Park Reserve**
- to be used for the future requirements with respect to site and end of lease conditions and adjoining reserves
- (m) Peaceful Bay Caravan Park Reserve**
- to be used for the future requirements with respect to site and end of lease conditions and adjoining reserves
- (n) Loan Funding Reserve**
- to be used to maintain non self supporting loan repayment servicability and retain repayment capacity.
- (o) Recreation Centre Equipment Reserve**
- to be used for the renewal/upgrade of equipment located at the Denmark Recreationa Centre Facility.
- (p) Denmark East Development Reserve**
- to be used for the future payment of expenses of the Denmark East Development Project.

13. REVALUATION SURPLUS

	2017	2016
	\$	\$
Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:		
Land & Buildings		
Opening Balance	12,703,952	12,703,952
Revaluation Increment	0	0
Revaluation Decrement	(402,026)	0
	<u>12,301,926</u>	<u>12,703,952</u>
Plant & Equipment		
Opening Balance	2,572,847	254,988
Revaluation Increment	0	2,317,859
Revaluation Decrement	0	0
	<u>2,572,847</u>	<u>2,572,847</u>
Infrastructure		
Opening Balance	203,367,236	203,367,236
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>203,367,236</u>	<u>203,367,236</u>
Other Infrastructure		
Opening Balance	53,879,201	53,879,201
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>53,879,201</u>	<u>53,879,201</u>
Investments		
Opening Balance	126,587	126,587
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>126,587</u>	<u>126,587</u>
TOTAL ASSET REVALUATION SURPLUS	<u><u>272,247,797</u></u>	<u><u>272,649,823</u></u>

SHIRE OF DENMARK
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FOR THE YEAR ENDED 30TH JUNE 2017

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2017 \$	2017 Budget \$	2016 \$
Cash and Cash Equivalents	<u>12,353,732</u>	<u>10,260,791</u>	<u>14,518,398</u>

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

Net Result	206,216	2,375,145	6,770,230
Depreciation	5,397,321	4,992,321	4,974,892
(Profit)/Loss on Sale of Asset	396,593	27,400	475,689
(Increase)/Decrease in Receivables	284,435	233,041	11,926
(Increase)/Decrease in Inventories	51,714	14,572	(112,833)
Increase/(Decrease) in Payables	(1,401,881)	78,000	672,901
Increase/(Decrease) in Employee Provisions	47,210	0	(3,387)
Grants Contributions for the Development of Assets	(3,713,637)	(5,267,549)	(10,523,781)
Loss on Revaluation of Fixed Assets	0	0	0
Non-Current Assets recognised due to changes in legislative requirements	0	0	0
Net Cash from Operating Activities	<u>1,267,971</u>	<u>2,452,930</u>	<u>2,265,637</u>

	2017 \$	2016 \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	(30,000)	(30,000)
Credit Card Balance at Balance Date	(1,142)	5,843
Total Amount of Credit Unused	<u>(31,142)</u>	<u>(24,157)</u>
Loan Facilities		
Loan Facilities - Current	270,579	322,328
Loan Facilities - Non-Current	2,694,191	2,400,493
Total Facilities in Use at Balance Date	<u>2,964,771</u>	<u>2,722,822</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

15. CONTINGENT LIABILITIES

The Shire of Denmark has no current contingent liability claims.

16. CAPITAL AND LEASING COMMITMENTS	2017	2016
	\$	\$
(a) Operating Lease Commitments	<u>0</u>	<u>0</u>
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	25,784	15,245
	<u>25,784</u>	<u>15,245</u>
(b) Capital Expenditure Commitments	<u>0</u>	<u>0</u>

The Shire did not have any future capital expenditure commitments at the reporting date.

17. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2017	2016
	\$	\$
Governance	5,359,957	5,676,068
General Purpose Funding	337,260	290,522
Law, Order, Public Safety	4,260,970	4,478,976
Health	0	2,079
Education and Welfare	289,404	294,100
Housing	412,625	488,100
Community Amenities	3,329,370	3,560,596
Recreation and Culture	23,458,344	22,149,861
Transport	258,253,908	259,352,690
Economic Services	2,600,214	3,094,232
Other Property and Services	12,936,116	13,158,799
Unallocated	0	0
	<u>311,238,168</u>	<u>312,546,023</u>

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

19. FINANCIAL RATIOS	2017	2016	2015
Current Ratio	1.05	1.15	1.35
Asset Sustainability Ratio	0.40	0.39	1.36
Debt Service Cover Ratio	4.93	3.21	3.98
Operating Surplus Ratio	(0.39)	(0.41)	(0.22)
Own Source Revenue Coverage Ratio	0.60	0.64	0.72

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
---------------	--

Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
----------------------------	---

Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
--------------------------	--

Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
-------------------------	---

Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$
-----------------------------------	---

Notes:

Information relating to the Asset Consumption Ratio and the Asset Renewal Funding Ratio can be found at Supplementary Ratio Information on Page 55 of this document.

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$564,986

Three of the 2016 and 2015 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$537,126

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

	2017	2016	2015
Current Ratio	0.55	1.39	1.09
Operating Surplus Ratio	(0.46)	(0.36)	(0.28)
Debt Service Cover Ratio	3.59	4.47	2.83

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

20. TRUST FUNDS

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

	Balance 1-Jul-16	Amounts Received	Amounts Paid	Balance 30-Jun-17
	\$	\$	(\$)	\$
DPI Licensing	0	1,541,228	(1,541,228)	0
BCITF Training Levy	12,612	51,031	(48,320)	15,323
Building Levy	5,610	46,275	(43,411)	8,473
Bushfire Command Vehicle	2,100	4,500	0	6,600
Lieu of Open Space	174,287	4,738	0	179,025
Nomination Deposits	0	240	(240)	0
Councillor Donations	2,000	0	0	2,000
	196,610	1,648,012	(1,633,199)	211,421

21. DISPOSALS OF ASSETS - 2016/17

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land & Buildings						
Community Amenities						
Infant Health Clinic - demolished	50,113	0	0	0	(50,113)	0
Plant and Equipment						
Law & Order						
Ranger Utility DE 7	26,622	20,800	20,909	28,200	(5,713)	7,400
CESM Ford Ranger DE54	40,662	29,164	28,636	26,364	(12,026)	(2,800)
Ocean Beach Isuzu	72,000	0	0	0	(72,000)	0
1997 Hino Ranger	72,200	0	0	0	(72,200)	0
Shadforth/Scotsdale Hino	88,600	0	0	0	(88,600)	0
Transport						
Replace Mazda BT 50 CARW10	31,562	30,000	18,182	19,000	(13,380)	(11,000)
Replace Mitsubishi Single Cab CARW9	12,139	11,000	4,000	6,000	(8,139)	(5,000)
Replace Komatsu Grader GD555-3	125,422	78,000	51,000	60,000	(74,422)	(18,000)
Total Station - Survey Instrument	0	0	0	2,000		2,000
	519,321	168,964	122,727	141,564	(396,593)	(27,400)
					Profit	0
					Loss	9,400
					(396,593)	(36,800)
					(396,593)	(27,400)

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 01 July 2016 \$	New Loans \$	Principal Repayments		Principal 30 June 2017		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Government								
153 Photovoltaic System	52,687		12,389	12,387	40,298	40,298	2,228	2,302
Housing								
123 Lionsville S/Supporting *	102,487		22,663	22,663	79,824	79,824	7,453	7,611
142 Lionsville	484,494		22,722	22,722	461,772	461,772	35,963	36,103
154 Purchase Reserve 34209			0	27,430	0	(27,430)	0	8,021
155 Remediation Reserve 34209			0	46,630	0	(46,630)	0	8,020
Community Amenities								
156 Purchase Rubbish Truck	255,288		47,384	47,384	207,904	207,904	10,409	10,692
Recreation and Culture								
129 Scouts S/Supporting	25,680		2,809	2,809	22,871	22,871	1,548	1,568
144 Recreation Centre Expansion	35,386		8,083	8,083	27,303	27,303	2,234	2,277
145 Recreation - Tennis Club	29,960		6,844	6,844	23,116	23,116	1,892	1,928
147 Recreation - Football Clubrooms	184,155		8,477	8,477	175,678	175,678	12,829	12,876
148 Football Clubrooms S/Supporting *	14,154		3,233	3,233	10,921	10,921	894	911
Transport								
143 Airport	58,814		5,043	5,043	53,771	53,771	3,999	4,027
Economic Services								
131 Visitors Centre	183,342		25,612	25,612	157,730	157,730	13,505	13,641
152 Purchase Reserve 27101	356,374		15,158	15,158	341,216	341,216	23,671	23,764
157 Riverside Club S/Supporting *	450,000		16,248	16,248	433,752	433,752	17,613	18,704
159 Riverside Club Stage 1	0	490,852	8,940	8,304	481,912	482,548	16,326	9,301
158 Purchase Lot 228 Reserve 18587	490,000		43,301	43,301	446,699	446,699	16,174	13,113
	2,722,822	490,852	248,906	322,328	2,964,768	2,891,345	166,737	174,859

(*) 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 2017

22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2016/17

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
154 Purchase Reserve 34209	0	300,000	WATC	Council	5	33,559	3.95	0	300,000	
155 Remediation Reserve 34209	0	510,000	WATC	Council	5	57,050	3.95	0	510,000	
157 Purchase Land Kernuttis Road	0	181,221	WATC	Council	7	27,970	3.95	0	181,221	
159 Riverside Club Stage 1	490,852	490,852	WATC	Council	20	214,333	3.11	0	490,852	
	490,852	1,482,073				332,912		0	1,482,073	0

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2017.

(d) Overdraft

Council did not utilise an overdraft facility during the 2016/17 financial year.

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

23. RATING INFORMATION - 2016/17 FINANCIAL YEAR

(a) Rates		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 \$
RATE TYPE												
Differential General Rate												
1	Residential Developed	9.4300	1,184	16,133,512	1,521,390	4,193	(18,028)	1,507,555	1,521,390	30,000	3,000	1,554,390
2	Business/Commercial Developed	10.1200	134	4,854,594	491,285			491,285	491,285			491,285
3	Lifestyle Developed	9.4600	431	6,249,420	591,195			591,195	591,195			591,195
4	Rural Developed	10.1500	143	2,227,132	226,054			226,054	226,054			226,054
5	Holiday Use Developed	10.5500	111	1,599,988	168,799			168,799	168,799			168,799
6	Residential Vacant	18.8000	136	1,098,660	206,548			206,548	206,548			206,548
7	Business/Commercial Vacant	13.3400	19	353,820	47,200			47,200	47,200			47,200
8	Rural Vacant	14.3000	7	119,310	17,061			17,061	17,061			17,061
9	Lifestyle Vacant	17.8000	234	1,965,180	349,802			349,802	349,802			349,802
Unimproved Value Valuations												
10	UV Base	0.4750	472	223,219,000	1,060,290			1,060,290	1,060,290			1,060,290
11	UV Additional Use 1	0.5225	31	12,672,999	66,216			66,216	66,216			66,216
12	UV Additional Use 2	0.5700	10	4,711,000	26,853			26,853	26,853			26,853
13	UV Additional Use 3	0.6175	8	3,410,000	21,057			21,057	21,057			21,057
14	UV Additional Use 4	0.6650	3	1,606,000	10,680			10,680	10,680			10,680
Sub-Totals			2,923	280,220,615	4,804,430	4,193	(18,028)	4,790,595	4,804,429	30,000	3,000	4,837,429
Minimum Payment												
1	Residential Developed	985.00	583	4,846,732	574,255			574,255	574,255			574,255
2	Business/Commercial Developed	1095.00	127	791,553	139,065			139,065	139,065			139,065
3	Lifestyle Developed	1010.00	55	481,838	55,550			55,550	55,550			55,550
4	Rural Developed	1010.00	30	255,500	30,300			30,300	30,300			30,300
5	Holiday Use Developed	1085.00	8	68,848	8,680			8,680	8,680			8,680
6	Residential Vacant	895.00	119	411,750	106,505			106,505	106,505			106,505
7	Business/Commercial Vacant	995.00	7	17,600	6,965			6,965	6,965			6,965
8	Rural Vacant	995.00	1	6,900	995			995	995			995
9	Lifestyle Vacant	915.00	11	54,690	10,065			10,065	10,065			10,065
Unimproved Value Valuations												
10	UV Base	1205.00	108	18,644,822	130,140			130,140	130,140			130,140
11	UV Additional Use 1	1326.00	13	723,100	17,238			17,238	17,238			17,238
12	UV Additional Use 2	1446.00	2	449,000	2,892			2,892	2,892			2,892
13	UV Additional Use 3	1566.00	0	0	0			0	0			0
14	UV Additional Use 4	1687.00	0	0	0			0	0			0
Sub-Totals			1,064	26,752,333	1,082,650	0	0	1,082,650	1,082,650	0	0	1,082,650
Ex-Gratia Rates												
Discounts & Waivers (refer note 26)								5,873,245				5,873,245
Total Amount Raised From General Rate								(46,492)				(47,951)
Specified Area Rate (refer note 24)								5,826,753				5,872,128
Totals								5,826,753				5,872,128

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

23. RATING INFORMATION - 2016/17 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward

	2017 (30 June 2017) Carried Forward) \$	2017 (1 July 2016) Brought Forward) \$	2016 (30 June 2016) Carried Forward) \$
Surplus/(Deficit) 1 July 13 Brought Forward	<u>834,612</u>	<u>940,402</u>	<u>940,402</u>
<u>Comprises:</u>			
Cash and Cash Equivalents			
Unrestricted	319,594	1,715,943	1,715,943
Restricted	12,034,138	12,802,455	12,802,455
Receivables			
Rates Outstanding	337,260	290,522	290,522
Sundry Debtors	250,505	673,856	673,856
GST Receivable	64,021	(35,642)	(35,642)
Loans - Clubs/Institutions	49,301	30,191	30,191
Accrued Income	5,659	6,698	6,698
Short Term Loan DTI	0	(251)	0
Inventories			
Fuel and Oils	19,553	32,318	32,318
Materials	148,223	187,172	187,172
<u>Less:</u>			
Trade and other Payables			
Sundry Creditors and Accruals	(247,506)	(1,849,193)	(1,849,193)
Accrued Interest on Debentures	(18,033)	(14,052)	(14,052)
Accrued Salaries and Wages	(88,267)	(67,220)	(67,220)
Accrued Expenses	43,604	0	0
Income Received In Advance	(114,171)	(47,376)	(47,376)
Bonds & Deposits	(805,027)	(652,772)	(652,772)
Current Portion of Long Term Borrowings			
Secured by Floating Charge Debentures	(270,577)	(239,964)	(239,964)
Debentures	0	0	0
Provisions			
Provision for Annual Leave	(633,641)	(641,327)	(641,327)
Provision for Long Service Leave	(338,960)	(356,785)	(356,785)
<u>Net Current Assets</u>	<u>10,755,676</u>	<u>11,834,573</u>	<u>11,834,824</u>
Less:			
Reserves - Restricted Cash	(10,645,758)	(10,872,992)	(10,872,992)
Land Held for Resale - Cost			
Cost of Acquisition	0	0	0
Restricted Grants	(469,183)	(1,229,315)	(1,229,315)
Loans - Clubs/Institutions	(49,301)	(30,191)	(30,191)
Short Term Loan DTI	0	251	0
Provision for Annual Leave	633,641	641,327	641,327
Provision for Long Service Leave	338,960	356,785	356,785
Add:			
Secured by Floating Charge Debentures	270,577	239,964	239,964
Surplus/(Deficit)	<u>834,612</u>	<u>940,402</u>	<u>940,402</u>

**SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

24. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

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

25. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

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

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, WAIVERS & WRITE-OFFS
- 2016/17 FINANCIAL YEAR**

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

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

The Shire of Denmark also administers the Rates and Charges (Rebates and Deferments) Act 1992 which enables State Government Rebates to be provided with respect to Annual Rate and Emergency Levy charges. Ratepayers who are the holders of a State Seniors Card, Pensioners Concession card or Commonwealth Senior Health card may be eligible for a rebate of up to 50%, dependant upon individual circumstances. Eligible ratepayers need to apply to register with the Shire to receive any rebate.

In accordance with Section 6.47 of the Local Government Act 1995, and Regulation 26 (1) (c) of the Local Government (Financial Management) Regulations 1996 and Council Policy P030101 and Council Resolution 100415 to waive the local government rate charge for each of the following land parcels for the 2016/2017 financial year.

	Actual 2017 \$	Budget 2017 \$
Denmark Arts Council		
A5583 – 1 (Lease of Part Lot 41) Mitchell Street, Denmark - Administration office	186.00	1,095.00
Denmark Boating & Angling Club		
A5585 – Lease of Part Lots 304 and 307 Parry Road, Parryville - Boating and angling shed and land at Parry Beach	1,326.00	1,326.00
Denmark Boating & Angling Club, & Denmark Sea Rescue Group		
A5587 – 891B (Lease of Part Lot 556) Ocean Beach Road, Ocean Beach - Sea rescue, boating and angling hall and sheds	1,326.00	1,326.00
Denmark Clay Target Club		
A3565 – Lease of Whole Lot 7399, Sunny Glen Road, Hay - Clay target shooting range	1,326.00	1,326.00
Denmark Cottage Crafts Inc.		
A5584 – Lease of Part Lot 41 Mitchell Street, Denmark - Craft hall and Denmark Family Centre Church building	1,095.00	1,095.00
Denmark Country Club Inc.		
A3088 – 925 (Lease of Whole Lots 154, 155, 156, 157, 158, 159, 1072, and 1073) South Coast Highway, Hay - Golf Course, Tennis Courts and facilities	3,440.80	3,441.00
Denmark Environment Centre Incorporated		
A2622 – 1/35 (Strata Lot 1) Strickland Street, Denmark	1,095.00	1,095.00
A3747 – 4/35 (Strata Lot 4) Strickland Street, Denmark - Shop and administration centre	2,499.64	2,500.00
Denmark Machinery Restoration Group Inc.		
A5599 – 2 (Lease of Part Lot 952) Inlet Drive, Denmark - Shed and displays	1,095.00	1,095.00
Denmark Occasional Day Care Centre Inc. and Denmark Playgroup		
A3179 – 81 (Lease of Whole Lot 500) South Coast Highway, Denmark - Day care and playgroup building	1,095.00	1,095.00

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

26. DISCOUNTS, INCENTIVES, CONCESSIONS, WAIVERS & WRITE-OFFS
- 2016/17 FINANCIAL YEAR cont'd

	Actual 2017 \$	Budget 2017 \$
Denmark Pistol Club		
A3167 – 223 (Lease of Whole Lot 7441) Churchill Road, Scotsdale - Pistol shooting range	1,326.00	1,326.00
Denmark Equestrian Club Inc.		
A3189 – 73 (Lease of Whole Lot 1004) Beveridge Road, Denmark - Horse racing track and facilities	1,095.00	1,095.00
Denmark Riverside Club		
A5601 – Lease of Part Lot 1002 Bambrey Road, Denmark	1,095.00	1,095.00
A3069 – 3 (Lease of Whole Lot 1110) Morgan Road, Denmark - Bowling green, canoeing, kayaking and dragon boating launching site and facilities	2,125.20	2,126.00
Denmark Surf Lifesaving Club		
A5588 – 891A (Lease of Part Lot 556) Ocean Beach Road, Ocean Beach - Clubrooms and facilities	1,326.00	1,326.00
Denmark Tourism Incorporated		
A3186 – 73 (Lease of Lot 501) South Coast Hwy, Denmark - Denmark Visitor Centre	5,819.00	5,819.00
Green Skills Inc.		
A5590 – 46 (Lease of Part Lot 326) McIntosh Road, Hay - Recycling Centre and Tip Shop	1,326.00	1,326.00
Kentdale Community Hall Committee Inc.		
A5593 – 518 (Lease of Part Lot 300) Parker Road, Kentdale - Kentdale Hall	1,326.00	1,326.00
Lions Club of Denmark Inc.		
A5600 – 2 (Lease of Part Lot 952) Inlet Drive, Denmark - Clubroom	1,095.00	1,095.00
Nornalup Residents and Ratepayers Association		
A5591 – 3 (Lease of Part Lot 2368) Riverside Drive, Nornalup - Nornalup Community Hall	1,095.00	1,095.00
Parry's Beach Voluntary Management Group Inc.		
A5592 – 2830 (Lease of Part Lot 5393) South Coast Highway, William Bay - Parryville Hall	1,326.00	1,326.00
Peaceful Bay Progress Association Inc.		
A5615 – 30 (Lease of Whole Site 300) First Avenue, Peaceful Bay	1,095.00	1,095.00
A5616 – 3 (Lease of Whole Site 302) West Avenue, Peaceful Bay - Peaceful Bay Community Hall and Les Carpenter Fire Station	1,095.00	1,095.00
Peaceful Bay Returned Services League (RSL) Sub Branch		
A5596 – 28 (Lease of Whole Site 400) First Avenue, Peaceful Bay - Clubroom	1,095.00	1,095.00
Peaceful Bay Sea Rescue Group Inc.		
A5595 – Lease of Whole Lots 401 and 402 Old Peaceful Bay Road, Peaceful Bay - Sea rescue facilities	1,095.00	1,095.00
Scout Association of Australia		
A5597 – 53 (Lease of Part Lot 1087) Brazier Street, Denmark - Scout Hall and facilities	1,095.00	1,095.00
The Returned & Services League of Australia WA Branch Inc		
A3097 – 54 (Lease of Whole Lot 40) Strickland Street, Denmark - RSL Hall	1,095.00	1,095.00
Tingledale Hall Committee Inc.		
A5594 – 976 (Lease of Part Lot 2381) Valley of the Giants Road, Tingledale - Tingledale Hall and Community Centre	1,326.00	1,326.00
Denmark Historical Society Inc.		
A3256 – 16 (Lease of Lot 1021) Mitchell Street Denmark	1,641.54	1,095.00

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

26. DISCOUNTS, INCENTIVES, CONCESSIONS, WAIVERS & WRITE-OFFS
- 2016/17 FINANCIAL YEAR cont'd

	Actual 2017 \$	Budget 2017 \$
Trustees: Richard John Marshall and Richard William Mumford and Eric Rose		
A3041 – 891 (Lot 583) Scotsdale Road, Scotsdale Scotsdale Hall and tennis courts	1,326.00	1,326.00
Denmark Community Resource Centre Inc. A5729 - Part Lot 228, 2 Strickland Street Denmark	1,095.00	1,095.00
Denmark Over 50's Association A5730 - Part Lot 228, 2 Strickland Street Denmark Morgan Richards Community Centre	1,095.00	1,095.00
Denmark Arts Council Inc. A5731 - Part Lot 228 and Part Lot 1093, 2 Strickland Street Denmark Morgan Richards Community Centre	0.00	1,095.00
Total	46,492.18	47,951.00

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

27. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		23,093	23,000
Interest on Instalments Plan	5.50%			17,000
Charges on Instalment Plan		8.00	18,000	18,000
Pensioner Deferred Rate Interest	0		0	0
			41,093	58,000

Ratepayers had the option of paying rates in four equal instalments, due on 9 September 2016, 11 November 2016, 13 January 2017 and 17 March 2017. Administration charges and interest applied for the final three instalments.

	2017 \$	2016 \$
28. FEES & CHARGES		
Governance	38,959	46,087
General Purpose Funding	0	0
Law, Order, Public Safety	41,306	44,815
Health	37,688	38,778
Education and Welfare	10,500	10,500
Housing	0	0
Community Amenities	1,434,480	1,490,262
Recreation and Culture	234,305	200,200
Transport	19,117	14,174
Economic Services	687,746	1,026,536
Other Property and Services	25,401	17,542
	2,529,502	2,888,894

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

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

29. GRANT REVENUE

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

	2017	2016
	\$	\$
By Nature or Type:		
Operating Grants, Subsidies and Contributions	2,018,321	853,737
Non-Operating Grants, Subsidies and Contributions	3,713,637	10,523,781
	<u>5,731,958</u>	<u>11,377,518</u>
By Program:		
Governance	9,750	0
General Purpose Funding	1,649,016	508,287
Law, Order, Public Safety	941,721	396,028
Health	0	0
Education and Welfare	7,750	37,088
Housing	0	0
Community Amenities	25,000	0
Recreation and Culture	1,542,039	970,104
Transport	1,532,682	9,430,012
Economic Services	24,000	36,000
Other Property and Services	0	0
	<u>5,731,958</u>	<u>11,377,518</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>61.03</u>	<u>63.57</u>
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31. ELECTED MEMBERS REMUNERATION

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

	2017	2017	2016
	\$	Budget	\$
		\$	
Meeting Fees	84,603	90,000	65,731
President's Allowance	11,000	11,000	10,815
Deputy President's Allowance	2,605	2,750	2,704
Travelling Expenses	5,037	21,600	7,455
Telecommunications Allowance	20,305	12,000	17,126
	<u>123,550</u>	<u>137,350</u>	<u>103,831</u>

32. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

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

	2017
	\$
Short-term employee benefits	656,178
Post-employment benefits	68,872
Other long-term benefits	89,267
Termination benefits	24,729
	<u>839,045</u>

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 31

Post-employment benefits

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

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

32. RELATED PARTY TRANSACTIONS Cont'd

Key Management Personnel (KMP) Compensation Disclosure Cont'd

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

iii. Joint venture entities accounted for under the equity method

The Shire has a one-third interest in an environmental health and building service. The interest in the joint venture entity is accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities, refer to Note

Transactions with related parties

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

The following transactions occurred with related parties:

	2017 \$
Associated companies/individuals:	
Sale of goods and services	504,432
Purchase of goods and services	258,990
Joint venture entities:	
Distributions received from joint venture entities	0
Amounts outstanding from related parties:	
Trade and other receivables	0
Loans to associated entities	0
Loans to key management personnel	0
Amounts payable to related parties:	
Trade and other payables	0
Loans from associated entities	0

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

33. MAJOR LAND TRANSACTIONS

Council did not participate in any major land transactions during the 2016/17.

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2016/17 financial year.

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

35. 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:

	Carrying Value		Fair Value	
	2017 \$	2016 \$	2017 \$	2016 \$
Financial Assets				
Cash and cash equivalents	12,353,732	14,518,398	12,353,732	14,518,398
Receivables	1,382,906	1,261,520	1,382,906	1,261,521
	<u>13,736,639</u>	<u>15,779,918</u>	<u>13,736,639</u>	<u>15,779,919</u>
Financial Liabilities				
Payables	1,229,400	2,631,281	1,229,400	2,630,613
Borrowings	2,964,770	2,722,823	2,449,198	2,278,856
	<u>4,194,170</u>	<u>5,354,104</u>	<u>3,678,598</u>	<u>4,909,469</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 2017

35. 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.

	2017		2016	
	\$		\$	
Impact of a 1% ⁽¹⁾ movement in interest rates on cash				
- Equity	0		0	
- Statement of Comprehensive Income	265,530	⁽²⁾	223,942	^(*)

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible market movements.

⁽²⁾ Maximum impact.

**SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

35. 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:

	2017	2016
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	94.36%	96.93%
- Overdue	5.64%	3.07%

SHIRE OF DENMARK
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2017

35. 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:

	<u>2017</u>	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	1,229,400		0	0	1,229,400	1,229,400
Borrowings	408,497	1,442,047	2,082,202	2,082,202	3,932,745	2,964,770
	<u>1,637,897</u>	<u>1,442,047</u>	<u>2,082,202</u>	<u>2,082,202</u>	<u>5,162,145</u>	<u>4,194,170</u>
Payables	2,630,613		0	0	2,630,613	2,630,613
Borrowings	375,351	1,433,727	1,852,673	1,852,673	3,661,751	2,722,823
	<u>3,005,964</u>	<u>1,433,727</u>	<u>1,852,673</u>	<u>1,852,673</u>	<u>6,292,364</u>	<u>5,353,436</u>

SHIRE OF DENMARK
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2017

35. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
 Borrowings (Continued)**

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

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 %
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Year Ended 30 June 2017

Borrowings

Fixed Rate Debentures	0	0	1,881,463	207,904	0	2,575,403	2,964,769	4.72%
Weighted Average Effective Interest Rate	0.00%	0.00%	6.47%	3.70%	0.00%	4.68%		

Year Ended 30 June 2016

Borrowings

Fixed Rate Debentures	0	0	0	234,674	255,288	2,232,860	2,722,821	5.03%
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	6.46%	3.70%	5.03%		

INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF DENMARK

Opinion

We have audited the accompanying financial report of the Shire of Denmark, which comprises the statement of financial position as at 30 June 2017, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

In our opinion the financial report of the Shire of Denmark is in accordance with the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996, including:

- (a) giving a true and fair view of the Shire's financial position as at 30 June 2017 and of its financial performance and its cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Financial Report section of our report. We are independent of the Shire in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (the "Code")* that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Other Legal and Regulatory Requirements

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, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were noted during the course of our audit.
- (c) All necessary information and explanations were obtained by us.
- (d) All audit procedures were satisfactorily completed in conducting our audit.
- (e) In relation to the Asset Consumption Ratio and Asset Renewal Funding Ratio, we note that the information required for the ratios has not been completed.
- (f) The Shire has not completed the Asset Management Plan or Long Term Financial Plan as required by Administration Regulation 19D.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

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

Responsibilities of Management and Council for the Financial Report

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

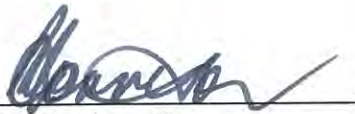
In preparing the financial report, management is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

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

Auditor's Responsibility for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standard Board website at <http://www.ausb.gov.au/auditors/files/ar3.pdf>. This description forms part of our audit report.



Russell Harrison, Partner

Lincolns Accountants and Business Advisers

70 - 74 Frederick Street, Albany WA

Dated this 21st day of December 2017.

**SHIRE OF DENMARK
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2017**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	2017	2016	2015
Asset Consumption Ratio	N/A	N/A	N/A
Asset Renewal Funding Ratio	N/A	N/A	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio $\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$

Asset Renewal Funding Ratio $\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

N/A - In keeping with amendments to Local Government (Financial Management) Regulations 50, comparatives for the two preceding years (being 2016 and 2015) have not been reported as financial information is not available.