



2019 / 20

ANNUAL REPORT

27 April 2021 - Attachment 4.4

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Acknowledgement of Country

The Shire President, Councillors and staff of the Shire of Denmark acknowledge the Noongar people who are the traditional custodians of this land and pay our respects to their 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 from the Shire of Denmark website www.denmark.wa.gov.au

Copies of these documents are also available to people with disability in alternative formats upon request.

Community Profile

The Shire of Denmark has an estimated resident population of approximately 6,215 and is located on the South Coast of Western Australia, bordered by the Southern Ocean, approximately 400km south of Perth. The Shire covers 1,860sq km and is home to a passionate, diverse community which resides across the three gazetted townsites of Denmark, Peaceful Bay and Nornalup.



Local Attractions and Activities

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

Honorary Freeman of the Shire of Denmark

Mr. Percy Berridge (Dec) (17/11/1973)

Mrs. Eileen Lunan (10/02/2006)

Mrs Beth Franz (13/11/2020)

Local Industries

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



Major Local Events

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



Message from the Shire President

I am pleased to present the Shire of Denmark's Annual Report for 19/20. The Annual Report provides an overview of the Shire's achievements during the year and aligns these achievements to the aspirations in the Shire's Strategic Community Plan, Denmark 2027.

Well, what a challenging year it has been around the globe. The sheer scale of the pandemic and its unpredictability has made this, at times, an overwhelming experience for many in our community. It has given rise to feelings of uncertainty about the future, increased incidence of mental illness, confusion, and a feeling of lost control. As community leaders, the Shire Councillors seek to look ahead to help navigate a future path for our community that will see our community and economy rebound. This requires us to make decisions, sometimes amid uncertainty but with the opportunity to continually assess the impact, anticipate what might be needed and to act for the long-term recovery of our community. With this in mind, we forged ahead with projects such as the upgrades to Lights Beach and the redevelopment of the Plane Tree Precinct in the CBD. We undertook a rates review knowing that we needed to have a simpler, fairer, and more transparent system that would work for the future of our community.

While Covid-19 started in early 2020, it dominated the remaining months of the year. As a local government we rapidly and purposefully responded to this unprecedented incident to support our community and ensure people's safety. The impacts have been deep and wide reaching in our community, from the closure of arts and cultural activities, tourism and hospitality businesses, and sporting activity. While some of these have returned to normal levels, others are still feeling the impact,

especially the arts and culture sector in Denmark.

I am pleased to report that the Shire again made gains over the past twelve months across all strategic themes of Denmark 2027. Highlights included the commencement of work on the Sustainability Strategy, the works undertaken in preparation for the Containers for Change Refund point, the bushfire resilience work undertaken with communities of Weedon Hill, Ocean Beach and Peaceful Bay and the extensive mitigation work to reduce bushfire risk across the Shire. In January, in response to concerns from the community, the Shire facilitated a meeting with the Minister for Water, Dave Kelly, as well as representatives from the Water Corporation and the Department of Water to discuss the status and future planning for water supply in Denmark. It was well attended and a respectful event that increased everyone's understanding of the challenges we face.

Sadly, several significant Denmarkians passed away this year including the Shire's former Head Gardener, Andrew Brinsden and Freeman of the Shire of Denmark, Eileen Lunan. To all those who have lost loved ones our thoughts are with you.

In closing I would like to acknowledge the Shire's Councillors, past and present, and employees who worked very hard this year to provide services and facilities for our community. I would also like to acknowledge the wonderful volunteers in our community who help make Denmark the special place it is. As we continue to live with the impacts of the pandemic, it is your humanity and generosity which you demonstrate so well, that will keep us strong and connected.



Cr Ceinwen Gearon
Shire President

2019/20 Elected Members

Town Ward



Cr Ceinwen Gearon
Shire President
Term Expires
October 2023



Cr Ian Osborne
Term Expires
October 2021



Cr Geoff Bowley
Term Expires
October 2023



Cr Rob Whooley
Term Expired
October 2019

Scotsdale/Shadforth Ward



Cr Jan Lewis
Term Expires
October 2021



Cr Mark Allen
Deputy Shire
President
Term Expires
October 2021



Cr Kingsley Gibson
Term Expires
October 2023



Cr Steve Jones
Term Expires
October 2023



Cr Peter Caron
Term Expired
October 2019

Kent/Nornalup Ward



Cr Janine Phillips
Term Expires
October 2023



Cr Roger Seeney
Term Expires
October 2021

Our Vision

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

Council Meeting Attendance

Ordinary Council meetings are held on the third Tuesday of every month, commencing at 4.00pm. Members of the public are welcome to attend.

In addition to the Council Meetings scheduled each month and Electors Meetings, Councillors are required to attend Concept Forums on the second Tuesday of each month and Strategic Briefings on the third Tuesday of each month.

Prior to adopting the Annual Budget, Councillors also attend 2 - 3 extensive budget workshops.

	Councillor	Allen	Caron	Lewis	Whooley	Gearon	Phillips	Osborne	Seeney	Gibson	Bowley	Jones	Reasons for Non-Attendance
	16 Jul 2019	1	1	1	1	1	1	1	-	-	Elected October 2019	Elected October 2019	Cr Gibson on leave of absence
	20 Aug 2019	1	1	1	1	1	1	1	1	-			Cr Seeney on leave of absence
	17 Sep 2019	1	1	1	-	1	1	1	1	1			Cr Whooley apology
	15 Oct 2019	1	1	1	1	1	1	1	1	1			
	LOCAL GOVERNMENT ELECTION												
Meeting Date	22 Oct 2019 (S)	1		1		1	1	1	1	1	1	1	
	19 Nov 2019	1		1		1	-	1	1	1	1	1	Cr Phillips apology
	17 Dec 2019	1		1		1	-	1	1	1	1	1	Cr Phillips on leave of absence
	4 Feb 2020 (E)	1	Term expired October 2019	1	Term Expired October 2019	1	1	1	1	1	1	1	
	18 Feb 2020	1		1		1	1	1	1	1	1	1	
	3 Mar 2020 (S)	1		1		1	1	1	1	1	1	1	
	17 Mar 2020	1		1		1	1	1	1	1	1	1	
	21 Apr 2020	1		1		1	1	1	1	1	1	1	
	19 May 2020	1		1		1	1	1	1	1	1	1	
	16 Jun 2020	1		1		1	-	1	1	1	1	-	Cr Jones apology Cr Osborne apology
No. of Meetings Attended	14	4	14	3	14	11	14	13	12	10	9		

Key: (S) Special Council Meeting (E) Electors Meeting

Council Meeting Statistics

Meeting Type and Date	Agenda Published	Minutes Published	Length of Meeting (minutes)	No. Persons addressing Council at PQT	No. Questions Taken on Notice	No. Items (Ex. Admin. Items)	No. Items Closed to the Public
Ordinary Council							
16 July 2019	9 July 2019	18 July 2019	74	7	2	6	0
20 August 2019	13 August 2019	23 August 2019	178	11	1	6	1
17 September 2019	10 September 2019	20 September 2019	185	14	3	12	1
15 October 2019	8 October 2019	28 October 2019	124	7	0	7	1
19 November 2019	13 November 2019	22 November 2019	249	7	0	12	1
17 December 2019	10 December 2019	19 December 2019	73	4	0	7	1
18 February 2020	12 February 2020	26 February 2020	252	8	0	12	2
17 March 2020	10 March 2020	23 March 2020	132	7	0	9	0
21 April 2020	14 April 2020	29 April 2020	144	2	0	7	0
19 May 2020	12 May 2020	22 May 2020	164	1	0	13	1
16 June 2020	9 June 2020	18 June 2020	72	1	0	9	0
Special Council							
22 October 2019	18 October 2019	30 October 2019	30	1	0	3	0
3 March 2020	26 February 2020	4 March 2020	24	0	0	5	0
Electors AGM							
4 February 2020	20 January 2020	6 February 2020	8	1	0	1	0

85.71% of Ordinary Council Meeting Agendas were published within 7 days prior the meeting

100% of Ordinary Council Meeting Minutes were published within 10 days after the meeting

100% of Special Meeting Agendas published prior to the meeting

100% of Electors General Meeting Agendas were published prior to the meeting

100% of Electors General Meeting Minutes were published prior to the Council meeting where the decisions made were considered by Council

Council Demographics

Gender: Female: 33.3% Male: 66.6% Age: 50-59yrs: 33.3% 60-69yrs: 66.6%

Council Committees

Council has a number of Advisory Committees which guide and provide recommendations to the Council on particular matters, pursuant to their Terms of Reference. The table below shows who the Councillor member was for each Committee.

Committee	Cr Gearon	Cr Bowley	Cr Phillips	Cr Jones	Cr Lewis	Cr Allen	Cr Gibson	Cr Seeney	Cr Osborne
Audit Advisory Committee	✓	✓		✓		✓	✓		✓
Bush Fire Advisory Committee						✓		✓	
Disability Advisory Committee						✓			
Local Emergency Management Committee	✓					✓			
Roadwise Advisory Committee		✓						✓	

✓ indicates current member as at 30 June 2020

✓ indicates current deputy member as at 30 June 2020

Council Working Groups

Council has a number of Working Groups which are tasked with a specific project or objective. Meetings are held as and when required and the Working Groups exist until the project or task is completed.

The table below shows who the Councillor member was for each Working Group as at 30 June 2020.

Working Group	Cr Gearon	Cr Bowley	Cr Osborne	Cr Jones	Cr Lewis	Cr Allen	Cr Gibson	Cr Phillips	Cr Seeney
Denmark Bushfire Mitigation Working Group	✓							✓	✓
Laing Park Dog Exercise Area Development Concept Plan Working Group			✓		✓				
Lights Beach Concept Plan Working Group					✓				
Paths and Trails Development Plan Working Group					✓	✓	✓		
Sustainability Strategy Working Group				✓	✓		✓		
Plane Tree Precinct Development Project Team			✓		✓		✓		
Local Planning Strategy Working Group		✓			✓		✓		
Public Health Plan Working Group		✓							

Council Delegates

Council Members represent Council or provide a conduit between community and the Shire through a number of external organisations, agencies and committees.

Organisation, Agency or Organisation	Councillor Delegate
Amazing South Coast Inc. Board	Cr Gearon
Denmark Chamber of Commerce Inc	Cr Gibson
Denmark High School Oval Management Committee	Cr Bowley
Great Southern Regional Road Group	Cr Seeney Cr Jones (Deputy)
South Coast Alliance Inc.	Cr Gearon Cr Lewis Cr Allen
Southern Joint Development Assessment Panel	Cr Gibson (Member) Cr Phillips (Member) Cr Osborne (Alternate Member) Cr Bowley (Alternate Member)
WA Local Government Association (WALGA) – Great Southern Zone	Cr Phillips Cr Osborne
Denmark Aquatic Centre Committee Inc	Cr Gibson
Denmark Arts Inc.	Cr Gibson
Denmark Community Resource Centre Inc. Committee	Cr Jones
Denmark Historical Society Inc.	Cr Osborne
Denmark Residents and Ratepayers Association	Cr Gibson
Great Southern Recreation Advisory Group	Cr Allen
Lake Muir/Denbarker Community Feral Pig Eradication Group	Cr Allen
Nornalup Ratepayers and Residents Association Inc. (NRRA)	Cr Phillips Cr Seeney (Deputy)
Parry's Beach Voluntary Management Group Inc.	Cr Lewis
Peaceful Bay Progress Association Inc. (PBPA)	Cr Phillips
Walpole Work Camp Committee (Department of Corrective Services)	Cr Seeney Cr Phillips
Wilson Inlet Catchment Committee Inc. (WICC)	Cr Jones

Message from the CEO

The last year will be one that will be remembered as unprecedented in our life time and while we try to stay vigilant for the sake of our family and community in coming months, we know that the impact of the pandemic will be felt for many years to come. Preparing for and managing a local government during this event has focused our attention. We have taken the challenge to review the way we deliver services, assess how our staff work, investigate new technologies that we need to embrace, reassess our critical services and remodel the long-term financial plan to account for the varied impacts of the pandemic. Reflecting and acting on these and other challenges means that we will discover new ways of operating and create a new normal on the other side of the pandemic, one that will hopefully carry us forward as a more sustainable local government.

The initial outbreak of the global pandemic saw the Shire leadership team respond with a swift assessment, ensure business continuity planning was in place and a pandemic response team within the Shire established. With crisis management in hand, the leadership team looked to focus its energy on the road ahead for our community and seek opportunities to boost capital works projects to support the local economy. This was done alongside reengineering business processes including building a more agile ICT platform to help with staff working remote, more detailed project management and financial reporting and building on the program of providing a range of online services. These are all areas of business improvement that will help us into the future. As Sun Tzu said “in the midst of chaos, there is always opportunity”. In the midst of Covid-19 with staff working outside their normal duties, we took the opportunity to move forward with launching the Local Planning Strategy, overhaul our procurement process, build an \$8M capital works program for 20/21, while providing a range of services to the community through the ZOOM platform. As we move into 20/21 we are seeing community groups emerge with new, exciting events and activities, even if delivered in a different way and with new safety measures in place. Importantly, what it demonstrates is the resilience and creativity of our community to find ways to move forward.



David Schober
Acting Chief Executive Officer

Executive Team



David commenced in the role of Chief Executive Officer (Acting) in October 2019, following his two years as Community Services Manager with the Shire of Denmark. He has over 20 years management experience across local government, not for profit and the private sector.

David holds a Bachelor of Applied Science as well as other post-graduate qualifications in management. His previous roles include Regional Manager, Great Southern, with St John Ambulance WA and Executive Manager of Community Services with the City of Albany.

David has lived on the South Coast since 1996 with his family and is a passionate community member volunteering in the sporting and education sectors as both a board member and coach.



David King commenced in the role of Director Assets and Sustainable Development in March 2019 and brings with him eight years of regional local government experience in the field. He has a strong customer focus and recognises the importance of delivering against community needs and aspirations.

David holds a Masters Degree in Engineering, is a Chartered Professional Engineer with the Institute of Engineers Australia, and graduate of the Australian Institute of Company Directors.



Lee Sounness commenced in the role of Director Corporate and Community Services (Acting) in August 2020, following two and half years as Manager Corporate Services with the Shire of Denmark.

Lee is driven to add value and make a positive contribution towards achieving the strategic goals of the organisation.

Lee holds a Bachelor of Business in Accounting and Management along with postgraduate qualifications in Investment Fiduciary Essentials. He has over 20 years of financial management experience across the not for profit sector, private industry and commercial sectors.

The Shire of Denmark wishes to thank former Director Corporate and Community Services, Cary Green, for his service and contribution during 19/20.

Our Mission

We will protect and improve the quality of life for our community by:

- Providing quality services and infrastructure that meet community needs;
- Carefully managing our natural environment;
- Empowering our community to make positive change;
- Embracing innovation and opportunities.

Our Values

- Consistency
- Sustainability
- Honesty & Integrity
- Teamwork
- Transparency
- Respect

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

Regional Price Preference

The Shire continued to provide regional price preferencing for local businesses (up to 10%) on tenders and requests for quotes, to maximise the use of local goods, services and works during 19/20.

SCP Ref: E1.1.1

CBD Revitalisation Strategy

The CBD revitalisation strategy activity was delayed until the adoption of the Local Planning Strategy & Scheme which will give more direction to use of spaces within the CBD and how development will be treated.

SCP Ref: E1.1.2

Regional Economic Development

The South Coast Alliance Inc. (formerly the Lower Great Southern Alliance) of which the Shire of Denmark is a member, adopted and continued to work on a Regional Economic Development Strategy. The strategy provides a regional approach to economic development opportunities across four neighbouring Local Governments.

SCP Ref: E1.1.5

Business Sector Support

The Shire hosted Business After Hours at the Denmark Recreation Centre to support local business owners. In addition, the Shire continued to host procurement information sessions to assist local contractors understand the requirements for securing local government work.

During the year the Shire continued to meet with business owners and investors to discuss their proposals and provide advice on relevant legislative approvals.

SCP Ref: E1.1.6, 7

Planning Policies

A Local Planning Policy facilitating sustainable transport options and a reduction in parking requirements for development in the Denmark townsite core business area was introduced to reduce red tape and allow for flexible use of existing building stock. Another policy was adopted to reduce setbacks in the Minsterly Road and Inlet Drive areas to encourage redevelopment with reduced assessment times and greater certainty for landowners.

A minor review of the Shire's public information and website was completed, to clarify requirements for applicants and streamline the assessment process to reduce application assessment timeframes.

SCP Ref: E1.2.10

Rating System Review

A comprehensive review of the differential rating system was undertaken to align to the fundamental principles of rating under the Local Government Act. The outcome was the adoption of a differential rating system with four rating categories with a further review of Rural-Additional Uses properties to be conducted in 20/21.

SCP Ref: E1.4.1

Awards and Scholarships

The Shire continued to support the Southern Regional TAFE Awards with sponsorship of \$100 provided for student achievement.

The Shire continued to support the student awards at the Denmark Primary School, providing sponsorship of a student book award.

The Shire also continued to recognise and support the educational achievements of students through the Denmark Agricultural

College Scholarship and Shire of Denmark Youth Leadership Award.

Zach Miller was awarded the 2019 Agricultural College Scholarship and William Roocke received the Denmark Leadership Award which supported his attendance at the Global Eco-Conference in Cairns hosted by Ecotourism Australia.

The Shire continued to support the Denmark RSL Youth Achievement Award through a contribution to a student travel scholarship.

SCP Ref: E1.3.1,2,3, 5

Outward Bound

The Shire of Denmark offered twelve Year 9 Denmark Senior High School students the unique opportunity to attend a fully funded leadership camp. The camp which was developed in consultation with Denmark Senior High School and delivered by Outward Bound Australia, sought to empower youth to develop their potential and build on their leadership, resilience and communication skills. The wilderness-based leadership program was designed to inspire self-worth, responsibility and team work.

The twelve students attending the camp were selected on merit by the Leadership Team at

Denmark Senior High School based on qualities such as resourcefulness, strong community values, community involvement, good communication skills and leadership ability.



Photo: Outward Bound 2019

As part of the requirement to attend the camp the students delivered a presentation to Council on the outcomes of their experience. The group attended a Council briefing and related their stories about the four-day expedition in the wilderness, which included navigation, rafting and other intense activities such as ropes courses and a giant ladder.

SCP Ref: E1.3.4

Corporate Business Plan Measures

Things We Measure	Source	Desired Trend or Target	2018/19	2019/20
Local businesses	Profile ID	↑	731	719
Local jobs	Profile ID	↑	2,260	NA
Employed residents	Profile ID	↑	2,874	NA
Unemployment rate (%)	Profile ID	↓	3.7%	2.7%
Number of Shire FTEs (actual)	Internal - Human Resources	↔	69.89	69.89
Value of Gross Regional Product (\$)	Profile ID	↑	\$294M	\$279M
Dollar value paid to local businesses as a percentage of total spend (%)	Internal - Creditors	↑	21%*	32.5%
Number of visitor nights in the region	Tourism WA	↑	556,000	750,000
Percentage of land zoned industrial that has been developed within the Shire (%)	Internal - Rates	↑	38%	38%
Value of development applications (\$)	Internal - Planning	↑	\$16,913,700	\$15,883,000
Percentage of hectares used for agricultural land use within the Shire (%)	Internal - Rates	↑	15.3%	15.3%

*Note – 2018/19 total spend of creditor payments included taxation and payroll deductions.

Community Satisfaction with Our Economy



Performance Measure	2017/18	2018/19	2019/20	Average Score	High Score	Average Score	High Score
The Shire of Denmark as a place to live	82	84	N/A	79	84	75	95
The Shire of Denmark as a place to visit	83	87	N/A	76	87	64	87
Agricultural development - what the Shire is doing to grow and develop agriculture and protect prime agricultural land	39	46	N/A	48	64	48	64
Economic development - what the Shire is doing to attract investors, attract and retain businesses, grow tourism and create more job opportunities	37	42	N/A	40	43	43	63
Tourism attractions and marketing	51	56	N/A	55	60	46	60
How Denmark town centre is being developed	43	47	N/A	49	54	51	69
Access to goods and services in the local area	51	55	N/A	50	56	48	61
Access to education, training and personal development opportunities	48	56	N/A	56	59	49	63

Note: Due to Covid-19, the Shire's annual MARKYT Scorecard was postponed and completed in 2020/21

Our Natural Environment: Is highly valued and carefully managed to meet the needs of our community now and in the future

Nursery and Seed Bank

The Shire continued to manage a nursery and seed bank during 19/20 to revegetate disturbed areas with local plants. The staff specialise in localised planting which involves collecting a variety of seeds from an area and returning to revegetate that area with plants that will thrive and feel at home. The localised approach means plant material is genetically suited to the environment. The Shire partners with the Denmark Agricultural College to help expand the knowledge and skills of the students.

SCP Ref: N2.1.2



Photo: Revegetation Officer, Mark Parre

Coastal Rehabilitation

Wilson Inlet Catchment Committee was funded \$6000 to perform a review of the Wilson Inlet Management Strategy Actions and perform vegetation surveys of several existing sites. These surveys will continue to occur at the same sites to monitor the influence of non-openings of the bar and other environmental changes on riparian vegetation.

Coastal monitoring continued as per the Shire's Coastal Monitoring Action Plan developed by consultants Cardno WA Ltd.

Repairs were carried out on Ocean Beach and Peaceful Bay boat ramp due to storm damage. Further clean up works of rubbish were completed around leases at Peaceful Bay.

SCP Ref: N2.1.5, N2.4.1

Weed and Dieback Management

The Shire maintains an annual weed control program for noxious weeds within the Shire. The control method varies for different contexts, from hand control methods to herbicide spraying of noxious weeds such as Blackberry and Arum Lily.

The Shire maintains existing dieback management in several reserves. The soil pathogen is a significant threat to our local bushland and will continue to be monitored in our reserves. We rely on the public to follow dieback signage and ensure transportation of the pathogen does not occur into dieback free areas.

The Shire continued to manage the verge No-Spray Register to provide options for landholders to undertake their own chemical-free weed management. The Shire had a total of 163 registered properties at 30 June 2020 participating in the program. The Shire also continued to investigate and trial alternative weed removal options to reduce the need for glyphosate in public area.

SCP Ref: N2.1.1,3,6

Sustainability Strategy

Council formed a Sustainability Working Group comprising of 3 Councillors, 11 Community members and Shire Officers. Council resolution 030919 adopted at the Ordinary Council meeting in September 2019 declared a state of climate emergency that required urgent action by all levels of government. The resolution requested the Sustainability Working Group incorporate a detailed response to climate change into its

Sustainability Strategy and associated Action Plan as a matter of priority, including the establishment of agency greenhouse gas (GHG) reduction targets, with the aim of providing recommendations to Council within 12 months including a 50% reduction on current Shire of Denmark GHG emissions by 2030; and the achievement of net zero GHG emissions from all Shire of Denmark operations and activities by 2050. The first working group workshop to develop vision for the Shire of Denmark Sustainability Strategy was held in May 2020. A second workshop to endorse a framework was held in June 2020. Currently we are engaging with the community and with the appointment of a Sustainability Officer which will see this activity progress more rapidly in 20/21.

SCP Ref: N2.1.9,10

Vegetation Clearing

The Shire has investigated two incidents relating to unauthorised native clearing. one of which was referred to DWER for further investigation.

SCP Ref: N2.1.11

Feral Pig Eradication

Lake Muir Denbarker Feral Pig group continues to receive \$2000 in financial support from the Shire. The group dispatched 42 pigs in the Denbarker Lake Muir area in the last years trapping and dispatch program. Trappers were on the ground for 34 days.

SCP Ref: N2.1.12

Natural Resource Training

Due to staffing constraint this activity was not completed in 19/20 and will be reviewed in 20/21 in line with the staff performance review process.

SCP Ref: N2.1.14

Tree Planting

Revegetation occurred at several areas across the Shire over 19/20 with two major projects at Millars Creek and East River Road. National Tree Planting day was held at Millars Creek for the

second year running to continue efforts of revegetating this disturbed riparian zone area.

Due to delays with the Sustainability Strategy and the impact of Covid-19 the implementation of actions from the Street Tree Strategy to improve the environmental vista of public spaces was not completed in 19/20.

SCP Ref: N2.1.8,15,



Photo: Millars Creek

Dog Exercise Areas

This work was delayed due to Covid-19 and has been scheduled to be completed in 20/21.

SCP Ref: N2.1.16

Reduce Fees-Rainwater Tanks

Officer assessment of the viability of reducing fees for new rainwater tanks determined that delivering on this outcome will be restricted by budgets because building fees are prescribed by the Building Regulations.

SCP Ref: N2.2.3

Waterwise Actions

The Shire conducted audits of irrigation systems to identify poorly performing irrigation hardware. An audit was conducted in November 2019 and will be repeated in the Spring of 2020.

The Shire continued to change gardens to more waterwise native plants in order to reduce the demand on watering. This was achieved with replacing plants at the Visitor Centre, Library, Administration Building, and other CBD gardens.

Energy & Water Monitoring

The Shire continued to monitor energy and water performance across the Shire's assets via the One Planet Footprint subscription. Further information regarding the Shire's energy and water performance is listed on page 21.

The Shire has continued its Water Wise Towns Accreditation. We continued to work on our Waterwise Town Action Plan 2017-2022. This year we partnered with Water Corporation to assist in their efforts to reduce water consumption across the Shire. This was achieved through audits and upgrades to Shire toilet and tap facilities in various locations and assisting Water Corporation in their Shower Head Swap Scheme by offering sign up and swaps at the Shire Administration building. The Shire audited six water using Shire facilities. From the audits conducted, recognised water fixtures were replaced or repaired including replacing 28 toilets with WELS rated water efficient units.

Key staff working in building maintenance and renewal have been advised on the procurement requirements when replacing fixtures or upgrading facilities and Water Corporation water efficiency training is provided on an ongoing basis for any new, relevant staff members.

Due to staffing constraints the development and implementation of a water budget was not completed during 19/20.

Two water meters were installed on the bores at Mclean and Berridge / Thornton Park. This will provide important information relating to water usage from the bores over our parks. The last water meter is scheduled to be installed in 20/21.

SCP Ref: N2.3.5, 7-11

Recycling

Plastic Free July morning tea was held in 2019 and all staff were encouraged to consider single use plastics in their day to day lives and in the office.

The Shire also offered soft plastic recycling through a deposit bin in the Admin foyer.

The Garage Sale Trail was held on 20/21 October with a total of 30 sale locations in operation over two days.

SCP Ref: N2.3.14,15

Electric Vehicle Charging

The Shire continue to promote and provide access to the free use of an Electric Vehicle Charging Station, to encourage the use of electric and hybrid vehicles in and around the Shire.

SCP Ref: N2.3.16

Waste Management

Extensive planning work was undertaken in 19/20 to deliver a Containers for Change Refund site at the Denmark Waste Management Reuse Facility (DWMRF) by 1 October 2020.

Bin tagging continued with the Sustainable Waste Alliance Partners and we secured another round of funding for this year, however due to Covid-19 the activity has been delayed.

The Shire continued e-waste recycling efforts at DWMRF, diverting 6.2tonnes of e-waste from landfill in 19/20. The e-waste is sent to Total Green Recycling in Perth. The project to purchase a cardboard baler to reduce transport costs to the recycling facility in Albany was put on hold due to the need to direct resources to the setup of the Container Deposit Scheme.

SCP Ref: N2.3.18,19 &L5.4.19

Corporate Business Plan Measures

Things we measure	Source	Desired Trend or Target	2018/19	2019/20
Our scheme water consumption (kL)	Internal - Sustainability	↓	14,827 kL	8,098 kL *
Our energy consumption (kWh)	Internal - Sustainability	↓	189,283 kWh	265,693 ** kWh
Number of trees planted by the Shire	Internal - Sustainability	↑	500+	500+
Number of incidents regarding unauthorised native vegetation clearing	Internal - Sustainability	↓	8	2
Number of Shire managed reserves where weed control has been conducted	Internal - Sustainability	↑	19	19
Number of Shire managed road reserves where weed control has been conducted	Internal - Sustainability	↑	20	30+
Number of pest plant notices issued	Internal - Rangers	↔	27	NA
Percentage of kerbside collection that has been diverted from landfill (%)	Internal - Sustainability	↑	N/A	35.14%
Recycling compliance (%)	Internal - Sustainability	↑	N/A	34.82%
Residential waste to landfill per head of population	Internal - Sustainability	↓	N/A	294kg

*Reduction in water consumption in part due to the installation of a bore for watering Berridge Park.

** Increase in energy consumption in part due to McLean oval lighting coming back on line after upgrade to oval.

Key Statistics

Energy Performance Top 10 Shire Assets 2019/20

Asset Name	Electricity Usage (GJ)	Electricity Cost (\$)
Shire Administration Centre	55.67	\$4,261.00
McLean Park	37.65	\$2,907.00
Recreation Centre	26.95	\$2,108.00
Depot	17.53	\$1,432.00
Denmark High School Oval Bore	15.92	\$834.00
Civic Centre, Library & Old CRC	14.12	\$1,183.00
Water Supply Pump Peaceful Bay	11.49	\$989.00
Berridge Park	3.92	\$434.00
CEO's House	2.86	\$294.00
Peaceful Bay Beach Toilets Pump	2.34	\$320.00

Water Performance Top 10 Shire Assets 2019/20

Asset Name	Water Usage (kL)	Water Cost (\$)
Zimmerman Street Standpipe	3,018	\$27,606.00
Depot	1,021	\$2,653.00
McLean Park	602	\$1,560.00
Civic Centre, Library & Old CRC	544	\$3,328.00
Strickland Street Median Strip	519	\$1,350.00
Recreation Centre	384	\$1,271.00
Berridge Park	320	\$1,477.00
Shire Administration Centre	277	\$996.00
Thornton Park	239	\$1,395.00
Shire Staff Rental Chiltern Road	181	\$622.00

Community Satisfaction With Our Natural Environment



Performance Measure	2017/18	2018/19	2019/20	Average Score	High Score	Average Score	High Score
Conservation and environmental management	54	57	N/A	56	73	58	76
Managing responsible growth and development	43	49	N/A	50	58	48	58
Promoting and adopting sustainable practices	49	53	N/A	55	62	54	68
Efforts to adapt to climate change	47	48	N/A	50	54	48	54
Efforts to reduce waste	53	53	N/A	56	66	53	66
Efforts to promote and use renewable energy	54	52	N/A	N/A	N/A	N/A	N/A
Efforts to maintain and enhance local rivers and inlets	43	46	N/A	N/A	N/A	59	76
Management of local beaches and coastline	51	58	N/A	N/A	N/A	N/A	N/A
Management of bushland and forests	55	55	N/A	N/A	N/A	N/A	N/A
Waste collection services	56	58	N/A	63	76	69	85

*Note: Performance measures in grey are unique to the Shire of Denmark
Due to Covid-19, the Shire's annual MARKYT Scorecard was postponed and completed in 2020/21*

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

Parrys Beach Masterplan

Delivery of a masterplan for Parry Beach Reserve was deferred until 20/21 due to the pandemic, to ensure that community consultation could be undertaken.

SCP Ref: B3.1.3

Cemetery Concept Plan

Cemetery concept planning was significantly impacted by Covid-19 restrictions as it prevented the working group from Pardelup Prison from accessing the site. This project will now be undertaken in 20/21.

SCP Ref: B3.1.10

Capital Works-Roads & Paths

The Civil Infrastructure crew delivered the following projects in 19/20:

- Happy Valley Rd
- Parker Rd
- Ficifolia Rd
- Scotsdale Rd Fernley Rd - Black Spot project
- Minsterly Road

In addition to capital works delivered for 19/20, the Civil Infrastructure team carried out ongoing maintenance programs to preserve our road infrastructure. The grading program (maintenance schedule) included:

- Crack Patching
- Slashing program
- Street sweeping
- Road verge spraying
- Pothole patching
- Footpath maintenance
- Drainage maintenance

The feature survey and preliminary design work was completed for the dual use path between

Riverside Drive and Macpherson Drive. Further discussion and approvals are now required with Main Roads Western Australia regarding their requirements along the South Coast Highway.

SCP Ref: B3.1.13,25

Capital Works - Bridges

Fernley Road Bridge was programmed to be refurbished in 19/20 due to issues arising with the aging structure. The scope of works included widening the existing deck from a one-way to a two-way bridge, repair the aging deck with a concrete overlay, install new barrier system and seal both approaches. Work commenced in March 2020 and was completed in August 2020.

SCP Ref: B3.1.26



Photo: Fernley Rd Bridge

Capital Works - Buildings

Building capital work projects included renovation to Poddy Shot and Thornton Park ablutions, Denmark Museum, Old Hospital Morgue and town entry statements, demolition of the John Clark Memorial Bandstand and Yacht Club ablution works. In addition, there was an upgrade of the Football Club decking and access steps for junior players at McLean Park.

SCP Ref: B3.1.27

Capital Works-Furniture & Equipment

The kitchen and planning areas within the Shire's administration building were upgraded to provide for better use of space and to provide more adequate facilities for staff.

SCP Ref: B3.1.28

Capital Works Plant & Equipment

The Plant Replacement Program Included the replacement of the following plant:

- John Deer loader
- John Deer Skid Steer
- Mitsubishi Twin cab truck

The Mechanical Services crew within Civil Infrastructure have been busy undertaking Shire fleet and fire brigade vehicle maintenance. Throughout 19/20, they also worked towards reinstating provision of DOT inspections, which was successfully achieved on completion of relevant personnel training.

The introduction of a swipecard service at the depot standpipe was delivered by Technical Services with some assistance from the Civil Infrastructure crew. The unit is now installed and is awaiting activation.

SCP Ref: B3.1.29

Disability Access

With the assistance of our Disability Services Committee the Shire identified that work was needed to improve ACROD car parking bays throughout the CBD. Our Committee identified the particular parking areas that required improvement and prioritised an action list. Through our 19/20 budgeting process a new yearly Asset Renewal Fund was allocated to the continued improvement of access to enable the works to take place. The first of the ACROD parking areas has now been upgraded, it was completed in May 2020. The parking bay was raised to the same level as the footpath, making it easier for people to get in and out of a vehicle without having to negotiate the kerb. The new improvements have been well received in our community.



Photo: Strickland St ACROD car park

All front-line customer service staff and other key staff attended an access and inclusion training session specifically tailored to raise awareness about the barriers faced by people with disability and what staff can do in their individual roles to improve access and inclusion in our organisation. The workshop was designed and presented by people with disability in our community using real life experience stories. Staff feedback was very positive with most staff said they had learnt something new that could be applied to their individual work areas.

The Shire of Denmark in partnership with the Denmark Surf Life Saving Club continue to offer access to the beach wheelchair at Ocean Beach.

The Denmark Recreation Centre provides access to the Living Life Pack for people with a disability or limited mobility.

SCP Ref: B3.2.2, 11

Infrastructure Drawings

Officers reviewed standard drawings for infrastructure during the year. Final adopted drawings are still yet to be uploaded on the Shire's website.

SCP Ref: B3.2.3

Mountain Bike Trails

The Great Southern Regional Trails Masterplan was endorsed by the Shire and 10 other Great Southern local governments in May 2020 bringing together an extensive body of work identifying potential sites for a variety of walking, cycling, kayaking and drive trails. The Shire will now look to share that information with the community to

determine where future trail development might occur.

SCP Ref: B3.2.6

Surf Life Saving Club

The project proposal is to transform the current Denmark Surf Life Saving Club into a modern and fit-for-purpose facility that services the needs of members, the Denmark community and visitors to Ocean Beach, whilst also facilitating club growth and enhancing economic opportunities within the Shire of Denmark and wider Great Southern region. Importantly, new facilities will also provide resolution of current significant safety issues regarding beach access and emergency response time.

SCP Ref: B3.2.7

Ocean Beach Public Realm

A landscape architect was engaged to develop a concept plan and provide opinion of probable cost for the Ocean Beach Public Realm.

Key considerations include the following;

- Improved Universal Access including beach entry
- New lookout at the carpark
- New Public Community Area (Plaza)
- Improved public amenities
- Improved vehicular access
- Potential for a bush boardwalk
- Potential northern pathway with ramp beach access
- Refurbishment of seawall for protection of the public realm

SCP Ref: B3.2.8

Local Planning Scheme & Strategy

Review of the Local Planning Scheme was scheduled to occur on the completion of the Local Planning Strategy review however a decision was made to bring this forward to review concurrently with the Local Planning Strategy in 20/21.

The review of the Local Planning Strategy commenced in earnest with the formation of a Working Group, adoption of a Communication

Strategy, upgrading of the Shire's website as it relates to consultation, a technical review of the existing Strategy and preliminary advertising of the Strategy review.

SCP Ref: B3.3.1,2

Road Maintenance

The Technical Services team developed and implemented technical levels of service for assets to improve their efficiency. The work in 19/20 was completed for the grading maintenance schedule.

The Asset Management Plan provides maintenance programs for all asset portfolios to guide future works and inform medium term planning. The renewal program was completed for the sealed road network. Further work is still required for the other assets.

SCP Ref: B3.4.5-7

Peaceful Bay

Options for dust suppression at Peaceful Bay was researched and a suppression product was subsequently purchased and tested at the site. Monitoring of the effectiveness of this is underway.

One of the actions for the Peaceful Bay Waste Facility was to install a site toilet for the caretaker. A purpose-built eco toilet was constructed and installed at the Peaceful Bay Tip.

SCP Ref: B3.4.13,16, B3.1.1

Fleet Storage

An investigation of the depot site redevelopment was conducted including pricing for shed upgrades and some preliminary designs were obtained. At this stage this work is not progressing due to the impact of Covid-19 on the long term finances of the Shire.

SCP Ref: B3.4.19

Corporate Business Plan Measures

Things We Measure	Source	Desired Trend or Target	2018/19	2019/20
Asset Consumption Ratio (%)	Internal – Asset Management	50-70%	62%	54%
Asset Sustainability Ratio (%)	Internal – Asset Management	90-110%	134%	120%
Asset Renewal Funding Ratio (%)	Internal – Asset Management	75-95%	93%	95%
Value of assets rated condition 5 (very poor) as a percentage of total value (%)	Internal – Asset Management	↓	2.75%	2.75%
Percentage of Development Applications assessed within statutory timeframes (%)	Internal - Planning	↑	95.8%	94%
Percentage of Subdivision Applications assessed within statutory timeframes (%)	Internal - Planning	↑	33%	60%
Percentage of Certified Building Permits processed and issued within 10 days (%)	Internal – Building	100%	100%	100%
Percentage of Uncertified Building Permits processed within 25 days (%)	Internal - Building	100%	100%	100%

Key Statistics

2019/20 Planning Applications

Type	Number of Applications	Cost of Development
Single House	30	8,260,748.00
Single House Additions	31	1,172,495.00
Grouped Dwelling	4	1,232,846.00
Third House	1	150,000.00
Holiday Home (Standard)	4	0.00
Holiday Home (Large)	5	5,000.00
Holiday Accommodation	2	0.00
Outbuilding	33	1,964,739.00
Change of Use	6	531,000.00
Signage	3	2,274.00
Aquaculture	2	10,000.00
Commercial & Industrial	12	1,872,000.00
Dam	5	188,000.00
Rainwater Tank	3	28,490.00
Planning Approval Renewals	5	0.00
Amendments to Planning Approvals	14	64,500.00
Council Support Only	1	0.00
Demolition	3	68,000.00
Extractive Industry	1	0.00
Home Business	1	0.00
Rural Industry	1	5,000.00
Telecommunication Tower	2	280,000.00
Private Recreation	1	48,000.00
Totals	170	15,883,092.00

Building Statistics Summary 2019/20

Type	Number of Permits Issued	Total Value of Approved Work
Single Houses	39	\$12,417,863
Additions to Single Houses	27	\$1,138,293
Outbuildings (Not Rural)	54	\$1,796,276
Rural Outbuildings	5	\$307,185
Commercial and Industrial	5	\$360,000
TOTAL	130	\$16,019,617

INFRASTRUCTURE GRANT FUNDING



Community Satisfaction With Our Built Environment



Performance Measure	2017/18	2018/19	2019/20	Average Score	High Score	Average Score	High Score
The area's character and identity	59	62	N/A	63	67	59	85
Planning and building approvals	39	46	N/A	44	60	46	65
Access to housing that meets your needs	54	57	N/A	52	66	57	68
Community buildings, halls and toilets	61	62	N/A	60	78	60	78
Sport and recreation facilities and services	61	64	N/A	73	85	66	85
Playgrounds, parks and reserves	63	68	N/A	69	86	68	86
Storm water drainage	48	58	N/A	N/A	N/A	54	79
Building and maintaining local roads	46	53	N/A	44	62	53	80
Traffic management and control on local roads	51	58	N/A	53	64	55	67
Footpaths, cycle ways and trails	59	62	N/A	52	62	53	71
Streetscapes	60	58	N/A	53	62	54	83
Lighting of streets and public places	57	60	N/A	57	64	56	65

Note: Due to COVID 19, the Shire's annual MARKYT Scorecard was postponed and completed in 2020/21

Our Community:

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

Denmark Animal Carers

The Shire continued to support the Denmark Animal Carers through a \$2000 donation to care for and rehome domestic animals.

SCP Ref: C4.1.1

Community Bus

The community bus was sold during the financial year and it was not deemed appropriate for this asset to be replaced due to the ongoing cost of operations.

SCP Ref: C4.1.2

Community Financial Assistance

The Shire provided 12 not-for-profit community groups with \$31,410 of financial assistance in 2019-20 for various projects, cultural and arts activities and events, along with purchases of equipment. More details on page 45.

The Cultural Development Fund was combined into the Community Financial Assistance Grants with Cultural funding a theme funding area.

Funding of \$10,000 was provided to the Denmark CRC to deliver the successful 2019 Christmas Street Parade.

Due to staff changes at the Denmark Chamber of Commerce, the annual contribution for a Youth Careers Expo did not proceed.

SCP Ref: C4.1.3, C4.3.3, C4.2.2

AYSA Youth Program

Operating three days per week, Denmark Youth Outreach Service provides early intervention support to young people to prevent and address crises. During 19/20 the program provided:

- Mentoring, relationships and information to enhance young people's health and wellbeing

- Advocacy, referrals and support to access specialist services, including AYSA homelessness services

This free service for young people aged between 12 and 18 is funded by the Shire of Denmark and the Department of Communities and managed by Albany Youth Support Association (AYSA).

SCP Ref: C4.1.4

Department of Transport

The Shire continued to provide licencing, registrations, and other Department of Transport Services for the community as a registered agent. An average of 635 transactions were processed each month.

SCP Ref: C4.1.6

Bushfire Mitigation

The Bushfire Risk Mitigation Plan 2019-2024 was completed and endorsed by Council in December 2019. As a local government with a significant bushfire risk, this document provides a coordinated and efficient approach towards the identification, assessment and treatment of assets exposed to bushfire risk.

During 19/20 the Shire was successful in gaining \$300,000 in funding through the Mitigation Activity Fund and applying this to the treatment of risks on Shire owned and managed lands. The Shire also applied for funding for the following year and was successful in having \$1.2M worth of works assessed as eligible for funding and receiving a further \$500,000 for on-ground works to be undertaken in 20/21.

During 19/20 several other projects were undertaken to build fire resilience and improve mitigation policies into the future including Bushfire Resilience in the Great Southern,

Springdale Heights Bushfire Management Plan and Shire of Denmark annual fire mitigation works. There were 92 fire mitigation treatments completed, not limited to but including pruning, mulching, mowing, construction/repairs of access ways and prescribed burning. This resulted in approximately 90km of access ways maintained/constructed renewed and fuel loads reduced across approximately 118ha of reserves.

SCP Ref: C4.1.7,8,15

Local Emergency Management

The Shire of Denmark continued to administer the Local Emergency Management Committee (LEMC). The LEMC met an unprecedented number of times in 2020 to support the response to Covid-19.

This year has seen a further five Angel Ring life buoys installed along the coast line with a funding agreement secured for the installation of more Angel Rings and rock anchor points should locations be identified.

SCP Ref: C4.1.10

Supporting Volunteers

Due to Covid-19 restrictions the annual Shire of Denmark Feast not Fire Dinner to thank Bushfire Service volunteers was cancelled.

The process for introducing a volunteer induction package is continuing to ensure an appropriate induction be provided to all volunteers within the Shire.

SCP Ref: C4.1.11,12

Emergency Support

An emergency messaging SMS service was implemented in 2019 with approximately 890 people currently registered to receive a range of updates from the Shire. This number continues to rise as more residents become aware of the SMS service and the ability to register online. Residents that have elected to receive Fire/Emergency Services messages receive information about Fire/Emergency Events in the Shire, Total Fire Bans, Prohibited Burning Periods and Weather Warnings. During the height of the

Covid-19 pandemic the SMS service was also utilised to share community information to residents.

Key Shire staff have participated in training related to the running of an emergency incident in the Shire of Denmark. These staff make themselves available to support the Incident Command Team during an emergency.

Shire of Denmark Volunteer Bushfire Brigades have been actively involved in hazard reduction burns across the Shire during the year, on both public and private property including assisting the Department of Biodiversity, Conservation and Attractions. Brigades and Fire Control Officers were also involved in the management and planning of future burns to occur within in the Shire of Denmark.

Brigades attended approximately 120 reported fire incidents across the year, both within the Shire of Denmark and abroad. Brigades were deployed to incidents within other local government areas and into NSW, QLD and the ACT to assist with the large-scale bushfire response.

SCP Ref: C4.1.13,14,17

Bushfire Ready

The Shire of Denmark committed to supporting the Bushfire Ready Program in Denmark. Bushfire Ready groups have grown under the leadership and guidance of Carl Wesley and the team of facilitators that support this program.

SCP Ref: C4.1.16

Disaster Relief

The Shire continued to budget for contributions to Local and State Emergency Disaster Relief as well as the National Emergency Disaster Relief.

SCP Ref: C4.1.18,19

Public Health Plan

Work commenced on the Public Health Plan but was temporarily put on hold while staff were actively involved in supporting community work during Covid-19. The work will be completed in the 20/21 financial year.

Food Safety

The Shire continued to promote the I'm Alert Food Safety program to all new stall holder applicants and new kitchen staff at existing food premises to improve their food handling skills.

The Principal Environmental Health Officer (EHO) attended all open businesses during the declared State of Emergency including food premises, shops and occupied public buildings where he conducted information sessions and provided support including posters and advice on what it would take to meet the requirements of the various Covid-19 related requirements brought forward by the State Government and in particular WA Health.

SCP Ref: C4.1.23

Water Sampling

The Shire continued to undertake water sampling to monitor the health of potable water during 19/20 with 249 water samples taken for analysis. This includes bacteriological testing, chemical testing and testing for hydrocarbons to monitor the health of potable water and for safe swimming.

SCP Ref: C4.1.24

Sporting Club Support

The Our Clubs Project Officer continued to provide valuable assistance to sporting groups and clubs. Support was given to:

- Eight sporting clubs in the review and submission of club constitutions
- Formation of an Equestrian Management Group
- Facilitation of McLean User Group in the formation & coordination of the McLean Clubhouse Facility Management / Lease development
- Formation of community partnerships for the delivery of events
- Grant assistance for three clubs
- Operational and strategic planning workshop delivered (12 attendees)

- High School Oval needs analysis
- Snorkel Trail Project Proposal

The Shire continued to administer the Kidsport program during 19/20. The program provides support to low-income families and contributes directly to club membership fees. In 19/20 a total of 145 vouchers were approved to the value of \$15,078. Twenty clubs received funding with 48 girls and 97 boys participating in the program.

SCP Ref: C4.1.25, C4.2.12

Seniors Week

The Shire of Denmark in partnership with Denmark Recreation Centre, Denmark Library, Denmark CRC delivered a program of activities to celebrate the community's seniors during Seniors Week 2019. The week focused on active, healthy ageing whilst recognising the important contributions of seniors in the community.

Highlights included the Intergenerational Table Top Games at Denmark Recreation Centre, where Denmark Primary School students challenged seniors to a classic board game; and a two-day mini expo at Denmark CRC which included talks and stalls on nutrition, mobility, exercise, art and crafts. A variety of social, learning and recreational activities for older adults such as fitness and stretch classes, memorabilia, story sharing and a series of engaging guest speakers were also on offer.

The annual and popular free Seniors Luncheon held on Friday 15 November at Denmark Civic Centre delivered great entertainment, delicious food, fun, prizes and more.

SCP Ref: C4.2.3

Thank a Volunteer Day

Around 120 people celebrated Denmark's volunteers and their contributions at the Shire's Thank a Volunteer Day function on December 5. The event included a presentation by guest speaker, Bank of I.D.E.A.S founder and director Peter Kenyon.

Mr Kenyon spoke about the benefits of volunteering and the importance of inclusion. He said the level of volunteering can indicate the cohesiveness of the community. Denmark has a large population of volunteers, from the emergency services to sporting, community and arts groups. The last census in 2016 showed that 29.8% of Denmark residents were volunteering for an organisation or group compared to the 23.3% regional average.

SCP Ref: C4.2.5



Photo: Thanking our local volunteers

Youth Programs

Over 100 young people mingled at a local café in September as part of the Youth Chill series. The program aimed to promote positive youth mental health and wellbeing. The free sessions developed by the Shire of Denmark in partnership with local business, held every Tuesday afternoon during September at Luscious Café, allowed young people to connect, chat, create and enjoy some snacks in a relaxed, youth-only environment. The sessions coincided with Social September which is about strengthening relationships with each other through face-to-face social interaction.



Photo: Youth Café activities

The Shire hosted a skateboarding workshop presented by Skate Girl on the 20 December 2019 at Denmark Skate Park. Approximately 50 young people participated in the event. The event provided an opportunity for skaters of all ages to learn new skills and gain the confidence to skate. Christmas art and craft workshops were also offered to young attendees.

Unfortunately the 4 Youth Fest project had already commenced planning when Covid-19 struck and had to be cancelled.

SCP Ref: C4.2.4,6, E1.3.6



Photo: Skate park activity

Family Week Celebration

The Shire of Denmark provided funding support for the dance project *Because of You* produced by local choreographer Annette Carmichael.

Because of You aimed to bring play, joy and happiness to isolated families during the Covid-19 lock down period. The project consisted of a series child-centred dance workshops drawing on familiar childhood games to support kids to take the creative lead in dancing with the people they love. The aim of the project was to celebrate the bonds that still join us in the midst of social isolation due to the pandemic. The workshops were delivered online by 34 people with the performances reaching an audience of 1200 people.



SCP Ref: C4.2.7

Denmark Library

The regular events for adults, including Shakespeare Reading and Poetry Group, Mah-jong, Chess and Scrabble and Book Groups all were a great success prior to Covid-19 closure of the library. After Covid-19 lockdown, the library offered programs via Zoom including Shakespeare Reading and Poetry groups and the Novel Idea Book Club. The members of these groups have been very grateful for the opportunity to stay connected during lockdown and beyond.

The library participated in National Novel Writing Month (NaNoWriMo). NaNoWriMo is a free global writing program which challenges participants to write a 50,000-word novel during the month of November. Interested writers came to the library each week to share ideas and the library offered a space for "Write Ins". The month finished off with a visit from award-winning author Dianne Wolfer, who shared her expertise

in a writing workshop and local author Bethany Forrester spoke of her experiences with publishing her book.

During Covid-19, the Library offered a Library Outreach program to people who were isolated for medical reasons, over the age of 70, not connected online or who needed extra support due to disability. The library offered a pick up or delivery service for those people who were eligible. Support from the Rangers from the Shire Community Services Team was greatly valued.

There was a range of activities for children and families delivered by the Library including:

- Rhyme-time
- Storytime
- Better Beginnings Early Literacy program partnering with the State Library of W.A
- Better Beginnings
- Play in the Park
- Children's Book Week 2019

SCP Ref: C4.2.8-10

Community Support

The waiver of the annual rating charge to 32 groups was granted as part of Annual Budget process.

Denmark's ANZAC Day service was not conducted due to the pandemic; however, remembrance of ANZAC Day was promoted by RSL through newspaper and media online.

A donation of \$2,000 was made to the Royal Flying Doctor Service during 19/20, including donations received from the Australia Day breakfast.

A \$3,500 contribution was made to the Denmark Historical Society to assist with operating costs and maintaining the museum collection.

A contribution of \$75,000 was made to Denmark Arts to assist in bringing its programs to the community. The programs included Denmark Festival of the Voice, Brave New Works and the Denmark Arts Markets. These events provided economic development opportunities to the town,

as well as providing opportunities for the community to come together to celebrate art and culture.

SCP Ref: C4.2.11, C4.3.1-5

Australia Day Breakfast

The Big Aussie Breakfast in the Park focused on community engagement and providing opportunities for community interaction and fostering community spirit.

A fantastic line-up of local artists were engaged to offer musical entertainment, while kids and family activities such as face painting, art and craft and a popular bouncy castle were also on offer.

The Shire hosted Australia Day Ambassador Professor Ralph Martins AO who is well-known and highly respected both nationally and internationally as a prominent researcher in Ageing and Alzheimer's Disease (AD). Local Aboriginal leader Larry Blight delivered a fantastic Welcome to Country. Our 2020 Citizen of the Year Winners were also announced at the event in front of a crowd of around 1000 people.



Photo: Noongar Elder Larry Blight and Shire President Ceinwen Gearon.

In 19/20 the Shire recognised the following community members at the Australia Day Breakfast:

- Citizen of the Year Award: Basil Schur
- Senior Citizen of the Year: Yvonne Hortin
- Youth Citizen of the Year: Deklan Turnor

- Community Group of the Year: Great Southern Classic Car Show
- Senior Sportsperson of the Year: Maureen Cowdell
- Junior Sportsperson of the Year: Zara Wholley
- Service to Sport Award: Jodie Hickey

SCP Ref: C4.3.7



Photo: Basil Schur

Aboriginal Heritage

The Shire continued to implement the Aboriginal Heritage Policy during the year and placed an increased focus on delivering Welcome to Country and Acknowledgement of Country at Shire functions and events.

Unfortunately, due to staffing constraints the activity to develop concept plans for Reserves 15022 and 22944 which contain two registered Aboriginal Heritage sites – Denmark River and Kwoorabup Corrobboree Ground, was not able to be undertaken.

The Lighthouse Project

A new project named Train the Trainer, funded through the Lighthouse Grant Program, created new career pathways for people with disability in our community. The Shire provided a platform for our own community members with disability to become trainers. The three successful candidates developed the content and the stories and then were employed to deliver staff training sessions. The result was a truly impactful presentation. The Shire partnered with APM Communities and Disability Services Consulting. As part of this project, we also provided an opportunity for a high school student with disability to get involved while undertaking work experience at the Shire. After participating in this project, he provided the following feedback: *“This project has given me confidence and hope for my community life. I have loved to have my own opinions and views, knowing my Council cares about me. It gave me the realisation that I am recognised and respected. I feel that this is the beginning of my dream career as a mentor for people who live with disabilities.”* Tyler Hartfield



Photo: Lighthouse Project – Geoff Hill, Anwen Handmer, Tyler Hartfield and Kaleisha Bass

International Disability Day

The Shire of Denmark hosted a Multi Sports *Have a Go* event to celebrate International Day of People with Disability in December 2019. The aim of the event was to promote the inclusion of people with disability in our community. Our event also highlighted how people of all abilities can enjoy sporting activities when provided with

the tools and support to do so. Through our guest speaker, triathlete Paralympian Brant Garvey, our attendees were also inspired to focus on their abilities and aim high by using the ‘no excuses’ mindset. This event was delivered through a partnership with WA Disabled Sports (WADSA). 160 people attended, including students from local schools, people with disability, general public, Shire staff and Councillors.



Photo: Brant Gavey speaking to school students

Corporate Business Plan Measures

Things We Measure	Source	Desired Trend or Target	2018/19	2019/20
Number of events hosted each year by the Shire	Internal - Community Services	↔	15	10
Attendance at community events hosted each year by the Shire	Internal - Community Services	↑	3,202	4,844
Number of Active Library members (%)	Internal - Community Services	↑	N/A	3,988
Total Recreation Centre attendances	Internal - Community Services	↑	37,342	28,947
Socio-Economic Disadvantage score	Australian Bureau of Statistics	↓	1003	1003
Percentage of Land compliant with fire management requirements (%)	Internal - Rangers	↑	N/A	NA
Shire Bushfire Volunteers as a percentage of population (%)	Internal – Emergency Services	↑	8.4%	11.3%
Percentage of high and medium risk food premises inspected (%)	Internal - Health	100%	100%	100%
Percentage of Registered caravan parks/camping grounds inspected (%)	Internal - Health	100%	100%	100%
Percentage of high and medium risk public buildings inspected (%)	Internal - Health	100%	55%	100%

Key Statistics

Rangers Statistics

Type	Education	Warning	Infringement
Fire Management Notice	1,560	154	8
Dog Act 1976 Compliance	509	34	18
Parking Local Laws	383	68	43
TOTAL	2,452	250	69

Library Statistics

Type	Number
Number of physical loans	47,131
Reference enquiries	10,920
eResource enquiries	507
Programs for adults and children	253
Program attendance for adults and children	2,322
Customer visits	43,578
Visits to online catalogue	3,916
eResource usage	9,846

Recreation Centre Statistics

Type	Number
Total Recreation Centre Attendances	37,342
Gym	12,954
Fitness Classes	2,756
Living Longer Living Stronger	3,166
Sports Hall	15,656

Public Health Statistics 2019/20

Type	Number
Onsite conventional septic system approvals	36
Aerobic Treatment Units approvals	8
Water samples	191
Food samples	2
Carcass and surface samples	6
Asbestos fibre identification samples	2
Food premises assessments	293
Stall holder's licenses	43
Selling food on private land permit	2
Section 39 certificates	3
Alfresco and dining licensing	11
Childcare and family daycare inspections	1
Trading in thoroughfares and public places permits	2
Home holiday accommodation inspections	14
Peaceful Bay Leasehold properties inspections	3
Temporary accommodation approval	6
Lodging houses inspections	2
Home inspections regarding noise, mosquitos, mould and smoke	29
Public building inspections	22
Meat inspections	121
Caravan and camping inspections	9

Community Satisfaction With Our Community



Performance Measure	2017/18	2018/19	2019/20	Average Score	High Score	Average Score	High Score
Services and facilities for families and children	54	56	N/A	60	66	59	71
Services and facilities for youth	38	41	N/A	48	52	48	70
Facilities, services and care available for seniors	48	54	N/A	58	61	55	67
Access to services and facilities for people with a disability	43	49	N/A	52	56	51	66
Access to health and community services	57	61	N/A	59	63	54	69
Library and information services	74	79	N/A	74	79	71	89
Festivals, events, art and cultural activities	69	74	N/A	66	74	62	78
How Aboriginal people, history and heritage is recognised and respected	54	54	N/A	61	67	54	67
How local history and heritage is preserved and promoted	54	62	N/A	66	75	60	79
Safety and security	66	68	N/A	59	76	55	76
Management of food, health, noise and pollution issues	55	59	N/A	N/A	N/A	57	74
Natural disaster management (education, prevention and relief for fires, flooding, etc)	51	58	N/A	58	66	56	66

Note: Due to COVID 19, the Shire's annual MARKYT Scorecard was postponed and completed in 2020/21

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

Asset Management

In order to monitor Shire assets, a data improvement program was implemented in 18/19 and is used to monitor assets on an ongoing basis.

The Technical Service Team have also adopted an as-constructed procedure that informs all developers of the requirements for submitting data to the Shire that relates to a new asset.

The Shire of Denmark, as part of the adopted Asset Management Strategy, engaged independent consultant Pickles Auctions to assess the fair value of assets in the plant and equipment asset class. Specified assets were valued on the basis of *fair value* in accordance with:

- Australian Accounting Standards – AASB13 Fair Value Measurement
- The Australian Property Institute’s practice standards

The Shire is currently using Moloney Asset Management System to financially model its assets. The Shire developed whole of life costings for the sealed road network during 2018/19. This has been linked to agreed service and intervention level for a reseal on the roads. Further work will be required for other asset classes as the Shire’s data confidence increases.

During 19/20 the Asset and Finance team implemented the revised cost codes to ensure the accurate capture of costs associated with the Shire’s assets. The changes will be monitored for effectiveness and revised if required.

Due to Covid-19 the scheduled comprehensive valuation and condition rating of all assets within each portfolio was unable to be completed.

SCP Ref: L5.1.1,7,L5.4.9,11-14

Corporate Planning and Reporting

The Shire has continued to review the structure of the Annual Report to better align to the aspirations and objectives of the Strategic Community Plan and the activities of the Corporate Business Plan. The Annual Report now provides community survey and other organisational and external metrics that are tracked on an annual basis as a way to measure activity trends and performance.

The Shire continued work on the Asset Management Plan and Long-Term Financial Plan with a focus on creating better alignment between the two strategic documents. This work will continue in 2020/21.

Work on the development of a quarterly Corporate Business Plan Report that provides a high-level overview of the Shire’s progress over each quarter was delayed during Covid-19, as was the annual Community Scorecard Satisfaction Survey and the internal Shire of Denmark Culture Survey.

Due to resource constraints, the development and implementation of a fully integrated compliance calendar was not completed during the year and will carry over into the next financial year.

The review of the internal procedures manual is an ongoing activity that is undertaken on an as needs basis to improve governance and management arrangements.

Integrated planning and reporting working group was delayed due to Covid-19, however as a result of the impact of Covid-19, the Shire has committed to undertaking quarterly reviews with Council in the 20/21 financial year.

SCP Ref: L5.1.9-25,L5.2.3

Human Resources

The need for revised working arrangements was identified and undertaken as part of the Covid-19 response. This has led to various requests from employees for flexibility in their work arrangements which have been considered and implemented.

During Covid-19 HR was tasked with creating both Covid-19 Leave Guidelines and also a Leave Matrix which was to assist employees to understand the circumstances around taking leave during a pandemic. This proved beneficial for line Managers and employees in explaining all situations in regard to leave relative to Covid-19.

The new Drug and Alcohol Policy is in the final draft stage and has been sent to WALGA and ASU for comment and endorsement. This process has been delayed due to Covid-19 restrictions and postponement of the EBA.

SCP Ref: L5.1.41,49

Community Engagement

The Shire employed a Community Engagement Officer in 2020. One of their key roles was to develop communication tools that will ensure the community is kept informed of activities across the Shire. These communications, including a new interactive web platform, *Your Denmark*, and monthly newsletters commenced in 2020.

The work to review the media policy commenced in 19/20 and will be completed in the following financial year.

SCP Ref: L5.12.6,9

Ward & Representation Review

As the last ward review was completed in April 2013, the Shire of Denmark was required to undertake another ward review in advance of the 2021 Ordinary Local Government Elections. The Shire provided public notice and a discussion paper of the Ward and Representation Review. The discussion paper included three examples of possible options for change to the ward and

representation system, as well as the fourth option of no change. The Shire undertook a review in 19/20 and after extensive consultation, Council unanimously supported no changes to the current wards or representation structure.

SCP Ref: L5.2.10

Event Risk Management

The Community Services Team developed and launched a new web platform that allows for event applications to be submitted online and then assessed by the Shire. The platform ensures that consistent principles and requirements are applied to the type of event that is being delivered to ensure that risks can be managed.

SCP Ref: L5.3.2

Elected Member Training

In Feb 2020 the Council adopted a Continuing Professional Development Policy to ensure that Elected Members of the Shire of Denmark receive appropriate information and training to enable them to understand and undertake their responsibilities and obligations.

SCP Ref: L5.3.3

Financial Services

The Shire successfully implemented a financial management reporting system through Microsoft Power BI including project monitoring. Procurement training is now embedded into staff inductions to ensure that all staff have a sound understanding of procurement related policies and procedures.

Online and direct debit functionality has been implemented to enable more payment option for community members across a number of business areas of the Shire.

SCP Ref: L5.5.1,5,15,20

GS Peer Support Program

The Shire of Denmark continues to take a leading role as co-facilitator of the Great Southern Peer Support Program. The program is the first of its kind in WA comprising all eleven Local

Governments in the Great Southern. The program seeks to support local governments in the region to improve their long-term planning through collaboration and resource sharing.

SCP Ref: L5.5.4

Information Technology

A review of the draft five-year ICT Strategy was undertaken by the ICT Officer. As a result, recommendations in year one of the draft ICT Strategy were put forward for the 2020/21 Annual Budget.

SCP Ref: L5.5.12,13

Records Management

Actions from the Shire Record Keeping Plan were implemented in 19/20 and the movement to an e-records system is to be completed in 2021/22.

The Shire recorded 7,365 pieces of incoming correspondence (which is an increase of 628 from the previous year) and over 4,276 pieces of outgoing correspondence during 19/20. During this period, 56 boxes of records were archived and 114 boxes of records are flagged to be destroyed.

A review of the Shire of Denmark Record Keeping Plan was conducted during 18/19, to assist in record keeping compliance as per the Record Keeping Act. Following this review the Information Management Policy and Processes Manual was completed. The new Record Keeping Plan will be implemented in 2020/21 and will form part of ongoing compliance and evaluation indicators for Shire record keeping systems.

The Shire is slowly reducing its reliance on paper with over 80% of correspondence now recorded in electronic form only. This is expected to continue to grow into the future. Staff also continue to work towards improving the accuracy of database records as part of daily activity.

A digital Cemetery Records module has been implemented to replace manual cemetery

records. Staff are now undertaking the work to transfer the information from historical paper records to digital form.

As of July 2020 discussions also ensued to commence electronically recording HR/Personnel documentation onto individual electronic HR files for each employee. IT Vision electronic HR system was reviewed for use by the Shire. Delivery of this module is planned for 2021/22 in conjunction with new payroll system.

The review and update of the style guide for key documents has been rescheduled to 20/21.

Work on agreements, licences and MOUs held with the Shire is a significant amount of work and of an ongoing nature. Due to resource limitations this work is currently done as required.

SCP Ref: L5.5.7-22,L5.1.46, L5.3.4

Department of Transport Licencing

The Shire, as a registered Department of Transport Licencing Agent, has six qualified staff to process licencing transactions at the administration building. Transaction numbers processed for 19/20 were:

Annual D.O.T Licencing Customer Transactions

Year	Total Transactions	Average Per Month
2019/20	7625	635
2018/19	8470	705
2017/18	9133	761

Corporate Business Plan Measures

Things We Measure	Source	Desired Trend or Target	2018/19	2019/20
Overall Compliance with the Compliance Audit Return (%)	Internal – Governance	100%	92.56%	98.08%
Percentage of Annual Returns lodged by 31 August (%)	Internal – Governance	100%	100%	100%
Percentage of Primary Returns lodged within 3 months of commencement (%)	Internal – Governance	100%	100%	100%
Percentage of Related Party Disclosures published in Annual Financial Statements (%)	Internal – Governance	100%	100%	100%
Percentage of Councillor attendance at Council Meetings (%)	Internal – Governance	100%	91%	94%
Percentage of Council Meeting Agendas published 7 days prior to meeting (%)	Internal – Governance	100%	72.73%	85.71%
Percentage of Council Meeting Minutes published within 10 working days after meeting (%)	Internal – Governance	100%	100%	100%

Community Satisfaction With Our Local Government



Performance Measure	2017/18	2018/19	2019/20	Average Score	High Score	Average Score	High Score
The Shire of Denmark as the organisation that governs the local area	48	55	N/A	54	68	56	74
Value for money from Council rates	43	45	N/A	41	57	45	64
Council's leadership within the community	42	51	N/A	49	60	50	67
Advocacy and lobbying on behalf of the community to influence decisions, support local causes, etc.	43	50	N/A	48	64	50	68
The Shire's efforts to work with regional partners	50	55	N/A	56	79	59	79
How open and transparent Council processes are	38	46	N/A	44	61	45	61
How the Shire embraces change, innovation and new technology	45	51	N/A	51	65	52	65
How the community is consulted about local issues	43	49	N/A	44	58	46	63
How the community is informed about what's happening in the local area (including local issues, events, services and facilities)	48	53	N/A	52	64	54	66
Shire's website	54	59	N/A	57	63	58	68
Customer service	68	72	N/A	64	72	63	79
	% Agree						
The Shire has developed and communicated a clear vision for the area	23	26	N/A	29	52	35	61
Elected Members (the Councillors) have a good understanding of community needs	23	30	N/A	N/A	N/A	31	50
Staff have a good understanding of community needs	40	43	N/A	N/A	N/A	35	53
The Shire listens to and respects residents' views	27	33	N/A	25	52	33	52
The Shire clearly explains the reasons for its decisions and how residents' views have been taken into account	23	30	N/A	N/A	N/A	29	49

Note: Due to Covid-19, the Shire's annual MARKYT Scorecard was postponed and completed in 2020/21

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 19/20 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 2019, the Shire achieved 98.08% compliance. A copy of the CAR is available on Council's website at www.denmark.wa.gov.au/governance-documents-and-forms.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 be completed prior to 31 August each year.

All required Financial Returns were submitted on time in the 19/20 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 and travel contributions with 10 days of their acceptance.

In 19/20 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.

Freedom of Information

As a public authority, the Shire has an obligation to provide certain information under the provisions of the Freedom of Information Act 1992 (FOI). During the 19/20 year, four requests were received for information under FOI. The total charged for the four applications processed was \$1,060 including \$120 in application fees.

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 19/20.

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 19/20 the Shire President officiated four ceremonies, welcoming 12 new Australian citizens.

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 \$100,000 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%.

2019/20 Employee Remuneration	
Salary Range \$	Number of Employees
100,000 - 109,999	2
110,000 - 119,999	2
120,000 - 129,999	1
130,000 - 139,999	1
140,000 - 149,999	
150,000 - 159,999	
160,000 - 169,999	1
170,000 – 179,999	
180,000 – 189,999	

The Shire of Denmark underwent a minor restructure within its corporate services division during 19/20 which is reflected within the bands above. This was partially due to the Covid-19 pandemic which took hold in the latter part of 19/20, along with the need to reappoint key executive staff whilst awaiting the appointment of the Chief Executive Officer (CEO). The CEO position will likely be determined in 2020/21.

Local Laws

During 19/20 Council did not adopt any new local laws.

Strategic Community Plan

The Shire of Denmark undertook a minor review of the Strategic Community Plan during 19/20. A copy of the plan can be viewed on the website

Risk Management

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

A Risk Management Framework is followed to ensure:

- Strong corporate governance
- Compliance with relevant legislation, regulations, and internal policies
- Integrated Planning and Reporting requirements are met
- 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.

Financial Contributions

Community Financial Assistance Program 2019/20

The Shire of Denmark provided twelve not-for-profit community groups with financial assistance in 19/20 for various projects, cultural and arts activities and events, along with purchases of equipment:

- ArtSouth WA – 2019 Southern Art & Craft Trail - \$3,500
- Nornalup Residents & Ratepayers Assoc. – Picnic at Nornalup 2020 - \$1,500
- Denmark Running Club – WOW Trail Half Marathon Event 2019 - \$1,810
- Denmark Baroque Inc. – Performance “A Spring Pastorale” - Sept 2019 - \$2,000
- Great Southern Classic Car Show – Host GS Classic Car Show Sept 2019 - \$2,700

Horsepower Denmark (Formerly Riding for the Disabled) – Purchase Horse Float - \$4,000

Denmark SHS – Drama ensemble production - \$2,000

Wilson Inlet Catchment Committee on behalf of the Denmark Bird Group – Full day bird seminar and production of “Birds of Denmark” Brochures - \$ 900

Denmark Men’s Shed – Development of Website - \$1,500

West Oz Geocaching – Geocaching event “WA Goes Big” - \$1,500

Denmark CRC – Christmas Parade 2019 - \$10,000

Contributions, Donations & Waivers

The Shire of Denmark made \$477,193 budgeted contributions, donations and waivers to community organisations and groups located within the Shire:

Contributions	\$421,461
Donations	\$ 7,526
Waivers	\$ 46,906
Awards	\$ 1,300

Financial Health Measures

The Shire's financial performance for the year is detailed in the 2019/20 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). The Shire has shown an improvement on the previous 3 years increasing its FHI from 56 in 2017-18, 66 in 2018/19 to 68 in 2019-2020.

Financial Indicators		Bench Mark	2020	2019	2018
Revenue Generation Ratios					
Own Source Revenue Coverage	The Shire's ability to cover operating expenses from own source revenue	40-60%	65%	67%	67%
Rates Income Ratio	The proportion of the Shire's rates revenue that contributes to total income		54%	51%	53%
Rates Expenditure Ratio	The Shire's dependence on rates revenue to fund operations		44%	44%	43%
Operating Surplus Ratio					
Operating Surplus/Deficit	The proportion of operating surplus to own source income	0.0-0.15	(0.33)	(0.22)	(0.28)
Liquidity Ratio					
Current	Extent to which short term liabilities can be met by short term assets	1.0	1.38	0.98	0.72
Debt Service Ratios					
Debt Service Cover (mandatory)	Extent to which the Shire's operating surplus before depreciation and interest expenses meets debt repayment obligations	≥2.0	4.29	5.35	4.53
Debt Ratio	Measures the Shire's solvency		5.8%	7.5%	5.6%
Asset Coverage Ratios					
Asset Consumption	The extent to which depreciable assets have aged by comparing written down values to replacement costs	50-70%	59%	62%	64%
Asset Renewal Funding	Indicates the Shire's capacity to fund asset renewals as required and maintain existing service levels without additional funding	75-95%	106%	93%	N/A
Asset Sustainability	Indicates the extent to which the Shire is replacing existing assets as they reach the end of their useful lives	90-110%	87%	134%	98%
Financial Health Indicator	Overall Financial Health Indicator	70+	68	66	56



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Denmark

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Denmark which comprises the Statement of Financial Position as at 30 June 2020, and 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, as well as notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2020 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 for the Audit of the Financial Report* section of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual 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.

Emphasis of Matter – Basis of Accounting

I draw attention to Notes 1 and 11 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's annual financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

- (i) Regulation 17A requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 *Leases* which would have required the entity to measure the vested improvements also at zero cost.
- (ii) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 did not allow a local government to recognize some categories of land, including land under roads, as assets in the financial report.

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 annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of the annual financial report that is free from material misstatement, whether due to fraud or error.

In preparing the annual 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

The objectives of my audit are to obtain reasonable assurance about whether the annual 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 annual financial report.

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

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 31 to the financial report.
- (ii) The following material matter indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law was identified during the course of my audit:
 - a. The Shire has not reported the Asset Renewal Funding Ratio for 2018 in the annual financial report as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996, as planned capital renewals and required capital expenditure were not estimated in a long term financial plan and asset management plan respectively in that year;
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Denmark for the year ended 30 June 2020 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 annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual 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 annual financial report to confirm the information contained in this website version of the annual financial report.



ALOHA MORRISSEY
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
19 February 2021

SHIRE OF DENMARK
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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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 2020**

*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 2020 is based on proper accounts and records to present fairly the financial position of the Shire of Denmark at 30 June 2020 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

18th day of February 2021



Chief Executive Officer (Acting)

David Schober

Chief Executive Officer (Acting)



SHIRE OF DENMARK
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	23(a)	6,679,282	6,725,471	6,443,951
Operating grants, subsidies and contributions	2(a)	2,321,797	1,908,268	2,488,653
Fees and charges	2(a)	3,075,245	3,043,766	2,984,580
Interest earnings	2(a)	180,274	216,229	303,742
Other revenue	2(a)	137,555	694,760	375,450
		<u>12,394,153</u>	<u>12,588,494</u>	<u>12,596,376</u>
Expenses				
Employee costs		(6,161,811)	(6,192,403)	(6,017,644)
Materials and contracts		(3,013,910)	(3,870,331)	(2,779,873)
Utility charges		(213,221)	(207,335)	(254,211)
Depreciation on non-current assets	11(b)	(4,711,784)	(4,469,600)	(4,351,003)
Interest expenses	2(b)	(128,833)	(123,010)	(138,869)
Insurance expenses		(426,654)	(428,567)	(398,117)
Other expenditure		(498,122)	(563,095)	(792,172)
		<u>(15,154,335)</u>	<u>(15,854,341)</u>	<u>(14,731,889)</u>
		<u>(2,760,182)</u>	<u>(3,265,847)</u>	<u>(2,135,513)</u>
Refund - Non operating grant		0	0	(4,310,344)
Non-operating grants, subsidies and contributions	2(a)	2,771,295	2,715,774	4,457,299
Profit on asset disposals	11(a)	1,760	1,000	400
(Loss) on asset disposals	11(a)	(277,776)	(175,900)	(91,334)
Fair value adjustments to financial assets at fair value through profit or loss		865	0	6,151
		<u>2,496,144</u>	<u>2,540,874</u>	<u>4,372,516</u>
Net result for the period		(264,038)	(724,973)	(2,073,341)
Total comprehensive income for the period		(264,038)	(724,973)	(2,073,341)

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 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
	2(a)			
Governance		70,843	52,807	86,038
General purpose funding		7,994,444	7,539,781	7,822,808
Law, order, public safety		619,440	772,111	646,642
Health		21,870	42,000	26,012
Education and welfare		88,209	69,300	61,035
Housing		97	450,698	3,140
Community amenities		1,523,159	1,529,452	1,566,526
Recreation and culture		470,846	554,351	422,611
Transport		201,749	230,361	569,564
Economic services		1,154,134	1,160,133	1,171,066
Other property and services		249,362	187,500	220,934
		<u>12,394,153</u>	<u>12,588,494</u>	<u>12,596,376</u>
Expenses				
	2(b)			
Governance		(821,810)	(877,614)	(743,938)
General purpose funding		(494,226)	(506,992)	(596,647)
Law, order, public safety		(2,399,498)	(2,356,208)	(1,814,496)
Health		(198,384)	(202,011)	(225,612)
Education and welfare		(337,793)	(338,212)	(245,520)
Housing		(88,985)	(48,492)	(90,031)
Community amenities		(2,690,395)	(2,639,285)	(2,465,337)
Recreation and culture		(2,848,675)	(3,094,946)	(2,940,348)
Transport		(3,917,898)	(4,310,928)	(4,212,753)
Economic services		(1,023,308)	(1,169,570)	(1,067,876)
Other property and services		(204,530)	(187,073)	(190,462)
		<u>(15,025,502)</u>	<u>(15,731,331)</u>	<u>(14,593,020)</u>
Finance Costs				
	2(b)			
Governance		(4,247)	(1,015)	(1,020)
Law, order, public safety		(170)	0	0
Health		(180)	0	0
Housing		(31,061)	(31,060)	(35,493)
Community amenities		(4,121)	(3,982)	(6,201)
Recreation and culture		(58,502)	(56,404)	(61,936)
Transport		(2,877)	(2,875)	(3,274)
Economic services		(27,674)	(27,674)	(30,945)
		<u>(128,833)</u>	<u>(123,010)</u>	<u>(138,869)</u>
		<u>(2,760,182)</u>	<u>(3,265,847)</u>	<u>(2,135,513)</u>
Refund - Non-operating grant		0	0	(4,310,344)
Non-operating grants, subsidies and contributions	2(a)	2,771,295	2,715,774	4,457,299
Profit on disposal of assets	11(a)	1,760	1,000	400
(Loss) on disposal of assets	11(a)	(277,776)	(175,900)	(91,334)
Fair value adjustments to financial assets at fair value through profit or loss		865	0	6,151
		<u>2,496,144</u>	<u>2,540,874</u>	<u>62,172</u>
Net result for the period		(264,038)	(724,973)	(2,073,341)
Total comprehensive income for the period		(264,038)	(724,973)	(2,073,341)

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



SHIRE OF DENMARK
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	NOTE	2020	2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	6,802,245	8,384,751
Trade and other receivables	6	658,569	1,006,955
Other financial assets	5(a)	22,048	53,853
Inventories	7	160,415	62,995
Contract assets	2(a)	213,775	0
Other assets	8	50,279	232,988
TOTAL CURRENT ASSETS		<u>7,907,331</u>	<u>9,741,542</u>
NON-CURRENT ASSETS			
Trade and other receivables	6	45,367	38,745
Other financial assets	5(b)	561,280	582,463
Property, plant and equipment	9	30,999,214	33,630,287
Infrastructure	10	60,283,474	59,902,490
Right of use assets	12(a)	240,456	0
TOTAL NON-CURRENT ASSETS		<u>92,129,791</u>	<u>94,153,985</u>
TOTAL ASSETS		<u>100,037,122</u>	<u>103,895,527</u>
CURRENT LIABILITIES			
Trade and other payables	14	1,529,621	4,170,549
Contract liabilities	15	200,789	0
Lease liabilities	16(a)	119,315	0
Borrowings	17(a)	245,164	298,573
Employee related provisions	18	1,199,636	1,124,174
TOTAL CURRENT LIABILITIES		<u>3,294,525</u>	<u>5,593,296</u>
NON-CURRENT LIABILITIES			
Contract liabilities	15	424,747	0
Lease liabilities	16(a)	121,141	0
Borrowings	17(a)	1,866,268	2,111,432
Employee related provisions	18	109,851	103,881
TOTAL NON-CURRENT LIABILITIES		<u>2,522,007</u>	<u>2,215,313</u>
TOTAL LIABILITIES		<u>5,816,532</u>	<u>7,808,609</u>
NET ASSETS		<u>94,220,590</u>	<u>96,086,918</u>
EQUITY			
Retained surplus		24,583,041	26,320,892
Reserves - cash backed	4	4,376,065	4,504,542
Revaluation surplus	13	65,261,484	65,261,484
TOTAL EQUITY		<u>94,220,590</u>	<u>96,086,918</u>

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



SHIRE OF DENMARK
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2018		22,890,850	9,966,164	65,303,245	98,160,259
Adj. for change in classification of Financial Assets		41,761	0	(41,761)	0
Restated Balance as at 1 July 2018		22,932,611	9,966,164	65,261,484	98,160,259
Comprehensive income					
Net result for the period		(2,073,341)	0	0	(2,073,341)
Total comprehensive income		(2,073,341)	0	0	(2,073,341)
Transfers from reserves	4	6,421,342	(6,421,342)	0	0
Transfers to reserves	4	(959,721)	959,721	0	0
Balance as at 30 June 2019		26,320,892	4,504,542	65,261,484	96,086,918
Change in accounting policy	27(c)	(131,968)	0	0	(131,968)
De-recognition of Vested Land Assets		(1,470,320)	0	0	(1,470,320)
Restated total equity at 1 July 2019		24,718,604	4,504,542	65,261,484	94,484,630
Comprehensive income					
Net result for the period		(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

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 2020

	NOTE	2020 Actual	2020 Budget	2019 Actual (Restated*)
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		6,636,871	6,725,471	6,544,655
Operating grants, subsidies and contributions		2,758,687	1,908,268	2,206,770
Fees and charges		3,075,245	3,062,616	2,984,580
Interest received		180,274	216,229	303,742
Other revenue		137,555	694,760	375,450
		<u>12,788,632</u>	<u>12,607,344</u>	<u>12,415,197</u>
Payments				
Employee costs		(6,042,541)	(6,192,403)	(5,967,692)
Materials and contracts		(2,986,012)	(3,413,866)	(2,729,513)
Utility charges		(213,221)	(207,335)	(254,211)
Interest expenses		(128,833)	(123,010)	(149,649)
Insurance paid		(426,654)	(428,567)	(398,117)
Goods and services tax paid		(240,792)	0	(332,521)
Other expenditure		(498,122)	(563,095)	(792,172)
		<u>(10,536,175)</u>	<u>(10,928,276)</u>	<u>(10,623,875)</u>
Net cash provided by (used in) operating activities	19	<u>2,252,457</u>	<u>1,679,068</u>	<u>1,791,322</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	9(a)	(1,291,080)	(2,038,857)	(3,485,266)
Payments for construction of infrastructure	10(a)	(2,947,085)	(3,887,956)	(4,331,052)
Non-operating grants, subsidies and contributions	2(a)	2,771,295	2,715,774	4,457,299
Proceeds from financial assets at amortised cost - self supporting loans		53,853	53,853	50,683
Proceeds from sale of property, plant & equipment	11(a)	149,449	156,000	173,786
Refund Non-Operating Grant		(2,153,504)	(2,153,504)	(2,153,504)
Net cash provided by (used in) investment activities		<u>(3,417,072)</u>	<u>(5,154,690)</u>	<u>(5,288,054)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(298,573)	(298,573)	(284,185)
Payments for principal portion of lease liabilities	16(b)	(119,315)	0	0
Net cash provided by (used in) financing activities		<u>(417,888)</u>	<u>(298,573)</u>	<u>(284,185)</u>
Net increase (decrease) in cash held		<u>(1,582,506)</u>	<u>(3,774,195)</u>	<u>(3,780,914)</u>
Cash at beginning of year		8,384,751	8,289,948	12,165,665
Cash and cash equivalents at the end of the year	19	<u><u>6,802,245</u></u>	<u><u>4,515,753</u></u>	<u><u>8,384,751</u></u>

* Refer to the restatement of prior year comparatives in Note 19

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

SHIRE OF DENMARK
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	24 (b)	829,667	850,243	812,808
		829,667	850,243	812,808
Revenue from operating activities (excluding rates)				
Governance		71,708	52,807	92,189
General purpose funding		1,268,256	814,310	1,378,857
Law, order, public safety		619,440	772,111	647,042
Health		21,870	42,000	26,012
Education and welfare		88,209	69,300	61,035
Housing		97	450,698	3,140
Community amenities		1,523,159	1,529,452	1,566,526
Recreation and culture		470,846	554,351	422,611
Transport		203,510	230,361	569,564
Economic services		1,154,134	1,161,133	1,171,066
Other property and services		249,362	187,500	220,934
		5,670,591	5,864,023	6,158,976
Expenditure from operating activities				
Governance		(826,057)	(878,629)	(756,806)
General purpose funding		(494,226)	(506,992)	(596,647)
Law, order, public safety		(2,506,450)	(2,356,208)	(1,814,496)
Health		(198,564)	(202,011)	(225,612)
Education and welfare		(337,793)	(338,212)	(245,520)
Housing		(120,046)	(79,552)	(125,524)
Community amenities		(2,694,516)	(2,643,267)	(2,471,538)
Recreation and culture		(2,907,177)	(3,164,050)	(3,004,536)
Transport		(4,091,769)	(4,477,003)	(4,293,261)
Economic services		(1,050,982)	(1,197,244)	(1,098,821)
Other property and services		(204,530)	(187,073)	(190,462)
		(15,432,110)	(16,030,241)	(14,823,223)
Non-cash amounts excluded from operating activities	24(a)	5,235,206	4,644,500	4,321,682
Amount attributable to operating activities		(3,696,646)	(4,671,475)	(3,529,757)
INVESTING ACTIVITIES				
Refund Non-Operating Grant		0	0	(4,310,344)
Non-operating grants, subsidies and contributions	2(a)	2,771,295	2,715,774	4,457,299
Proceeds from disposal of assets	11(a)	149,449	156,000	173,786
Proceeds from financial assets at amortised cost - self supporting loans		53,853	53,853	50,683
Purchase of property, plant and equipment	9(a)	(1,291,080)	(2,038,857)	(3,485,266)
Purchase and construction of infrastructure	10(a)	(2,947,085)	(3,887,956)	(4,331,052)
Amount attributable to investing activities		(1,263,568)	(3,001,186)	(7,444,894)
FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(298,573)	(298,573)	(284,185)
Payments for principal portion of lease liabilities	16(b)	(119,315)	0	0
Transfers to reserves (restricted assets)	4	(320,409)	(317,170)	(959,721)
Transfers from reserves (restricted assets)	4	448,886	1,380,000	6,421,342
Transfer back Grants Unspent		182,931	182,931	182,931
Amount attributable to financing activities		(106,480)	947,188	5,360,367
Surplus/(deficit) before imposition of general rates		(5,066,694)	(6,725,471)	(5,614,284)
Total amount raised from general rates	23(a)	6,726,188	6,725,471	6,443,951
Surplus/(deficit) after imposition of general rates	24(b)	1,659,493	0	829,667

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

SHIRE OF DENMARK
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FOR THE YEAR ENDED 30 JUNE 2020

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SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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 (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, Regulation (Reg) 16 arbitrarily prohibited a Local Government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the Local Government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Shire. This was not in accordance with the requirements of AASB 1051 - *Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7*.

From 1 July 2019, the Shire has applied AASB 16 *Leases* which requires leases to be included by lessees in the balance sheet. Also, the FM regs have been amended to specify that vested land is a Right of Use (ROU) asset to be measured at cost. All ROU assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. - not included in the balance sheet) 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.

The Shire has accounted for the removal of the vested land values associated with the golf course by removing the land value from the retained surplus as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

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.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

On 1 July 2020 the following new accounting standards are to be adopted:

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

AASB 1059 Service Concession Arrangements: Grantors is not expected to impact the financial report.

Specific impacts of *AASB 2018-7 Amendments to Australian Accounting Standards - Materiality*, have not been identified.

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 28 to these financial statements.

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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 2020

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:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions			
Governance	17,135	9,900	36,638
General purpose funding	1,059,775	571,310	1,087,434
Law, order, public safety	585,418	732,311	605,437
Education and welfare	71,909	53,000	49,022
Community amenities	3,007	4,247	26,773
Recreation and culture	219,005	240,000	76,179
Transport	119,732	116,500	381,121
Economic services	42,000	42,000	81,138
Other property and services	203,816	139,000	144,911
	2,321,797	1,908,268	2,488,653
Non-operating grants, subsidies and contributions			
Law, order, public safety	350,280	385,135	951,826
Community amenities	6,004	6,004	23,219
Recreation and culture	232,777	345,800	367,570
Transport	2,182,234	1,978,835	3,114,684
	2,771,295	2,715,774	4,457,299
	5,093,092	4,624,042	6,945,952
Fees and charges			
Governance	28,550	27,247	26,647
General purpose funding	71,014	20,000	0
Law, order, public safety	30,909	34,200	34,867
Health	21,870	42,000	26,011
Education and welfare	16,300	16,300	12,013
Community amenities	1,484,902	1,475,205	1,477,702
Recreation and culture	234,996	293,951	299,869
Transport	73,599	10,230	8,501
Economic services	1,106,865	1,118,133	1,088,494
Other property and services	6,240	6,500	10,476
	3,075,245	3,043,766	2,984,580

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 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2020 Actual \$	2020 Budget \$	2019 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	603,148	1,908,268	2,488,653
Fees and charges	2,464,185	3,043,766	2,984,580
Other revenue	4,000	694,760	375,450
Non-operating grants, subsidies and contributions	2,771,295	2,715,774	4,457,299
	5,842,628	8,362,568	10,305,982
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	3,071,333	5,646,794	5,848,683
Transfers intended for acquiring or constructing recognisable non financial assets included as a contract liability at the start of the period			
	131,968	0	0
Other revenue from performance obligations satisfied during the year	2,639,327	2,715,774	4,457,299
	5,842,628	8,362,568	10,305,982
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	200,541		0
Contract assets	213,775		0
Contract liabilities from contracts with customers	(625,537)		0

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2020.

Assets associated with contracts with customers were not subject to an impairment charge.

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 2020

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:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
General rates	6,679,282	6,725,471	6,443,951
Statutory permits and licences	161,674	188,000	178,778
Fines	12,347	11,000	10,573
Developer contributions	0	0	0
Public open space contributions	161,917	161,500	25,763
Cash in lieu of parking contributions	0	0	0
	<u>7,015,220</u>	<u>7,085,971</u>	<u>6,659,065</u>

Other revenue

Reimbursements and recoveries	137,555	244,760	375,450
Other	0	450,000	0
	<u>137,555</u>	<u>694,760</u>	<u>375,450</u>

Interest earnings

Financial assets at amortised cost - self supporting loans	15,780	15,598	21,034
Interest on reserve funds	65,409	62,169	186,974
Rates instalment and penalty interest (refer Note 23(c))	59,985	73,000	72,736
Other interest earnings	39,100	65,462	22,998
	<u>180,274</u>	<u>216,229</u>	<u>303,742</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 2020

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
Auditors remuneration			
- Audit of the Annual Financial Report	32,000	36,000	33,500
- Other services	5,100	2,000	2,900
	37,100	38,000	36,400
Interest expenses (finance costs)			
Borrowings	122,671	123,010	138,869
Lease liabilities	6,162	0	0
	128,833	123,010	138,869
Other expenditure			
Sundry expenses	498,122	563,095	792,172
	498,122	563,095	792,172

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

3. CASH AND CASH EQUIVALENTS

	NOTE	2020	2019
		\$	\$
Cash at bank and on hand		925,190	1,520,254
Term deposits		5,877,055	6,864,497
Total cash and cash equivalents		<u>6,802,245</u>	<u>8,384,751</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		5,001,601	4,504,542
- Financial assets at amortised cost		0	0
		<u>5,001,601</u>	<u>4,504,542</u>

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

Reserves - cash backed	4	4,376,065	4,504,542
Contract liabilities from contracts with customers	15	625,536	0
Contract liabilities from transfers for recognisable non financial assets	15	0	0
Unspent grants, subsidies and contributions		0	0
Total restricted assets		<u>5,001,601</u>	<u>4,504,542</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.

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 2020

5. OTHER FINANCIAL ASSETS

	<u>2020</u>	<u>2019</u>
	\$	\$
(a) Current assets		
Financial assets at amortised cost	22,048	53,853
	<u>22,048</u>	<u>53,853</u>
Other financial assets at amortised cost		
Self supporting loans	22,048	53,853
	<u>22,048</u>	<u>53,853</u>
(b) Non-current assets		
Financial assets at amortised cost	507,764	529,812
Financial assets at fair values through profit and loss	53,516	52,651
	<u>561,280</u>	<u>582,463</u>
Financial assets at amortised cost		
Self supporting loans	373,065	395,113
Other Financial Assets	134,699	134,699
	<u>507,764</u>	<u>529,812</u>
Financial assets at fair values through profit and loss		
Units in Local Government House Trust	53,416	52,551
Denmark Co-op - Shares	100	100
	<u>53,516</u>	<u>52,651</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 25.

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable

Trade and other receivables

GST receivable

Non-current

Pensioner's rates and ESL deferred

	2020	2019
	\$	\$
Rates receivable	427,212	369,681
Trade and other receivables	200,541	143,862
GST receivable	30,816	493,412
	<u>658,569</u>	<u>1,006,955</u>
Pensioner's rates and ESL deferred	45,367	38,745
	<u>45,367</u>	<u>38,745</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 25.

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.

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

7. INVENTORIES

	2020	2019
	\$	\$
Current		
Fuel and materials	160,415	62,995
	<u>160,415</u>	<u>62,995.00</u>

The following movements in inventories occurred during the year:

Carrying amount at beginning of period	62,995	62,990
Inventories expensed during the year	(433,413)	(406,455)
Additions to inventory	530,833	406,460
Carrying amount at end of period	<u>160,415</u>	<u>62,995</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

	2020	2019
	\$	\$
Accrued income	50,279	232,988
	<u>50,279</u>	<u>232,988</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.

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	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 2018	3,244,309	1,470,320	4,714,629	21,999,216	21,999,216	26,713,845	135,136	5,492,053	32,341,034
Additions	0	0	0	1,829,725	1,829,725	1,829,725	27,696	1,627,845	3,485,266
(Disposals)	0	0	0	0	0	0	0	(264,720)	(264,720)
Depreciation (expense)	0	0	0	(600,240)	(600,240)	(600,240)	(62,094)	(1,268,959)	(1,931,293)
Carrying amount at 30 June 2019	3,244,309	1,470,320	4,714,629	23,228,701	23,228,701	27,943,330	100,738	5,586,219	33,630,287
Comprises:									
Gross carrying amount at 30 June 2019	3,244,309	1,470,320	4,714,629	24,571,742	24,571,742	29,286,371	283,874	9,120,927	38,691,172
Accumulated depreciation at 30 June 2019	0	0	0	(1,343,041)	(1,343,041)	(1,343,041)	(183,136)	(3,534,708)	(5,060,885)
Carrying amount at 30 June 2019	3,244,309	1,470,320	4,714,629	23,228,701	23,228,701	27,943,330	100,738	5,586,219	33,630,287
Change in Accounting policy	0	(1,470,320)	(1,470,320)	0	0	(1,470,320)	0	0	(1,470,320)
Carrying amount at 1 July 2019	3,244,309	0	3,244,309	23,228,701	23,228,701	26,473,010	100,738	5,586,219	32,159,967
Additions	0	0	0	825,222	825,222	825,222	52,741	413,117	1,291,080
(Disposals)	0	0	0	0	0	0	0	(425,465)	(425,465)
Depreciation (expense)	(37,792)	0	(37,792)	(632,687)	(632,687)	(670,479)	(44,057)	(1,311,832)	(2,026,368)
Carrying amount at 30 June 2020	3,206,517	0	3,206,517	23,421,236	23,421,236	26,627,753	109,422	4,262,039	30,999,214
Comprises:									
Gross carrying amount at 30 June 2020	3,206,517	0	3,206,517	25,396,964	25,396,964	28,603,481	336,615	9,070,509	38,010,605
Accumulated depreciation at 30 June 2020	0	0	0	(1,975,728)	(1,975,728)	(1,975,728)	(227,193)	(4,808,470)	(7,011,391)
Carrying amount at 30 June 2020	3,206,517	0	3,206,517	23,421,236	23,421,236	26,627,753	109,422	4,262,039	30,999,214

SHIRE OF DENMARK
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Management Valuation	June 2017	Using market value
Land - vested in and under the control of Council	3	Cost approach	Management Valuation	June 2017	Cost approach
Buildings - non-specialised	2	Market	Hemsley Paterson Valuers	June 2017	Using market value and current condition, residual values and remaining useful life assessments
Furniture and equipment	3	Cost approach using depreciated replacement cost	Cost Approach	June 2016	Price per item
Plant and equipment					
- Management Valuation 2016	3	Cost approach using depreciated replacement cost	Cost Approach	June 2016	Price per item

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

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

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.

SHIRE OF DENMARK
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - Roads & Paths	Infrastructure - Parks & Reserves	Infrastructure - Airstrip	Infrastructure - Bridges	Total Infrastructure
Balance at 1 July 2018	\$ 47,104,068	\$ 2,855,651	\$ 766,936	\$ 7,264,493	\$ 57,991,148
Additions	3,849,426	31,618	0	450,008	4,331,052
Depreciation (expense)	(2,063,276)	(195,900)	(18,152)	(142,382)	(2,419,710)
Carrying amount at 30 June 2019	48,890,218	2,691,369	748,784	7,572,119	59,902,490
Comprises:					
Gross carrying amount at 30 June 2019	93,867,795	4,547,972	912,145	11,786,167	111,114,079
Accumulated depreciation at 30 June 2019	(44,977,577)	(1,856,603)	(163,361)	(4,214,048)	(51,211,589)
Carrying amount at 30 June 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)
Carrying amount at 30 June 2020	48,826,340	2,535,605	780,866	8,140,663	60,283,474
Comprises:					
Gross carrying amount 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)
Carrying amount at 30 June 2020	48,826,340	2,535,605	780,866	8,140,663	60,283,474

**SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
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.

SHIRE OF DENMARK
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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.

ROU 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 balance sheet). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

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 and infrastructure 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 and infrastructure 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 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 control prior to 1 July 2019

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

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

Land under roads prior to 1 July 2019

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in *Australian Accounting Standard AASB 1051 - Land Under Roads* and the then *Local Government (Financial Management) Regulation 16(a)(i)* which arbitrarily prohibited local governments from recognising such land as an asset. This regulation has now been deleted.

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

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

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

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, are 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 balance sheet.

The Shire has accounted for the removal of the vested land values associated with the golf course by removing the land value from the retained surplus as at 1 July 2019. The comparatives have not been restated.

Vested improvements from 1 July 2019

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

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

SHIRE OF DENMARK
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11. FIXED ASSETS

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Plant and equipment	\$ 425,465	\$ 149,449	\$ 1,760	\$ (277,776)	\$ 330,900	\$ 156,000	\$ 1,000	\$ (175,900)	\$ 264,720	\$ 173,786	\$ 400	\$ (91,334)
	425,465	149,449	1,760	(277,776)	330,900	156,000	1,000	(175,900)	264,720	173,786	400	(91,334)

The following assets were disposed of during the year:

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and Equipment	\$	\$	\$	\$
By Program				
Law, order, public safety				
Bushfire Truck - Nornalup	62,225	0	0	(62,225)
Bushfire Truck - Peaceful Bay	44,558	0	0	(44,558)
Recreation and culture				
Toyota Coaster Bus - DE 2044	21,712	12,307	0	(9,405)
Transport				
Mitsubishi Utility - DE 6226	13,509	10,000	0	(3,509)
Hino Tip Truck - DE 1490	17,519	18,337	818	0
Skid Steer Loader - DE 10863	26,999	15,630	0	(11,369)
Loader - DE 896	74,700	47,456	0	(27,244)
Grader - DE 245	164,243	44,776	0	(119,467)
Economic services				
Outlander ATV Bike - DE 6643	0	942	942	0
	425,465	149,449	1,760	(277,776)
	425,465	149,449	1,760	(277,776)

SHIRE OF DENMARK
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11. FIXED ASSETS

(b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	670,479	649,932	600,240
Furniture and equipment	44,057	56,395	62,094
Plant and equipment	1,311,832	1,200,848	1,268,959
Infrastructure - Roads & Paths	2,198,306	2,193,236	2,063,276
Infrastructure - Parks & Reserves	197,832	200,355	195,900
Infrastructure - Airstrip	18,507	18,151	18,152
Infrastructure - Bridges	151,456	150,683	142,382
Right of use assets - plant and equipment	119,315	0	0
	4,711,784	4,469,600	4,351,003

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 seal	50 years
- 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

(a) Right of Use Assets

Movement in the carrying amounts 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
Carrying amount at 30 June 2019	0	0
Recognised on initial application of AASB 16	333,529	333,529
Restated total equity at the beginning of the financial year	333,529	333,529
Additions	26,242	26,242
Depreciation (expense)	(119,315)	(119,315)
Carrying amount at 30 June 2020	240,456	240,456

(b) Cash outflow from leases

Interest expense on lease liabilities	6,162	6,162
Lease principal expense	119,315	119,315
Total cash outflow from leases	125,477	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.

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 balance sheet). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value. The Shire does not have any vested improvements.

Leases (continued)

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.

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.

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13. REVALUATION SURPLUS

	2020 Opening Balance	2020 Revaluation Increment	2020 Revaluation (Decrement)	2020 Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	2019 Total Movement on Revaluation	2019 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.

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14. TRADE AND OTHER PAYABLES

Current

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

	<u>2020</u>	<u>2019</u>
	\$	\$
	655,509	3,402,303
	111,188	89,446
	142,517	103,944
	0	735
	114,433	449,224
	11,791	13,990
	3,409	46,344
	490,774	64,563
	<u>1,529,621</u>	<u>4,170,549</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. CONTRACT LIABILITIES

	<u>2020</u>	<u>2019</u>
	\$	\$
Current		
Contract liabilities from contracts with customers	200,789	0
	<u>200,789</u>	<u>0</u>
Non-current		
Contract liabilities from contracts with customers	424,747	0
	<u>424,747</u>	<u>0</u>
	<u>625,536</u>	<u>0</u>
<p>Performance obligations from contracts with customers are expected to be recognised as revenue in accordance with the following time bands:</p>		
Less than 1 year	200,789	
1 to 2 years	0	
2 to 3 years	0	
3 to 4 years	205,295	
4 to 5 years	0	
> 5 years	219,452	
	<u>625,536</u>	

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

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

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

**SHIRE OF DENMARK
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17. INFORMATION ON BORROWINGS

(a) Borrowings

	2020	2019
	\$	\$
Current	245,164	298,573
Non-current	1,866,268	2,111,432
	<u>2,111,432</u>	<u>2,410,005</u>

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2020		30 June 2020		30 June 2020		30 June 2020		30 June 2019		30 June 2019		30 June 2019	
				Actual Principal	Actual Interest	Budget Principal	Budget Interest	Actual Principal	Actual Interest	Budget Principal	Budget Interest	Actual Principal	Actual Interest	Actual Principal	Actual Interest		
Governance																	
Photovoltaic System	153	WATC	4.06%	13,976	371	13,976	1,015	13,976	0	27,401	13,425	1,020	13,976				
Housing																	
Lionsville	142	WATC	6.88%	411,447	30,362	27,834	30,362	411,447	383,613	437,460	26,013	32,353	411,447				
Community Amenities																	
Rubbish Truck	156	WATC	3.70%	107,761	3,982	52,893	3,982	107,761	54,868	158,752	50,991	6,202	107,761				
Recreation and Culture																	
Recreation Centre	144	WATC	5.96%	9,640	520	9,640	516	9,640	0	18,731	9,091	1,125	9,640				
Tennis Club	145	WATC	5.96%	8,162	441	8,162	437	8,162	0	15,858	7,696	953	8,162				
Football Clubrooms	147	WATC	6.37%	157,042	10,912	10,232	10,907	157,042	146,810	166,652	9,610	11,590	157,042				
Riverside Club - Stage 1	159	WATC	3.11%	444,739	16,482	19,465	16,482	444,739	425,274	463,612	18,873	17,208	444,739				
Purchase Lot 228 Res. 18587	158	WATC	2.70%	356,535	11,603	46,929	13,162	356,535	309,606	402,222	45,687	13,165	356,535				
Transport																	
Airport	143	WATC	6.26%	42,703	2,877	6,067	2,875	42,703	36,636	48,408	5,705	3,274	42,703				
Economic services																	
Visitors Centre	131	WATC	6.91%	100,980	7,255	31,401	7,255	100,980	69,579	130,319	29,339	9,380	100,980				
Purchase Reserve 27101	152	WATC	6.04%	308,054	20,419	18,121	20,419	308,054	289,933	325,128	17,074	21,565	308,054				
				<u>1,961,039</u>	<u>105,224</u>	<u>244,720</u>	<u>107,412</u>	<u>1,961,039</u>	<u>1,716,319</u>	<u>2,194,543</u>	<u>233,502</u>	<u>117,835</u>	<u>1,961,039</u>				
Self Supporting Loans																	
Housing																	
Lionsville (Self Supporting)	123	WATC	7.98%	28,741	698	28,741	698	28,741	0	55,293	26,552	3,140	28,741				
Recreation and culture																	
Scouts (Self Supporting)	129	WATC	5.84%	16,736	944	3,348	944	16,736	13,388	19,893	3,157	1,158	16,736				
F/Ball Clubrooms (Self Supporting)	148	WATC	5.96%	3,856	208	3,856	206	3,856	0	7,492	3,636	450	3,856				
Riverside Club (Self Supporting)	157	WATC	3.27%	399,633	15,597	17,908	13,750	399,633	381,725	416,969	17,336	16,286	399,633				
				<u>448,966</u>	<u>17,447</u>	<u>53,853</u>	<u>15,598</u>	<u>448,966</u>	<u>395,113</u>	<u>499,647</u>	<u>50,683</u>	<u>21,034</u>	<u>448,966</u>				
				<u>2,410,005</u>	<u>122,671</u>	<u>298,573</u>	<u>123,010</u>	<u>2,410,005</u>	<u>2,111,432</u>	<u>2,694,190</u>	<u>284,185</u>	<u>138,869</u>	<u>2,410,005</u>				

* WATC = WA Treasury Corporation

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

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17. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2019/20

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed	Amount (Used)	Total	Actual
					2020 Actual	2020 Budget	Interest & Charges	Balance Unspent
					\$	\$	\$	\$
					0	0	0	0

There were no new borrowings during 2019/2020.

(c) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance 1 July 2019	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2020
		\$	\$	\$	\$
		0	0	0	0

There were no unspent borrowings during 2019/2020.

	2020	2019
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	20,000	30,000
Credit card balance at balance date	0	(1,366)
Total amount of credit unused	20,000	28,634

Loan facilities

Loan facilities - current	245,164	298,573
Loan facilities - non-current	1,866,268	2,111,432
Lease liabilities - current	119,315	0
Lease liabilities - non-current	121,141	0
Total facilities in use at balance date	2,351,888	2,410,005

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. The Shire has elected not to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Risk

Information regarding exposure to risk can be found at Note 25.

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 2019			
Current provisions	740,158	384,016	1,124,174
Non-current provisions	0	103,881	103,881
	740,158	487,897	1,228,055
 Additional provision	 11,396	 70,036	 81,432
Balance at 30 June 2020	751,554	557,933	1,309,487
 Comprises			
Current	751,554	448,082	1,199,636
Non-current	0	109,851	109,851
	751,554	557,933	1,309,487
 Amounts are expected to be settled on the following basis:	2020 \$	2019 \$	
Less than 12 months after the reporting date	492,602	580,471	
More than 12 months from reporting date	752,892	647,584	
Expected reimbursements from other WA local governments	63,993	0	
	1,309,487	1,228,055	

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

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

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

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:

	2020 Actual	2020 Budget	2019 Actual (Restated)
	\$	\$	\$
Cash and cash equivalents	6,802,245	4,515,753	8,384,751

Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	(264,038)	(724,973)	(2,073,341)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(865)	0	(6,151)
Depreciation on non-current assets	4,711,784	4,469,600	4,351,003
(Profit)/loss on sale of asset	276,016	174,900	90,934
Changes in assets and liabilities:			
(Increase)/decrease in receivables	341,764	18,850	(513,700)
(Increase)/decrease in other assets	182,709	0	0
(Increase)/decrease in inventories	(97,420)	20,024	(5)
(Increase)/decrease in contract assets	(213,775)	0	0
Increase/(decrease) in payables	(2,640,928)	436,441	2,165,866
Increase/(decrease) in provisions	81,432	0	80,511
Increase/(decrease) in contract liabilities	493,569	0	0
Refund Non-Operating Grant	2,153,504	0	2,153,504
Non-operating grants, subsidies and contributions	(2,771,295)	(2,715,774)	(4,457,299)
Net cash from operating activities	2,252,457	1,679,068	1,791,322

Note : The 2019 comparatives have been restated because a non-operating grant was incorrectly disclosed as being fully repaid as at June 2019, whereas it was refunded in two instalments, the second one being in the 2019/2020 financial year. This resulted in the understatement of the payment of materials and contract costs and net cash provided by/(used in) investing activities and the overstatement of the refund of non-operating grants and net cash provided by/(used in) operating activities for the year ended 30 June 2019 in the Statement of Cash Flows.

20. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	<u>2020</u>	<u>2019</u>
	\$	\$
Governance	4,066,721	4,906,377
General purpose funding	472,580	408,426
Law, order, public safety	3,703,077	4,329,514
Health	2,290	0
Education and welfare	258,743	265,736
Housing	262,326	28,741
Community amenities	2,588,573	2,447,946
Recreation and culture	19,220,438	21,117,893
Transport	58,636,119	58,688,854
Economic services	3,296,077	2,373,852
Other property and services	2,853,732	3,004,193
Unallocated	4,676,446	6,323,995
	<u>100,037,122</u>	<u>103,895,527</u>

21. CAPITAL AND LEASING COMMITMENTS

	2020	2019
	\$	\$
(a) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	119,198	234,138
	119,198	234,138
Payable:		
- not later than one year	119,198	234,138

The Shire had a capital commitment in relation to the construction of a new fire shed at Ocean Beach as at 30 June 2019. This work was budgeted for and completed during the 2019/2020 financial year.

As at 30 June 2020 the Shire has a capital commitment in relation to ongoing works being undertaken by two suppliers for upgrades to and development of the Plane Tree Precinct.

(b) Operating Lease Commitments

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

	2020	2019
	\$	\$
Payable:		
- not later than one year	0	109,846
- later than one year but not later than five years	0	167,967
- later than five years	0	9,670
	0	287,483

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.

22. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
The following fees, expenses and allowances were paid to council members and/or the President.			
Meeting fees	92,704	92,718	90,900
President's allowance	12,671	12,671	11,110
Deputy President's allowance	3,148	3,168	2,778
Travelling expenses	3,459	8,000	5,445
Telecommunications allowance	22,245	22,248	21,676
	<u>134,227</u>	<u>138,805</u>	<u>131,909</u>

Key Management Personnel (KMP) Compensation Disclosure

	2020 Actual	2019 Actual
	\$	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:		
Short-term employee benefits	564,464	669,004
Post-employment benefits	57,028	53,499
Other long-term benefits	14,115	9,034
Termination benefits	0	113,767
	<u>635,607</u>	<u>845,304</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).

22. 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.

The following transactions occurred with related parties:	2020 Actual	2019 Actual
	\$	\$
Sale of goods and services	101,788	103,677
Purchase of goods and services	50,113	65,680

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.

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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23. RATING INFORMATION

(a) Rates

RATE TYPE	Differential general rate / general rate	Rate in \$	Number of Properties	2019/20		2019/20		2019/20		2019/20		2019/20		2019/20		2018/19	
				Actual Rateable Value	Actual Rate Revenue	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Total Revenue	Budget Total Revenue			
Gross rental valuations																	
1. Residential Developed		0.096428	1,456	22,181,830	2,138,948	14,050				2,152,665	2,138,948	10,000	3,000	2,151,948	1,710,836		
2. Business/Commercial Developed		0.103483	130	5,117,977	529,626		(333)			529,626	529,626			529,626	535,018		
3. Lifestyle Developed		0.096735	507	8,473,010	819,640					819,640	819,640			819,640	706,583		
4. Rural Developed		0.103791	148	2,493,366	258,788					258,788	258,788			258,788	240,917		
5. Holiday Use Developed		0.107881	117	1,927,952	207,990					207,990	207,990			207,990	173,490		
6. Residential Vacant		0.192243	117	994,260	191,140					191,140	191,140			191,140	217,350		
7. Business/Commercial Vacant		0.146228	18	235,575	34,448					34,448	34,448			34,448	52,289		
8. Rural Vacant		0.146228	6	106,100	15,515					15,515	15,515			15,515	16,897		
9. Lifestyle Vacant		0.182017	160	1,244,270	226,478					226,478	226,478			226,478	332,383		
Unimproved valuations																	
10. UV Base		0.004857	458	228,200,000	1,108,368					1,108,368	1,108,368			1,108,368	1,184,746		
11. UV Additional Use 1		0.005343	34	14,291,999	76,361					76,361	76,361			76,361	71,826		
12. UV Additional Use 2		0.005829	10	4,856,000	28,305					28,305	28,305			28,305	28,863		
13. UV Additional Use 3		0.006315	8	3,532,000	22,303					22,303	22,303			22,303	22,749		
14. UV Additional Use 4		0.006800	3	1,557,000	10,587					10,587	10,587			10,587	10,706		
Sub-Total			3,172	295,211,339	5,668,497	14,050	(333)			5,682,214	5,668,497	10,000	3,000	5,681,497	5,304,653		

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23. RATING INFORMATION (Continued)

(a) Rates (continued)

RATE TYPE	Rate in \$	Number of Properties	2019/20		2019/20		2019/20		2019/20		2019/20		2019/20		2018/19	
			Actual Rateable Value	Rate	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Total Revenue		
Differential general rate / general rate			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Minimum payment	Minimum \$															
Gross rental valuations																
1. Residential Developed	1,097	394	2,968,598	432,218	432,218			432,218			432,218			432,218		615,065
2. Business/Commercial Developed	1,220	125	670,970	152,500	152,500			152,500			152,500			152,500		145,452
3. Lifestyle Developed	1,125	45	361,516	50,625	50,625			50,625			50,625			50,625		58,428
4. Rural Developed	1,125	28	179,261	31,500	31,500			31,500			31,500			31,500		34,624
5. Holiday Use Developed	1,208	6	37,505	7,248	7,248			7,248			7,248			7,248		8,134
6. Residential Vacant	997	115	385,069	114,655	114,655			114,655			114,655			114,655		110,285
7. Business/Commercial Vacant	950	6	14,050	5,700	5,700			5,700			5,700			5,700		6,396
8. Rural Vacant	1,109	1	6,550	1,109	1,109			1,109			1,109			1,109		1,066
9. Lifestyle Vacant	1,020	45	222,292	45,900	45,900			45,900			45,900			45,900		11,772
Unimproved valuations																
10. UV Base	1,343	133	26,291,101	178,619	178,619			178,619			178,619			178,619		126,518
11. UV Additional Use 1	1,477	14	1,018,100	20,678	20,678			20,678			20,678			20,678		18,460
12. UV Additional Use 2	1,611	2	477,000	3,222	3,222			3,222			3,222			3,222		3,098
13. UV Additional Use 3	1,745	0	0	0	0			0			0			0		0
14. UV Additional Use 4	1,879	0	0	0	0			0			0			0		0
Sub-Total		914	32,632,012	1,043,974	1,043,974	0	0	1,043,974	0	0	1,043,974	0	0	1,043,974	0	1,139,298
Discounts (Note 23(b))		4,086	327,843,351	6,712,471	6,726,188	14,050	(333)	6,726,188	10,000	3,000	6,725,471	0	0	6,725,471	0	6,443,951
Total amount raised from general rate																
Concessions or Waivers (Note 23(b))								(46,906)			(50,965)					
Totals								6,679,282			6,674,506					6,394,852

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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23. 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 \$	2020		2019	
				Actual \$	Budget \$	Actual \$	Actual \$
Rates A5731 - Denmark Arts Council	Waiver	100.00%	0	0	1,220	0	
Rates A5585 - Denmark Boating & Angling Club	Waiver	100.00%	1,477	1,477	1,477	1,420	1,420
Rates A5587 - DB&AC, Denmark Sea Rescue Group	Waiver	100.00%	1,477	1,477	1,477	1,420	1,420
Rates A3565 - Denmark Clay Target Club	Waiver	100.00%	1,477	1,477	1,477	1,420	1,420
Rates A5584 - Denmark Cottage Crafts Inc.	Waiver	100.00%	1,220	1,220	1,220	1,173	1,173
Rates A3088 - Denmark Country Club Inc.	Waiver	100.00%	2,805	2,805	3,835	3,686	3,686
Rates A5960 - Denmark Environment Centre Inc.	Waiver	100.00%	2,687	2,687	2,678	3,850	3,850
Rates A5599 - Denmark Machinery Restoration Group Inc.	Waiver	100.00%	1,220	1,220	1,220	1,173	1,173
Rates A3179 - Denmark Occ. Day Care Centre & Playgroup	Waiver	100.00%	1,220	1,220	1,220	1,173	1,173
Rates A3167 - Denmark Pistol Club	Waiver	100.00%	1,477	1,477	1,477	1,420	1,420
Rates A3189 - Denmark Equestrian Club Inc.	Waiver	100.00%	1,220	1,220	1,220	1,173	1,173
Rates A5601 - Denmark Riverside Club	Waiver	100.00%	1,220	1,220	1,220	1,173	1,173
Rates A3069 - Denmark Riverside Club	Waiver	100.00%	1,217	1,217	2,368	2,277	2,277
Rates A5588 - Denmark Surf Life Saving Club	Waiver	100.00%	1,477	1,477	1,477	1,420	1,420
Rates A3186 - Denmark Tourism Inc.	Waiver	100.00%	5,907	5,907	6,486	6,233	6,233
Rates A5590 - Green Skills Inc.	Waiver	100.00%	1,477	1,477	1,477	1,420	1,420
Rates A5593 - Kentdale Community Hall Committee Inc.	Waiver	100.00%	1,477	1,477	1,477	1,420	1,420
Rates A5600 - Lions Club of Denmark Inc.	Waiver	100.00%	1,220	1,220	1,220	1,173	1,173
Rates A5591 - Nornalup Residents & Ratepayers Assoc.	Waiver	100.00%	1,220	1,220	1,220	1,173	1,173
Rates A5592 - Parry's Beach Volunteers Management Group	Waiver	100.00%	1,477	1,477	1,477	1,420	1,420
Rates A5615 - Peaceful Bay Progress Association Inc.	Waiver	100.00%	1,220	1,220	1,220	1,173	1,173
Rates A5616 - Peaceful Bay Progress Association Inc.	Waiver	100.00%	1,220	1,220	1,220	1,173	1,173
Rates A5596 - Peaceful Bay RSL Sub Branch	Waiver	100.00%	1,220	1,220	1,220	1,173	1,173
Rates A5595 - Peaceful Bay Sea Rescue Group Inc.	Waiver	100.00%	1,220	1,220	1,220	1,173	1,173
Rates A5597 - Scouts Association of Australia	Waiver	100.00%	1,220	1,220	1,220	1,173	1,173
Rates A3097 - RSL of Australia (WA Branch) Inc.	Waiver	100.00%	1,220	1,220	1,220	1,173	1,173
Rates A5594 - Tingledale Hall Committee Inc.	Waiver	100.00%	1,477	1,477	1,477	1,420	1,420
Rates A3041 - Scotsdale Hall & Tennis Courts	Waiver	100.00%	1,477	1,477	1,477	1,420	1,420
Rates A5729 - Denmark Community Resource Centre Inc.	Waiver	100.00%	1,220	1,220	1,220	1,173	1,173
Rates A5730 - Denmark Over 50's Association	Waiver	100.00%	1,220	1,220	1,220	1,173	1,173
Rates A3256 - Denmark Historical Society Inc.	Waiver	100.00%	1,220	1,220	1,308	1,258	1,258
			46,906	46,906	50,965	49,099	49,099
					50,965	49,099	49,099
					50,965	49,099	49,099

Total discounts/concessions (Note 23(a))

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23. 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 P030101	Community Group	Community Group
Rates A5585 - Denmark Boating & Angling Club	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A5587 - DB&AC, Denmark Sea Rescue Group	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A3565 - Denmark Clay Target Club	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A5584 - Denmark Cottage Crafts Inc.	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A3088 - Denmark Country Club Inc.	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A5960 - Denmark Environment Centre Inc.	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A5599 - Denmark Machinery Restoration Group Inc.	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A3179 - Denmark Occ. Day Care Centre & Playgroup	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A3167 - Denmark Pistol Club	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A3189 - Denmark Equestrian Club Inc.	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A5601 - Denmark Riverside Club	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A3069 - Denmark Riverside Club	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A5588 - Denmark Surf Life Saving Club	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A3186 - Denmark Tourism Inc.	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A5590 - Green Skills Inc.	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A5593 - Kentdale Community Hall Committee Inc.	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A5600 - Lions Club of Denmark Inc.	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A5591 - Nornalup Residents & Ratepayers Assoc.	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A5592 - Parry's Beach Volunteers Management Group	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A5615 - Peaceful Bay Progress Association Inc.	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A5616 - Peaceful Bay Progress Association Inc.	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A5596 - Peaceful Bay RSL Sub Branch	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A5595 - Peaceful Bay Sea Rescue Group Inc.	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A5597 - Scouts Association of Australia	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A3097 - RSL of Australia (WA Branch) Inc.	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A5594 - Tingledale Hall Committee Inc.	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A3041 - Scotsdale Hall & Tennis Courts	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A5729 - Denmark Community Resource Centre Inc.	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A5730 - Denmark Over 50's Association	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group
Rates A3256 - Denmark Historical Society Inc.	LG Act 1995 S4.47 & Policy P030101	Community Group	Community Group

23. 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	23/09/2019	0.00	0.00%	11.00%
Option Two				
First instalment	23/09/2019	0.00	0.00%	11.00%
Second instalment	25/11/2019	10.00	5.50%	11.00%
Option Three				
First instalment	23/09/2019	0.00	0.00%	11.00%
Second instalment	25/11/2019	10.00	5.50%	11.00%
Third instalment	31/01/2020	10.00	5.50%	11.00%
Fourth instalment	31/03/2020	10.00	5.50%	11.00%
		2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates		39,624	50,000	53,458
Interest on instalment plan		20,361	23,000	19,278
Charges on instalment plan		34,665	20,000	23,688
		94,650	93,000	96,424

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24. RATE SETTING STATEMENT INFORMATION

	2019/20 (30 June 2020 Carried Forward)	2019/20 Budget (30 June 2020 Carried Forward)	2019/20 (1 July 2019 Brought Forward)	2018/19 (30 June 2019 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 *Financial Management Regulation 32*.

Adjustments to operating activities

Less: Profit on asset disposals	11(a)	(1,760)	(1,000)	(400)	(400)
Less: Movement in liabilities associated with restricted cash		248,923	0	0	0
Movement in pensioner deferred rates (non-current)		(6,622)	0	6,798	6,798
Movement in employee benefit provisions (non-current)		5,970	0	80,515	80,515
Movement in other provisions (non-current)		0	0	(201,417)	(201,417)
Add: Loss on disposal of assets	11(a)	277,776	175,900	91,334	91,334
Add: Depreciation on non-current assets	11(b)	4,711,784	4,469,600	4,351,003	4,351,003
Non cash amounts excluded from operating activities		5,235,206	4,644,500	4,321,682	4,321,682

(b) 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 *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets

Less: Reserves - cash backed	4	(4,376,065)	(3,347,060)	(4,504,542)	(4,504,542)
Less: Financial assets at amortised cost - self supporting loans	5(a)	(22,048)	(53,853)	(53,853)	(53,853)
Less: Current assets not expected to be received at end of year					
- Restricted Grants		0	(182,931)	(182,931)	(182,931)
- Other Adjustments		(9,469)	(405,737)		
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings	17(a)	245,165	245,165	298,573	298,573
- Current portion of lease liabilities		119,315	0	0	0
- Employee benefit provisions		1,089,789	397,356	1,124,174	1,124,174
Total adjustments to net current assets		(2,953,313)	(3,347,060)	(3,318,579)	(3,318,579)

Net current assets used in the Rate Setting Statement

Total current assets		7,907,331	4,787,447	9,741,542	9,741,542
Less: Total current liabilities		(3,294,525)	(1,440,387)	(5,593,296)	(5,593,296)
Less: Total adjustments to net current assets		(2,953,313)	(3,347,060)	(3,318,579)	(3,318,579)
Net current assets used in the Rate Setting Statement		1,659,493	0	829,667	829,667

(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards

Total current assets at 30 June 2019

- Contract assets	27(a)			9,741,542	0
Total current assets at 1 July 2019				9,741,542	

Total current liabilities at 30 June 2019

- Contract liabilities from contracts with customers	27(a)			(5,593,296)	0
- Contract liabilities from transfers for recognisable non financial assets	27(a)			0	0
Total current liabilities at 1 July 2019				(5,593,296)	

25. 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

(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
	%	\$	\$	\$	\$
2020					
Cash and cash equivalents	1.13%	6,802,245	5,877,055	919,210	5,980
2019					
Cash and cash equivalents	1.54%	8,384,751	6,864,497	1,514,274	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.

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	9,192	15,143

* 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).

25. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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 2019 or 1 July 2020 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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
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
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	209,012	78,704	81,965	0	369,681
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2020 and 30 June 2019 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 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
30 June 2019					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	120,149	4,611	2,349	16,753	143,862
Loss allowance	0	0	0	0	0

25. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

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
	\$	\$	\$	\$	\$
<u>2020</u>					
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>
<u>2019</u>					
Payables	4,170,549	0	0	4,170,549	4,170,549
Borrowings	408,496	1,115,263	1,591,993	3,115,752	2,410,005
	<u>4,579,045</u>	<u>1,115,263</u>	<u>1,591,993</u>	<u>7,286,301</u>	<u>6,580,554</u>

26. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

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

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27. 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 15: Revenue from Contracts with Customers

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	Note	AASB 118 carrying amount 30 June 2019 \$	Reclassification \$	AASB 15 carrying amount 01 July 2019 \$
Contract liabilities non-current				
Contract liabilities from contracts with customers	15	0	(131,968)	(131,968)
Adjustment to retained surplus from adoption of AASB 15	27(c)		(131,968)	

(b) AASB 1058: Income For Not-For-Profit Entities

The Shire adopted AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods was not restated in accordance with AASB 1058 transition requirements.

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance gave rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates were recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurred, the financial liability was extinguished and the Shire recognised income for the prepaid rates that have not been refunded. Therefore the initial application of AASB 1058 on 1 July 2019 will not have any impact on the recognition or classification of prepaid rates.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

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27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 118 and 1004 and related Interpretations that were in effect before the change.

		2020 \$	2020 \$	2020 \$
	Note	As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004
Statement of Comprehensive Income				
Revenue				
Rates	23(a)	6,679,282	111,188	6,790,470
Operating grants, subsidies and contributions	2(a)	2,321,797	163,414	2,485,211
Fees and charges	2(a)	3,075,245	(176,400)	2,898,845
Non-operating grants, subsidies and contributions	2(a)	2,771,295	424,747	3,196,042
Net result		(264,038)	522,949	258,911
Statement of Financial Position				
Contract assets	2(a)	213,775	(213,775)	0
Trade and other payables	14	1,529,621	(601,962)	927,659
Contract liabilities	15	625,536	(625,536)	0
Net assets		94,220,590	1,013,723	95,234,313
Statement of Changes in Equity				
Net result		(264,038)	522,949	258,911
Retained surplus		24,583,041	522,949	25,105,990

Refer to Note 2(a) for new revenue recognition accounting policies as a result of the application of AASB 15 and AASB 1058.

(b) AASB 16: Leases

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019. In applying AASB 16, under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

	Note	2020 \$
Operating lease commitments at 30 June 2019 applying AAS 117		287,483
Discount applied using incremental borrowing rate and lease renewals		72,288
Lease liability recognised as 1 July 2019 discounted using the Shire's incremental borrowing rate.	16(b)	359,771
Lease liability - current		119,315
Lease liability - non-current		240,456
Right-of-use assets recognised at 1 July 2019		359,771

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

(c) Impact of New Accounting Standards on Retained Surplus

The impact on the Shire's retained surplus due to the adoption of AASB 15, AASB 1058 and AASB 16 as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			26,320,892
Adjustment to retained surplus from adoption of AASB 15	27(a)	(131,968)	
Adjustment to retained surplus from adoption of AASB 16	27(b)	(0)	
Adjustment to retained surplus from adoption of AASB 1058	27(b)	0	(131,968)
Retained surplus - 1 July 2019			26,188,924

28. 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 2019</u>	<u>Amounts Received</u>	<u>Amounts Paid</u>	<u>30 June 2020</u>
	\$	\$	\$	\$
DPI Licensing	1	1,137,114	(1,137,115)	0
BCITF Training Fund	12,082	0	(12,082)	0
Building Levy	7,985	0	(7,985)	0
Bushfire Command Vehicle	1,814	0	(1,814)	0
Contrib. in Lieu of Public Open Space	161,916	0	(161,916)	0
Denmark Parks & Trails	850	0	0	850
Nomination Deposits	0	1,120	(1,120)	0
	<u>184,648</u>	<u>1,138,234</u>	<u>(1,322,032)</u>	<u>850</u>

On 11th March 2019 Council contacted the Minister for Planning to seek formal approval to utilise funds held in Trust as Public Open Space contributions for the purpose of partially funding the cost of improvements and reconstruction of McLean Park. This request was made in accordance with Section 154(2)(c) of the Planning and Development Act 2005. Council received confirmation of formal approval from the Minister for Planning to that request on 12th August 2019 and transferred fund from the Public Open Space account in accordance with that approval.

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29. 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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30. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES

GOVERNANCE

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

ACTIVITIES

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

GENERAL PURPOSE FUNDING

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

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

LAW, ORDER, PUBLIC SAFETY

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

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

HEALTH

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

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

EDUCATION AND WELFARE

To provide services for the elderly, children and youth.

Youth service, disability service and aged service support programs.

HOUSING

To provide and maintain elderly residents housing.

Costs associated with 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.

31. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	1.38	0.98	0.93
Asset consumption ratio	0.59	0.62	0.97
Asset renewal funding ratio	1.06	0.93	N/A
Asset sustainability ratio	0.87	1.34	0.98
Debt service cover ratio	4.29	5.36	4.53
Operating surplus ratio	(0.30)	(0.22)	(0.28)
Own source revenue coverage ratio	0.65	0.68	0.67

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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$