

Annual Report 2020/2021



Acknowledgement of Country

The Shire President, Councillors and Shire of Denmark staff acknowledge the Minang and Bibulmun people of the Noongar nation who are the traditional custodians of this land and pay respects to Elders past, present and emerging.

We acknowledge and respect their continuing culture and the contribution they make to this region.

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

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





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Independent Auditor Report

2020/2021 Annual Financial Report

Welcome from the Shire President

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

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

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

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

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

Ceinwen Gearon, Shire President



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

Shire President Ceinwen Gearon

2020/21 Elected Members



Cr Ceinwen Gearon, Shire President

Town Ward, term expires October 2023

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



Cr Mark Allen, Deputy Shire President

Scotsdale/Shadforth Ward, term expires October 2021

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



Cr Ian Osborne

Town Ward, term expires October 2021

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



Cr Geoff Bowley

Town Ward, term expires October 2023

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



Cr Jan Lewis

Scotsdale/Shadforth Ward, term expires October 2021

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

Cr Kingsley Gibson

Scotsdale/Shadforth Ward, term expires October 2023



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

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

Cr Steve Jones

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



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

Cr Janine Phillips

Kent/Nornalup Ward, term expires October 2023



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

Cr Roger Seeney

Kent/Nornalup Ward, term expires October 2021



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

Council Demographics

33.3% female
66.6% male

11.2% aged 45-54
44.4% aged 55-64
44.4% aged 65+

Message from the Chief Executive Officer

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

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

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



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

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

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

David Schober, Chief Executive Officer

Meet the Executive Team



David Schober

Chief Executive Officer

Governance



David King

**Director Assets and Sustainable
Development**

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



Lee Sounness

**Acting Director Corporate and
Community Services**

Corporate and Community
Services

Denmark in Profile



Local jobs




Environment and Land

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

Economy

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



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

Our Vision Denmark 2027

E1.0

Our Economy

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

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

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

E1.3 To have diverse education and employment opportunities

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

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

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

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

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



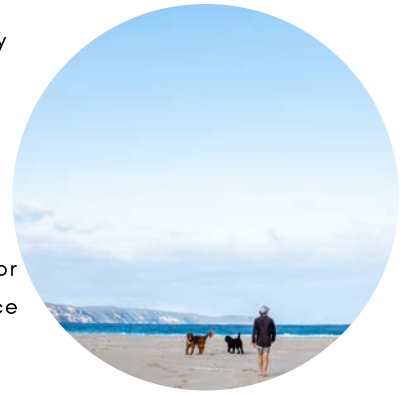
E1.0

Our Economy 20/21 Highlights

Tourism

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

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



Housing

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

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

Local Planning Strategy

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

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



South Coast Alliance

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

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

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

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



N2.0

Our Natural Environment



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

N2.1 To preserve and protect the natural environment

N2.2 To promote and encourage responsible development

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

N2.4 To acknowledge and adapt to climate change



Revegetation projects continued throughout Shire

Delivered Sustainability Strategy and Action Plan

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

N2.0

Our Natural Environment **20/21 Highlights**

Wilson Inlet

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

Sustainability Strategy (2021-2031) and Action Plan

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

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

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



Community-oriented Environmental Education Program

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

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

Dieback greencard training for staff

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

Invasive Weed Control Program

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

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

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



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

Weed Control Spray Program

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

Recycling

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

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

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

Waste Management

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

Containers for Change

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



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

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

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

Parks and Gardens

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

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



B3.0

Our Built Environment

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

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

Memorial chair to honour late Marc O'Donnell

Commenced concept planning community discussion for Ocean to Channel Precinct

Limbourne, Mt Shadforth, Scotsdale roads resheeted with gravel



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

B3.0

Our Built Environment **20/21 Highlights**

Churchill Rd Bridge upgrade

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

Intersection of Crellin St and Hollings Rd upgrade

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

Replacement of Heritage Rail Trail Bridge with culverts

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

Men's Shed access road

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

Standpipe swipe card system

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



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

Plane Tree Precinct

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

Lights Beach

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

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



B3.0

Our Built Environment **Assets**



Focus on a Staff Member

Ryan Harding, Co-ordinator Facilities & Maintenance

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



B3.0

Our Built Environment **Development Use**

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

Statistics **July 2020 - June 2021**

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

C4.0

Our Community

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

C4.1 To have services that foster a happy, healthy, vibrant and safe community

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

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

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

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

122 ranger callouts

Nine Community Grants awarded in 2020/2021



C4.0

Our Community 20/21 Highlights

Youth Festival

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

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

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

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

Denmark Youth Outreach

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

International Day of People with Disability

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



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

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

Connected Communities Award

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

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

Seniors Week

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

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

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



Australia Day

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

Citizenship Awards

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

National Volunteer Week

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

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

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

School-based traineeship

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

Sporting Club Activity

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



The sporting club assistance included advancing:

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

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

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



Denmark Seed Library

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

Children's Book Week

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

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

Library Outreach

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

Library Statistics 2020/2021

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

Recreation Centre Statistics 2020/2021

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

Community Grants

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



C4.0

Our Community **Public Safety**

Bushfire Resilience

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

Emergency Management

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

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

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

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

Bushfire Mitigation

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

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

Bushfire Ready

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

Forever Project - Fire Wise Garden

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

Book a Ranger

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

Fire Management Notice Inspections

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

Ranger Callouts 2020

13 snakes

27 straying stock

28 injured and dead kangaroos

10 dog attacks

6 barking dogs

38 dogs found



Public Safety Statistics 2020/21

35 onsite conventional septic system approvals

15 aerobic treatment unit approvals

192 water samples

1 food sample

7 Covid-19 event approvals

1 asbestos fibre identification sample

149 food premises assessments

52 stall holder licenses

3 section 39 certificates

11 alfresco and dining licenses

2 childcare and family day-care inspections

5 trading in thoroughfare and public place permits

11 home holiday accommodation inspections

8 Peaceful Bay leasehold properties inspections

1 temporary accommodation approval

2 lodging house inspections

52 home inspections (regarding noise, air pollution etc)

17 public building inspections

80 meat inspections

9 caravan and camping inspections

Focus on a Volunteer

Lez Baines, Chief Bushfire Control Officer

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

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

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

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



L5.0

Our Local Government

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

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

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

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

L5.4 To be fiscally responsible

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

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

L5.0

Our Local Government **20/21 Highlights**

Corporate Planning and Reporting

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

Human Resources

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

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

Information Technology

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

This enabled;

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

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

Records Management

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

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

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

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

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

Department of Transport Licencing

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

Community Engagement

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

Engagement Statistics

1 July 2020 - 30 June 2021

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

Media Statistics

14 December 2020 - 30 June 2021

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

129 references to Shire of Denmark TOTAL (approximate)

Elected Member Training

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

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

Compliance

Register of Complaints

A Local Government is required to keep a register of minor complaints that result in a finding by the Local Government Standards Panel. During 20/21, there were no minor complaints recorded in the Register.

Compliance Audit Return (CAR)

Each year a Local Government is required to carry out a compliance audit return for the period 1 January to 31 December. In the period 1 January 2019 to 31 December 2020, the Shire achieved 100% compliance. A copy of the CAR is available on Council's website at <https://www.denmark.wa.gov.au/our-council/compliance-audit-returns.aspx>

Financial Returns

All Elected Members, designated employees and employees who have delegated authority under the Local Government Act 1995 and section 2014 (2), (3) or (5) of the Planning and Development Act 2005, must complete a Primary Return within three months of commencing a relevant position. An Annual Return must then be completed prior to 31 August each year. All required Financial Returns were submitted on time in the 20/21 Financial Year.

Delegations of Authority

Delegations provide Council employees with the power to carry out certain functions and duties and make determinations which would ordinarily be required to be determined by a formal Council decision. The Council can delegate to the CEO the exercise of any of its powers or duties under various Acts, apart from those specified in section 5.43 of the Local Government Act 1995. The CEO may sub-delegate to any employee any of those powers or duties, other than the power of delegation, subject to any conditions imposed by the Council. The Act requires the CEO to keep a Register of Delegations and for those delegations to be reviewed once annually. A copy of the Register can be found on the Shire's website.

Gift and Travel Declarations

Council Members and Designated Employees are required to declare notifiable gifts within 10 days of their acceptance. In 20/21 there were no declarations of notifiable gifts or travel made. All declarations made are recorded in a public register which is available at the Shire Office or on the Shire's website.

Public Interest Disclosures

As a public authority, the Shire has an obligation to provide information under the Public Interest Disclosure Act 2003. No public interest disclosures were received during 20/21.

Citizenship Ceremonies

Australian Citizenship Ceremonies are important events. Whilst fulfilling the requirements under Australian citizenship law, they also offer Local Governments an opportunity to welcome new citizens as full members of the Australian community. Local Governments have delegated authority from the Federal Government to officiate Citizenship Ceremonies with the Shire President, Deputy Shire President or the CEO able to preside at the service. In 20/21 the Shire Deputy President officiated four ceremonies, welcoming 11 new Australian citizens.

Local Laws

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

Freedom of Information

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

Employee Remuneration

In accordance with Section 5.53(2) (g) of the Local Government Act, 1995 and Section 19B of the Local Government (Administration) Regulations 1996, the following information is provided with respect to employees' annual salary entitlements. Set out below, in bands of \$10,000, is the number of employees of the Shire remunerated with an annual salary of \$130,000 or more. The figures below represent a cash base salary but do not include vehicle allowances, non-monetary benefits such as professional memberships or superannuation of up to 14.5%.

2020/21 Employee Remuneration

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

Risk Management

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

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

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

Contributions, Donations and Waivers

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

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

Disability Access and Inclusion

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

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

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

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

Financial Health Measures

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

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



Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 Shire of Denmark

To the Councillors of the Shire of Denmark

Report on the audit of the annual financial report

Opinion

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

- the Statement of Financial Position at 30 June 2021, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

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

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

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

Responsibilities of the Chief Executive Officer and Council for the financial report

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

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

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

Auditor's responsibility for the audit of the financial report

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

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

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

Report on other legal and regulatory requirements

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

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
 - a) The Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries' standard for the past 3 years. The financial ratios are reported at Note 33 to the financial report.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

Other information

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

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

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Denmark for the year ended 30 June 2021 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



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

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

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

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the

30th day of November 2021



Chief Executive Officer

David Schober

Chief Executive Officer

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

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

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



SHIRE OF DENMARK
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2021

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

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



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

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

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



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

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

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



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

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

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



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

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

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

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

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1. BASIS OF PREPARATION

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

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

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 30 to these financial statements.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

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

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

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

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

2. REVENUE AND EXPENSES

(a) Grant revenue

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

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

Grants, subsidies and contributions

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

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

Fees and Charges

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

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

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

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

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

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

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

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

Other revenue

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

Interest earnings

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

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

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

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

3. CASH AND CASH EQUIVALENTS

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

Restrictions

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

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

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

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

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

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

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

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

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

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

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

5. OTHER FINANCIAL ASSETS

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

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

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

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

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable

Trade and other receivables

GST receivable

Non-current

Pensioner's rates and ESL deferred

| | 2021 | 2020 |
|------------------------------------|----------------|----------------|
| | \$ | \$ |
| Rates receivable | 392,444 | 427,212 |
| Trade and other receivables | 45,358 | 200,541 |
| GST receivable | 199,615 | 30,816 |
| | <u>637,417</u> | <u>658,569</u> |
| Pensioner's rates and ESL deferred | 70,008 | 45,367 |
| | <u>70,008</u> | <u>45,367</u> |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

7. INVENTORIES

| | 2021 | 2020 |
|--------------------|----------------|----------------|
| | \$ | \$ |
| Current | | |
| Fuel and materials | 112,195 | 160,415 |
| | <u>112,195</u> | <u>160,415</u> |

The following movements in inventories occurred during the year:

| | | |
|---|----------------|----------------|
| Carrying amount at beginning of period | 160,415 | 62,995 |
| Inventories expensed during the year | (267,854) | (433,413) |
| Additions to inventory | 219,634 | 530,833 |
| Carrying amount at end of period | <u>112,195</u> | <u>160,415</u> |

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

8. OTHER ASSETS

| | 2021 | 2020 |
|-------------------------------|----------------|---------------|
| | \$ | \$ |
| Other assets - current | | |
| Accrued income | 109,518 | 50,279 |
| | <u>109,518</u> | <u>50,279</u> |

Other assets - current

Accrued income

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

Accrued Income

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

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

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

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|-----------------------------|----------------------|--|-------------------------------|------------------------|---|
| (i) Fair Value | | | | | |
| Land and buildings | | | | | |
| Land - freehold land | 2 | Market approach using recent observable market data for similar properties | Independent registered valuer | June 2017 | Using market value |
| Buildings - non-specialised | 2 | Market | Independent registered valuer | June 2017 | Using market value and current condition, residual values and remaining useful life assessments |

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

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

(ii) Cost

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

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

10. INFRASTRUCTURE

(a) Movements in Balances

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

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

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10. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

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

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

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

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

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

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

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

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11. FIXED ASSETS

(a) Disposals of Assets

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

The following assets were disposed of during the year.

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

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11. FIXED ASSETS

(b) Depreciation

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

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

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

Depreciation on revaluation

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

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

12. LEASES

Right of Use Assets

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

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

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

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

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-Use Assets - Valuation

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

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

Right of Use Assets - Depreciation

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

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13. REVALUATION SURPLUS

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

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

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

14. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Accrued salaries and wages
 Bonds and deposits held
 Accrued Interest on Loans
 Income in Advance
 Accrued Expenses

| | 2021 | 2020 |
|--|------------------|------------------|
| | \$ | \$ |
| | 2,227,640 | 655,509 |
| | 91,646 | 111,188 |
| | 183,959 | 142,517 |
| | 247,147 | 114,433 |
| | 10,714 | 11,791 |
| | 11,389 | 3,409 |
| | 219,936 | 490,774 |
| | <u>2,992,431</u> | <u>1,529,621</u> |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

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

Prepaid rates

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

15. OTHER LIABILITIES

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

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

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

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

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

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

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

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16. LEASE LIABILITIES

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

(b) Movements in Carrying Amounts

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

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17. INFORMATION ON BORROWINGS

(a) Borrowings

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

(b) Repayments - Borrowings

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

* WATC = WA Treasury Corporation

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

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17. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2020/21

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

There were no new borrowings during 2020/2021.

(c) Unspent Borrowings

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

There were no unspent borrowings during 2020/2021.

(c) Undrawn Borrowing Facilities

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

Loan facilities

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

Unused loan facilities at balance date 0 0

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

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

18. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

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

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

19. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

| | 2021 Actual | 2021 Budget | 2020 Actual |
|---------------------------|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Cash and cash equivalents | 8,254,599 | 5,340,571 | 6,802,245 |

Reconciliation of Net Cash Provided By Operating Activities to Net Result

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

20. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

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

21. CONTINGENT LIABILITIES

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

- McIntosh Road Denmark Waste Management Facility

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

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

22. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

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

Payable:

| | | |
|---------------------------|---------|---------|
| - not later than one year | 554,084 | 119,198 |
|---------------------------|---------|---------|

The Shire had a capital commitment in relation to ongoing works being undertaken by two suppliers for upgrades to and development of the Plane Tree Precinct as at 30 June 2020. This work was budgeted for and completed during the 2020/2021 financial year.

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

(b) Operating Lease Commitments

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

Payable:

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

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

23. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

23. RELATED PARTY TRANSACTIONS (Continued)

Elected Members Remuneration (continued)

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

Key Management Personnel (KMP) Compensation Disclosure

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

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

23. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

The associate person of KMP was employed by the Shire under normal employment terms and conditions.

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

iii. Entities subject to significant influence by the Shire

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

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24. RATING INFORMATION

(a) Rates

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

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24. RATING INFORMATION (Continued)

(a) Rates (continued)

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

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

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

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24. RATING INFORMATION (Continued)

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

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

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24. RATING INFORMATION (Continued)

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

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

24. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

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

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25. RATE SETTING STATEMENT INFORMATION

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

26. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

| | Weighted Average Interest Rate | Carrying Amounts | Fixed Interest Rate | Variable Interest Rate | Non Interest Bearing |
|---------------------------|--------------------------------------|---------------------|------------------------|---------------------------|-------------------------|
| | % | \$ | \$ | \$ | \$ |
| 2021 | | | | | |
| Cash and cash equivalents | 0.002% | 8,254,599 | 7,314,287 | 930,040 | 10,272 |
| 2020 | | | | | |
| Cash and cash equivalents | 1.13% | 6,802,245 | 5,877,055 | 919,210 | 5,980 |

Sensitivity

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

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

* Holding all other variables constant

Borrowings

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

26. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

The Shire applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables.

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

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

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

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

26. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk - that is the risk that sufficient funds may not be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels to maintain an adequate cash buffer.

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

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

27. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

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

28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 1059: Service Concession Arrangements: Grantors

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

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

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

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

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

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

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

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

29. CORRECTION OF ERROR

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

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

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

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

30. TRUST FUNDS

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

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

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31. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

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32. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES

ACTIVITIES

GOVERNANCE

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

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

GENERAL PURPOSE FUNDING

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

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

LAW, ORDER, PUBLIC SAFETY

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

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

HEALTH

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

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

EDUCATION AND WELFARE

To provide services for the elderly, children and youth.

Youth service, disability service and aged service support programs.

HOUSING

To provide and maintain elderly residents housing.

Costs associated with the remediation of Hardy Street property.

COMMUNITY AMENITIES

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

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

RECREATION AND CULTURE

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

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

TRANSPORT

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

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

ECONOMIC SERVICES

To help promote the Shire and its economic wellbeing.

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

OTHER PROPERTY AND SERVICES

To monitor and control Council's overheads operating accounts.

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

33. FINANCIAL RATIOS

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

The above ratios are calculated as follows:

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