

The logo for the Shire of Dardanup features a stylized, flowing line in shades of green and blue, resembling a mountain range or a wave.

Shire of Dardanup

# APPENDICES

PART TWO

## ORDINARY MEETING

To Be Held

Wednesday, 27 November 2019  
Commencing at 5.00pm

At

Shire of Dardanup  
ADMINISTRATION CENTRE EATON  
1 Council Drive - EATON

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	Shire	Differential Rate Category	Rating Basis	Rate in \$	Minimum Rate \$	Specified Area Rate (SAR) Category	SAR Rate in \$	SAR Rate \$	Bins	Annual Waste Charges		
1	Shire of Capel	Residential & Urban Development	GRV	0.092069	\$ 1,385.00	Dalyellup Parks & Garden Maintenance	0.049605		3: W, R & FOGO - residential	\$ 254.00		
		Residential & Urban Development Vacant	GRV	0.137171	\$ 1,385.00				Additional W	\$ 66.00		
		Commercial Town Ctr, Light Industry & Special Use	GRV	0.076735	\$ 1,385.00				Additional R	\$ 66.00		
		Commercial Town Ctr, Light Industry & Special Use	GRV	0.076735	\$ 1,385.00				2: W & R - rural, comm, industrial	\$ 191.00		
		Special Rural	GRV	0.080150	\$ 1,385.00				Additional W	\$ 128.00		
		Rural and Land Use	UV	0.005077	\$ 1,385.00				Additional R	\$ 66.00		
									<b>TOTAL</b>	<b>2,659.70</b>		
2	Shire of Augusta Margaret River	Residential	GRV	0.107581	\$ 1,335.00				3: W 140L, R 240L & FOGO 240L	\$ 318.00		
		Residential Vacant	GRV	0.206089	\$ 1,335.00				Waste Facilities Maintenance Fee	\$ 180.00		
		Rural Residential	GRV	0.103055	\$ 1,625.00				<b>Total</b>	<b>\$ 498.00</b>		
		Rural Residential Vacant	GRV	0.200600	\$ 1,625.00				Additional W 140L	\$ 232.00		
		Commercial, Industrial, Tourism	GRV	0.127427	\$ 1,434.00				Additional R 240L	\$ 76.00		
		UV Rural	UV	0.004705	\$ 1,498.00				Additional FOGO 240L	\$ 180.00		
		UV 1	UV	0.005880	\$ 1,498.00				Upgrade W to 240L	\$ 232.00		
		UV 2	UV	0.007057	\$ 1,498.00				Additional W upgrade to 240L	\$ 400.00		
		UV 3	UV	0.008233	\$ 1,498.00							
		UV Conservation	UV	0.004598	\$ 1,441.00							
		Strata Title Vineyard	UV	0.004705	\$ 879.00							
											<b>TOTAL</b>	<b>2,345.26</b>
		3	City of Busselton	Residential - Improved & Vacant	GRV	0.098490	\$ 1,375.00	Port Geographe	0.015719		Waste Collection (per bin)	\$ 169.00
Holiday Homes	GRV			0.108339	\$ 1,430.00	Provence GRV	0.014462		Recycle Collection (per bin)	\$ 82.00		
Commercial & Industrial - Improved & Vacant	GRV			0.113732	\$ 1,375.00	Provence UV	0.000143		Waste Infrastructure Charge	\$ 49.00		
Primary Production	UV			0.004404	\$ 1,375.00	Vasse	0.018385		<b>Total</b>	<b>\$ 300.00</b>		
Rural	UV			0.004455	\$ 1,500.00							
Commercial	UV			0.008037	\$ 1,375.00							
									<b>TOTAL</b>	<b>2,235.23</b>		
4	Shire of Harvey	GRV General	GRV	0.085534	\$ 1,080.00	Kingston Landscaping	0.009252		3: W, R & FOGO - residential	\$ 308.00		
		UV General	UV	0.005188	\$ 1,080.00	Galway Green Landscaping	0.009232		Additional W, R or FOGO	\$ 115.00		
						Treendale Landscaping	0.013521		2: W & R - commercial	\$ 194.00		
						Treendale District Centre	0.008984					
									<b>TOTAL</b>	<b>1,945.67</b>		
5	Shire of Murray	GRV General	GRV	0.096760	\$ 1,143.00	Yunderup Canal Entrance Dredging	0.007084		2: W 140L & R 240L - residential	\$ 369.00		
		Commerical	GRV	0.077408	\$ 1,143.00	Yunderup Canal Maintenance	0.006599		Additional W & R	\$ 314.00		
		Storage Units	GRV	0.096760	\$ 843.00	Murray Lakes Canal Maintenance	0.006645		Additional W	\$ 204.00		
		UV General	UV	0.006654	\$ 1,143.00	Willow Gardens Canal Maintenance	0.006653		Upgrade R to 360L	\$ 44.00		
						Austin Lakes Phase Two Maintenance	0.007334		Waste 240L - commercial	\$ 314.00		
									Recycle 240L - commercial	117		
									<b>TOTAL</b>	<b>2,147.10</b>		
6	City of Bunbury	GRV General	GRV	0.096310	\$ 1,199.00	Pelican Point	0.011860		3: W, R & FOGO - residential	\$ 326.50		
		UV General	UV									
									<b>TOTAL</b>	<b>2,183.40</b>		
7	Shire of Dardanup	GRV General - Residential for 2019/20	GRV	0.100662	\$ 1,547.50	Eaton Landscaping SAR	0.002925	47.9115	Waste & Recycling (2 bins)	\$ 225.70		
		(example GRV of 16,380 for Eaton)	#####		\$ 1,648.84	Bulk Waste	0.001315	21.5397	ESL	\$ 85.08		
											<b>TOTAL</b>	<b>\$2,029.07</b>

## History of the Specified Area Rate for Eaton Landscaping

### **2008/2009**

The concept of a Specified Area Rate (SAR) for was first flagged in budget deliberations at a Special Meeting of Council meeting on 13 June 2008. A comprehensive report was presented by the then Manager Technical Services on the increasing costs of maintaining existing and future landscaped areas in Millbridge to higher standard than elsewhere in the Shire. The higher standard was to meet the requirements of a Memorandum of Understanding (MOU) between the Shire of Dardanup and the developers of Millbridge, Ardross Estates. Clause 5.3 of the MOU states "The Shire agrees to maintain the Works following handover from Ardross to a standard commensurate with the overall landscaping theme approved by the Shire and that which would be reasonably expected by the estate residents". The report also discussed the option to introduce an SAR on all lots within Millbridge to fund the extra cost of the higher standard of maintenance.

Although a decision was made not to proceed with the SAR in 2008/09, a motion was passed:

### *182/08*

*"THAT all landowners in Millbridge be advised that Council may introduce a Specified Area Rate in 2009/10 for maintain parks."*

### **2009/2010**

The proposal for the SAR was re-submitted to the Special Meeting of Council on 12 June 2009 as part of the budget adoption for 2009/2010. While the initial proposal was to apply the SAR to only Millbridge lots, the Council discussed a need to plan across the whole of Eaton and the need for fairness and equity to all ratepayers affected. A resolution was ultimately carried:

### *197/09*

*"THAT Council raise \$136,000 from a Specified Area rate across Eaton and Millbridge with \$65,000 going towards the maintenance of Millbridge and the balance of \$71,000 towards developing parks and reserves of Eaton."*

### **2010/2011 to 2018/2019**

In the 2010/2011 budget, the allocation for Millbridge was increased by \$40,000 due to the increase in the number of landscaped areas handed over to the Shire from the developers. The amount allocated to developing parks and reserves in the balance of Eaton was maintained at \$71,000.

The SAR revenue and associated expenditure have been included in successive budgets including the current year. A summary of these for each year is included in the following tables:

The Eaton Landscaping Specified Area Rate was raised against 4,341 properties in 2018/19 at an average of \$55.38 per property (\$0.002895).



Table 1 - Revenue

Year	Total SAR	Millbridge	Millbridge % of Total	Eaton	Eaton % of Total
2009/2010	\$136,000	\$26,777	19.69%	\$109,223	80.31%
2010/2011	\$176,000	\$35,405	20.12%	\$140,595	79.88%
2011/2012	\$179,000	\$28,793	16.09%	\$150,207	83.91%
2012/2013	\$179,500	\$31,643	17.63%	\$147,857	82.37%
2013/2014	\$190,979	\$36,052	18.88%	\$154,927	81.12%
2014/2015	\$211,000	\$43,183	20.47%	\$167,817	79.53%
2015/2016	\$218,500	\$42,996	19.68%	\$175,504	80.32%
2016/2017	\$223,500	\$46,803	20.94%	\$176,697	79.06%
2017/2018	\$231,370	\$48,949	21.16%	\$182,421	78.84%
2018/2019	\$240,000	\$52,160	21.73%	\$187,840	78.27%
<b>All Previous Years</b>	<b>\$1,985,000</b>	<b>\$392,761</b>	<b>* 19.78%</b>	<b>\$1,593,088</b>	<b>* 80.22%</b>
Proposed Future Corporate Business Plan – next 4 years					
2019/2020	\$244,800	\$53,636	** 21.91%	\$191,164	78.09%
2020/2021	\$249,696	\$55,582	** 22.26%	\$194,114	77.74%
2021/2022	\$253,910	\$57,384	** 22.60%	\$196,526	77.40%
2022/2023	\$261,057	\$59,913	** 22.95%	\$201,144	77.05%
<b>All Years</b>	<b>\$2,995,312</b>	<b>\$619,275</b>	<b>* 20.67%</b>	<b>\$2,376,037</b>	<b>* 79.33%</b>

\* average

\*\* estimate based on historical trends

Table 2 - Expenditure

Year	Total SAR	Millbridge Maintenance	Millbridge % of Total	Eaton Development	Eaton % of Total
2009/2010	\$136,000	\$65,000	47.79%	\$71,000	52.21%
2010/2011	\$176,000	\$105,000	59.66%	\$71,000	40.34%
2011/2012	\$179,000	\$105,000	58.66%	\$74,000	41.34%
2012/2013	\$179,500	\$108,500	60.45%	\$71,000	39.55%
2013/2014	\$190,979	\$119,979	62.82%	\$71,000	37.18%
2014/2015	\$211,000	\$140,000	66.35%	\$71,000	33.65%
2015/2016	\$218,500	\$143,500	65.68%	\$75,000	34.32%
2016/2017	\$223,500	\$143,500	64.21%	\$80,000	35.79%
2017/2018	\$231,370	\$146,370	63.26%	\$85,000	36.74%
2018/2019	\$240,000	\$150,000	62.50%	\$90,000	37.50%
<b>All Previous Years</b>	<b>\$1,985,000</b>	<b>\$1,226,849</b>	<b>* 61.78%</b>	<b>\$759,000</b>	<b>38.22%</b>
Proposed Future Corporate Business Plan – next 4 years					
2019/2020	\$244,800	\$244,800	100.00%	\$0	0.00%
2020/2021	\$249,696	\$249,696	100.00%	\$0	0.00%
2021/2022	\$253,910	\$0	0%	\$253,910	100.00%
2022/2023	\$261,057	\$169,057	64.76%	\$92,000	35.24%
<b>All Years</b>	<b>\$2,995,312</b>	<b>\$1,890,402</b>	<b>* 63.11%</b>	<b>\$1,104,910</b>	<b>36.89%</b>

\* average



## (Appendix ORD: 12.6C)

Note1: The values included in the tables are as presented in the annual budgets for the various years. Some of the expenditure projects were not completed within the budgeted year but were completed in subsequent years. Unspent amounts were transferred to a Reserve Account for that purpose.

Note2: Specific projects included in Table 2 as Eaton Development expenditure are identified from the Parks and Reserves Asset Management Plan and submitted annually to the Council's Strategic Planning Committee for approval and subsequent adoption by the Council as part of the annual budget.

**Table 4 – Expenditure Projects – Eaton Development**

<b>Year</b>	<b>Project</b>	<b>Budget</b>
2009/2010	Picnic Setting - Cadell Park	\$6,000
	Irrigation System Design	\$15,000
	Wetland Walkway	\$25,000
	Pathsweeper	\$1,500
	Bollards	\$23,500
2010/2011	Eaton Oval Upgrade	\$71,000
2011/2012	Eaton Oval Upgrade	\$74,000
2012/2013	Eaton Foreshore	\$10,000
	Gromark Park	\$12,000
	Lofthouse Park	\$47,000
	Sindhi Park	\$2,000
2013/2014	Eaton Drive Verge Upgrades	\$20,000
	Hunter Park	\$10,000
	Lusitano Park	\$10,000
	Leicester Drive	\$6,000
	Eaton Foreshore Playground	\$25,000
2014/2015	Eaton Foreshore	\$36,000
	Eaton Drive Verges	\$35,000
2015/2016	Eaton Foreshore Stage 2	\$75,000
2016/2017	Eaton Foreshore Stage 2	\$80,000
2017/2018	Eaton Town Centre Upgrade	\$85,000
2018/2019	Hunter Park	\$1,239
	Millars Creek	\$34,000
	Signage - various parks	\$2,659
	Replantings - various parks	\$9,000
	Other projects to be confirmed	\$43,102
	<b>Total Expenditure</b>	<b>\$756,000</b>

- The location and nature of projects requiring more complex traffic management.

Shire Technical Staff will be reviewing the unit rates used in the development of the RAMP through increased analysis of project costs over the course of the next financial year.

### COUNCIL RESOLUTION

200/10      MOVED - Cr. K Hopper                      SECONDED - Cr. F Papalia

**THAT the report be received.**

CARRIED  
9/0

11.11      Title: Maintenance of Parks and Gardens at Millbridge and Eaton –  
Implementation of a Specified Area Rate

*Reporting Department:*      *Technical Services*

*Reporting Officer:*              *Mr Luke Botica – Manager Technical Services*

*Legislation:*                      *Local Government Act 1995*

*File Number:*                      *FI05 0002 & SA00268*

#### Background

The Shire commenced maintaining parks and reserves in Millbridge Private Estate in 2006 and since then the area of responsibility has increased as subsequent stages of Millbridge have been handed over to the Shire by the developer. The Shire currently has maintenance control of Stages 1 to 9.

The Shire entered into a Memorandum of Understanding ("MOU") between the Shire of Dardanup and Ardross Estates for the maintenance of parks and gardens within the Millbridge area. The MOU outlines the process for handover and maintenance for all parcels of land that are to be vested in the Shire as a Reserve for Recreation. The MOU requires the Shire to maintain the areas to the standard established by the developer. The standard of landscaping and the maintenance requirements of Millbridge have been set by the developer at a higher standard to that which already exists in Eaton.

Shire crews have been maintaining Millbridge with the exception of mowing. The mowing, edging and line-trimming of turf areas is outsourced due to the need for specialist mowing equipment (that would not be used in other parts of the Shire and thus under-utilised if Shire owned). This arrangement has been in place since the 2006-2007 year and has seen an increase in plant and labour resources in the Parks and Gardens Section as further areas have been handed over to the Shire. This



arrangement will be continued into the future and further staff increases are required in 2010-2011 as further area is handed over to the Shire.

Landscaped areas in Stage 11 of Millbridge are due for hand over in the 2010-2011 financial year. Handover details are as follows:

STAGE	LOTS	PARK NAMES	HANDOVER
1	13, 14 & 15	Mill, Avon, Gascoyne & Ord	18 September 2006
2	121 & 123	Alice, Carbine, Cadell & Coen	1 March 2007
3	Lot 122	Holroyd, Isaac & Carbine	9 November 2007
4	NA	NA	NA
5	441 & 448	Illawarra	29 February 2008
6	442	Berkeley	29 February 2008
7	444	Greenough & Chamberlain	31 August 2008
8	641 & 646	Hunter	14 March 2009
9	644	Castlereagh	26 September 2009
10	NA	NA	NA
11	2008, 2007, 2006, 2005, 2004, 2003	The Bridges Parks 1, 2 and 3	12 September 2010

The following two tables provide a brief overview of each stage in terms of the landscaped areas and the features of each park respectively.

	AREA (ha)						
	TURF	IRRIGATED PLANTING	NON-IRRIGATED PLANTING	MULCHED	LAKES	TOTAL AREA	EXCLUDING LAKES
<b>STAGE 1</b>							
Mill Park		0.0298	0.0377			0.0675	0.0675
Avon Park	0.2090		1.1977			1.4067	1.4067
Gascoyne Park	0.1127		0.3968			0.5095	0.5095
Ord Park	0.1800	0.0151	0.2904		0.0673	0.5528	0.4855
SUBTOTAL	0.5017	0.0449	1.9226		0.0673	2.5365	2.4692
<b>STAGE 2</b>							
Alice Park			0.0828			0.0828	0.0828
Carbine Park		0.1038				0.1038	0.1038
Cadell Park	0.2259	0.1192	1.7597	0.1458	0.0096	2.2602	2.2506
Coen Park			0.0871			0.0871	0.0871
SUBTOTAL	0.2259	0.2230	1.9296	0.1458	0.0096	2.5339	2.5243
<b>STAGE 3</b>							
Isaac Park	0.0085	0.1987				0.2072	0.2072
Holroyd Park			0.3685			0.3685	0.3685
Carbine Park		0.6020				0.6020	0.6020
SUBTOTAL	0.0085	0.8007	0.3685			1.1777	1.1777
<b>STAGE 4, 5 &amp; 6</b>							
Illawarra Park	0.3404	0.5679			0.1031	1.0114	0.9083
Berkeley Park	0.0177		0.6806			0.6983	0.6983
SUBTOTAL	0.4544	0.6089	0.6806		0.1031	1.8470	1.7439
<b>STAGE 7</b>							
Greenough Park			0.5843			0.5843	0.5843
Chamberlain Park			0.5715			0.5715	0.5715
SUBTOTAL			1.1580			1.1580	1.1580
<b>STAGE 8</b>							
Hunter Park	1.3170	0.8904	0.8288			3.0362	3.0362
<b>STAGE 9</b>							



	AREA (ha)						
	TURF	IRRIGATED PLANTING	NON-IRRIGATED PLANTING	MULCHED	LAKES	TOTAL AREA	EXCLUDING LAKES
Castlereagh Park	0.1548	0.3054	1.6250	0.0594	0.2431	2.3877	2.1446
STAGE 11							
The Bridges Park 1	0.4366	0.0517	0.3181			0.8064	0.8064
The Bridges Park 2	0.2691	0.1168	0.6594			1.0453	1.0453
The Bridges Park 3	0.03	0.0346	0.2674			0.332	0.332
SUBTOTAL	0.7357	0.2031	1.2449			2.1837	2.1837
TOTAL	3.398	3.0764	9.758	0.2052	0.4231	16.8607	16.4376

	CARPARK	LIGHTS	BBQ	RETIC	PLAY-GROUND	SEATING	LOOKOUT / BRIDGE	PATHS
STAGE 1								
Mill Park	✓	✓		✓				✓
Avon Park		✓		✓		✓		✓
Gascoyne Park	✓	✓	✓	✓	✓	✓		✓
Ord Park		✓		✓		✓		✓
STAGE 2								
Alice Park		✓						✓
Carbine Park				✓				
Cadell Park	✓	✓	✓	✓	✓	✓	✓	✓
Coen Park		✓		✓				✓
STAGE 3								
Isaac Park		✓		✓		✓	✓	✓
Holroyd Park		✓		✓			✓	✓
Carbine Park				✓				
STAGE 5 & 6								
Illawarra Entry		✓		✓				✓
Illawarra Park	✓		✓	✓		✓	✓	✓
Berkeley Park		✓		✓		✓		✓
STAGE 7								
Greenough Park		✓			✓	✓		✓
Chamberlain Park		✓				✓		✓
STAGE 8								
Hunter Park	✓	✓	✓	✓		✓	✓	✓
STAGE 9								
Castlereagh Park	✓	✓	✓	✓		✓	✓	✓
STAGE 11								
The Bridges Park 1		✓		✓		✓		✓
The Bridges Park 2	✓	✓	✓	✓	✓	✓		✓
The Bridges Park 3		✓		✓		✓	✓	✓

There is no doubt that the landscaped areas handed over have impacted on Council both operationally and financially, and as further areas are handed over, there will be further impact. This is also the case for previously undeveloped public open space areas, such as Sindhi Park, which have now been developed.

Council's Personnel Plan (in the Strategic Financial Plan) indicates that additional parks and gardens staff are required in 2010-2011 for the upkeep of existing and new areas in Millbridge Private Estate as well as other new or improved areas of



**(Appendix ORD: 12.6C)**

responsibility in the Shire. The required staff numbers is explained under a separate report in this agenda (Item 11.9).

Additional vehicles are required when new additional personnel are employed. This is also explained under a separate report in this agenda (Item 11.9).

Tenders have been called for the mowing of Millbridge under the same arrangements that have been in place since the 2006-2007 financial year. Contracts are awarded on an annual basis and the current contract has been working well – there have been no issues in terms of the contract and the quality of work.

There will be an increase in the total cost of mowing in Millbridge as a result of an increase in turf areas following handover of areas. The total increase in mowing responsibility will increase by 24% in 2010-2011 as compared to 2009-2010.

The Goods & Services allocation will be increased not only by the increase in mowing costs but will also increase to accommodate an overall increase in area of responsibility of 17% and a general increase based on CPI.

Legal Implications -

Clause 5.3 of the MOU states "The Shire agrees to maintain the Works following handover from Ardross to a standard commensurate with the overall landscaping theme approved by the Shire and that which would be reasonably expected by the estate residents."

Council is expected to honour the terms and conditions outlined in the MOU and likewise for Ardross Estates.

The Local Government Act has provisions to enable the implementation of specified area rates.

Strategic Plan

An asset management plan for parks and reserves is currently under development. The plan will be incorporated into the Strategic Financial Plan and will outline a financing strategy for the maintenance, renewal and upgrade of parks and reserves in the Shire.

Environment - None

Budget Implications -

The expenditure for the 2010-2011 Budget has been calculated as follows:

Expenditure – Operational

ITEM	COST
LABOUR	
Wages	\$124,000
Overheads at 180%	\$223,200
<b>SUBTOTAL</b>	<b>\$347,200</b>

**(Appendix ORD: 12.6C)**

ITEM	COST
PLANT	
Total – truck, light vehicle etc	\$21,580
<b>SUBTOTAL</b>	<b>\$21,580</b>
OTHER	
Goods & Services, Contract	\$127,000
Utility Charges	\$500
<b>SUBTOTAL</b>	<b>\$127,500</b>
<b>TOTAL</b>	<b>\$496,280</b>

There are no capital purchases required specifically for Millbridge.

It should be noted that plant and personnel are not exclusively stationed at the Millbridge area, but would also be utilised in other areas under the control of the Shire of Dardanup.

As was done last year, Council's existing operations have also been analysed to determine a unit rate cost that could be applied to the Millbridge area. It should be noted that using a unit rate determined from select figures for the Eaton area, the cost to maintain the Millbridge area would be in the vicinity of \$392,600. However, this figure is for a standard less than that agreed to under the MOU, hence the budget figure is higher than this at \$496,280.

#### Budget – Whole of Life Costs -

The higher standards created and currently maintained in Millbridge will have long term cost implications for the Council. However, it should be realised that the standard implemented in Millbridge is typical for most developer funded landscaping in public open space and is an expected by purchasers of land in new estates. Furthermore, general improvements within existing areas in Eaton, Dardanup and Burekup will eventually increase the standards in those areas. However, the cost of maintaining, renewing and upgrading public open space can be effectively managed through the Shire's Strategic Financial Plan.

#### Precedents

In 2009/10 Council levied a Specified Area Rate over Eaton and Millbridge for \$136,000.

Council Policy Compliance - None

#### Officer Comment

It is obvious from the figures presented in this report that additional funds will need to be allocated to the Parks and Gardens section in the 2010-2011 Budget and will have an effect on the overall Budget. Increased expenditure in the Parks and Gardens Section is inevitable as further areas of Millbridge are handed over to the Shire from the developer. Council has agreed to maintain the standard of landscaping in Millbridge as set by the developer when it became party to the MOU and there is also community expectation for Council to do so.



**(Appendix ORD: 12.6C)**

The standard of landscaping in Millbridge is greater than that provided in other areas of the Shire and its higher demand for Council's physical and financial resources has placed added pressure on Council's annual budget deliberations. This pressure will increase as Millbridge is further developed and further areas are handed over in future. Further pressure is also placed on Council resources through the development of other public open space in the Shire which was not previously developed, such as Sindhi Park and Parkridge Estate.

In 2009-2010, the Council implemented a specified area rate for the upkeep of landscaping in Millbridge and the development and improvement of public open space in Eaton. The use of specified area rates was adopted by Council to raise additional funds for the upkeep of landscaping which is considered to be at a higher level than that normally provided by the Council and for areas requiring improvement and development. It is therefore suggested that the Council consider continuing the implementation of a specified area rate for Millbridge and Eaton to assist in funding the upkeep and development of the area.

The specified area rate was calculated based on two components:

1. The difference in cost between maintaining the Millbridge area to the higher standard agreed under the MOU and the normal standard provided to other areas in Eaton.
2. The shortfall in funds required to develop and/or improve existing public open space in Eaton.

The increase in maintenance cost in Millbridge due to the standard specified in the MOU can be calculated as follows:

Using a base cost (using Eaton Standard Level of Maintenance) of \$24,053 per hectare. The extra income required to provide a standard higher to that normally provided in Eaton is calculated in the table below.

STAGE	DAYS IN 10/11	AREA (m2)	EQUIV. AREA (m2)	BASE COST	FULL STANDARD ESTIMATED	EXTRA INCOME REQUIRED
Stage 1	365	2.5365	2.5365	\$61,011		
Stage 2	365	2.5339	2.5339	\$60,949		
Stage 3	365	1.1777	1.1777	\$28,328		
Stage 4, 5 & 6	365	1.7439	1.7439	\$41,947		
Stage 7	365	1.1580	1.1580	\$27,854		
Stage 8	365	3.0362	3.0362	\$73,031		
Stage 9	365	2.3877	2.3877	\$57,432		
Stage 11	292	2.1837	1.7470	\$42,020		
TOTALS			16.3209	\$392,571	\$496,280	\$103,709

Therefore it is estimated that a total of up to \$103,709 could be recovered from the Millbridge area.

**(Appendix ORD: 12.6C)**

A specified area rate would be applied to all lots within Millbridge (i.e. those with titles). This would apply to all existing lots in Stages 1 to 11, and 12 and 13 when titles are granted (currently under development), regardless of whether Council maintains any POS in the later stages. It should be noted that it is undesirable to apply different specified area rates to each stage that is handed over to the Shire due to complications with reconciling actual cost against rates received.

However, a specified area rate over the entire Estate would average out the rate with some adjustment as new POS is handed over to the Shire each year. The specified area rate is calculated as follows:

STAGE	LOTS	MIN. LEVY \$	MAX. LEVY \$	AVERAGE \$	TOTAL \$
Millbridge Stages 1-11 Including Ballarat Court (excl capital works)	687	76.99	5,922.00	150.96	103,709
Stages 1-11 Millbridge & Eaton (excl capital works)	3,687	10.80	4,406.98	28.13	103,709
Stages 1-11 Millbridge & Eaton + \$71,000 Capital Improvements	3,687	18.19	7,423.92	47.39	174,709
\$71,000 Capital Improvements - Eaton Only	3,000	9.29	3,791.21	23.67	71,000

In 2009/10 Council levied a Specified Area Rate over Eaton & Millbridge for \$136,000, being:

- \$71,000 - Capital works in Eaton
- \$65,000 – Millbridge Landscaping

The same amount and distribution has been included in the draft 2010/11 Annual Budget

Council may consider once again implementing a specified area rate over the entire Eaton and Millbridge areas for landscaping purposes. The rates collected would be used to offset part of the costs associated with the maintenance of Millbridge and for part of the costs of upgrading landscaping in Eaton. Council may consider a similar arrangement for 2010-2011 in which some projects listed for Council budget consideration may be funded. These projects are discussed in a separate report in the Agenda.

Council Role - Executive/Strategic

Voting Requirements - Simple Majority

#### **OFFICER RECOMMENDED RESOLUTION & COUNCIL RESOLUTION**

201/10      MOVED - Cr. M T Bennett      SECONDED - Cr. P A Bass

**THAT Council receive the report on Maintenance of Parks and Gardens at Millbridge and Eaton - Implementation of a Specified Area Rate.**

CARRIED  
9/0



The projected deficit may be reduced by making a number of adjustments to the draft budget, including increasing revenue from other sources, shifting expenditure to those that directly benefit and reducing expenditure.

#### Officer Recommendation 1

Council may consider shifting the increase in the parks & gardens maintenance for Millbridge (due to the responsibility moving from the developer to the Shire) of \$38,709 from general rates to the Eaton Landscaping Specified Area Rate. This will shift the cost away from the property owners outside of Eaton, which was the intent of the introduction of the SAR. This will reduce the general rate increase rates by approximately 0.5%.

#### Officer Recommendation 2

In order to reduce the cost of employing the 2 new Parks & Gardens employees, Manager of Technical Services advises Council may convert one of these positions to apprentice horticulturalists. This would make a net saving of \$10,000 in the draft 2010/11 budget.

Recommendations 1 & 2 will reduce the deficit by \$76,000 to \$509,000. This would be the equivalent to a general rate increase of approximately 8.8%.

- *Community Grants and Management Grants.*

The new policy for community grants has an unallocated value of \$40,000 plus the \$14,000 unallocated management grants. These sums may be reduced for this year.

- *Additional Project Funding*

In order to include capital parks & reserves projects from the consideration list funds held in reserve from developer contributions to Public Open Space may be utilised where it can be demonstrated that the improvements are within the limits defined in the WAPC Liveable Neighbourhoods policy. Approval for such a transfer is required from the Minister for Planning.

The following projects on the budget consideration list are eligible. The amounts are restricted to contributions made from development within the prescribed distance from where works are to be expended:

- Eaton Oval Upgrade – a sum of \$114,525 cash-in-lieu of POS has been paid from subdivisional development within range of Eaton Oval and is held in Reserve.
- Sindhi Park Shade Sails – a sum of \$20,955 cash-in-lieu of POS has been paid from subdivisional development within range of Sindhi Park and is held in Reserve. The project scope can be reduced from \$25,000 to \$20,955 so there is no net expenditure required from Council.

This has also been supported by the Department of Sport & Recreation (DSR). DSR are looking into setting a standard of fees across the South West. The development of this strategy is in its infancy, and will be referred to Council when completed.

### Officer Comment

In 2009 Council increased rates by 7.5%, overcoming the \$400,000 deficit from the previous year from a Road Maintenance Reserve Fund transfer, and introduced a Specified Area rate for landscaping in the Eaton townsite and for the bulk waste collections in the 3 townsites.

This year's rates will need to be increased by up to 10.25%, as the officer report below outlines; this may be reduced by increasing the Specified Area Rate in the Eaton townsite to cover the increase in public open space that has been handed over by the Millbridge developer Ardross Estates.

As the report and budget indicates, the roadworks program is again significant, this is made possible by the grants approved and in association with the Road Asset Management Plan adopted by Council within the Strategic Financial Plan. It is a credit to the Manager and all of the road maintenance and construction crews and supervisors that a program of this size can be achieved within the 12 month timeframe.

The new approach to community group requests and the Strategic Financial Plan has placed Council in a sound financial position, however the need for increased revenue remains as a challenge if expenditure is not reduced. Staff have worked hard, lead by the Manager of Financial Services to fine tune the budget. Identifying new revenue sources to reduce the impacts on rates is limited. Creating new income streams is unpopular for local government (and for the other higher tiers of government), increasing litter and parking surveillance marginally increases revenue, however this has to be weighed against the negative feelings toward the Council and staff. Our approach has been one of education rather than penalty, unless the circumstances require it.

Minimizing the impost on the ratepayer is our goal through improving service delivery, efficiency and receiving more grants and where plausible, fees for service. There is no doubt more is required in reviewing our level of service and whether current levels can be sustained. During 2010 staff will be involved in further research into the shared services model with adjoining local governments. Any benefits that evolve from this process will be passed on to the ratepayer.

Increasing rates is unpopular, however, an increase will be required to continue to improve services and meet our future obligations as outlined in the budget unless services and expenditure that can be cut can be identified.

I refer Council to the Manager reports on the various sections of the budget relevant to their departments and reference to the "Consideration" list which has been considerably reduced due to the introduction of the community grants program and the ongoing education of community groups of the Shire of Dardanup's approach to financial management.



**(Appendix ORD: 12.6C)***Eaton Landscaping Specified Area Rate*

Purpose – To fund higher than standard landscaping in Millbridge  
– To fund capital Parks projects in Eaton

Properties Levied - Properties within the townsite of Eaton

The draft budget has included the amount of \$136,000 as was adopted by Council in 2009/10.

\$65,000 is raised as part contribution to landscaping maintenance of Millbridge. Data calculated by the Manager of Technical Services shows that the \$65,000 raised generates approximately 63% of additional landscaping standard at Millbridge.

Should Council wish to increase the Specified Area Rate in order to recover the additional cost of Millbridge landscaping maintenance, Council has scope to increase this by \$38,709.

Of the Specified Area Rate \$71,000 is allocated to part fund Eaton Oval Upgrade.

\$440,000 is sourced from grants with the remaining \$186,000 listed for budget consideration for a total project cost of \$697,000.

**Local Government Grants Commission Financial Assistance Grants (page 4)**

Increase of \$35,000 has been budgeted. Council has been advised that the review of allocation formulae will not be completed in time for the 2010/11 financial year and to expect same distribution with increase in accordance to the total pool increase. It is expected that the review will not benefit Council due to its rating potential as consequence of the shires population.

**Property Valuation (page 4)**

Provision of rating valuations by the Valuer General (VG) is a fee for service cost to Council. Council has been advised in writing that a Gross Rental Valuation (GRV) general revaluation will occur during 2010/11 for the 2011/12 rating year. Quoted cost for this general revaluation is \$73,000. Management have requested this fee be split over two financial years to lessen the impact in this year's budget. The VG advise that due to the growth experienced by the Shire of Dardanup, GRV revaluations will occur every three years.

It is therefore the intention of management to include in subsequent budgets, an annual allocation of \$25,000 to reserves in order to meet this cost in the year it occurs.

**(Appendix ORD: 12.6C)****Kerbside Waste Pickup (page 44)**

Councils contracted domestic waste & recycling contractors have submitted CPI adjustments for 2010/11. There is an additional claim from Green Recycling for a fee adjustment which equates to additional \$45,000 pa. This matter is reported by the Manager of Health Services for Council consideration within this agenda.

The annual levy is budgeted to increase from \$178 to \$195 per annum per service.

**Town Planning (page 50)**

Application fees are budgeted to increased from \$50,000 to \$100,000 in anticipation of a development application for Eaton Fair expansion.

Development costs of \$225,000 are included for development and sale of Council owned land at Charterhouse Street and Council Drive. This is self funded from Reserve funds.

**Parks & Reserves Maintenance (page 58)**

Maintenance of Councils Parks & Reserves are budgeted to increase by \$332,000 from \$1,615,000 to \$1,947,000.

The major increases are attributed to;

\$60,000 – Millbridge

\$52,000 - Eaton Foreshore

\$36,000 – Mc Caughan Park

\$27,000 – Burekup Reserve

\$697,000 is budgeted for Eaton Oval upgrade.

The upgrade of Eaton oval at a cost of \$697,000 is explained under Specified Area Rates.

**Eaton Recreation Centre (page 60)**

It is forecast that the net deficit will reduce by \$40,000 from \$445,000 to \$405,000 in 2010/11.

This is primarily attributable to revenue increase as a consequence of increased memberships.

**Roads (page 74, 110-113)**

In accordance with Councils Road Asset Management Program (RAMP) net cost of the 2010/11 construction & preservation program is \$721,000. This is funded from Reserve Funds



(Appendix ORD: 12.6C)

3. The Specified Area Rate for "Bulk Waste Collection" for developed residential properties that are serviced by Bulk & Green Waste services be:

Residential GRV = \$0.001464 per  
specified assessment to yield- \$ 55,000

4. The Specified Area Rate for "Eaton Landscaping" be:

GRV = \$0.004105. per specified  
assessment to yield- \$ 176,000

CARRIED

9/0

By Absolute Majority

Council Role - Executive/Strategic

Voting Requirements - Absolute Majority

**OFFICER RECOMMENDED RESOLUTION "B"  
& COUNCIL RESOLUTION**

212/10 MOVED - Cr. M T Bennett SECONDED - Cr. K Hopper

**THAT:**

1. The 2010/2011 Draft Budget be adopted inclusive of the changes made by Council:

PROJECT	DECISION	INCOME	EXPEND
Dardanup Equestrian Centre	Approve self supporting loan	\$20,000	\$20,000
Small Business Centre	Approve ex Donations		\$4,500
Crooked Brook Forest	Approve 3 years		\$5,000
ICLEI Membership	Approve		\$1,386
Ferguson Hall Decking	Approve self supporting loan	\$15,000	\$15,000
SW Sports Academy	Not supported \$4,000	\$ Nil	\$ Nil
Eaton Oval Upgrade	Approve ex POS Reserve	\$110,000	\$110,000
Gromark Park	Not supported \$29,000	\$ Nil	\$ Nil

**8.3**      Title: Maintenance of Parks and Gardens at Millbridge

*Reporting Department:*    *Technical Services*  
*Reporting Officer:*        *Mr Luke Botica – Manager Technical Services*  
*Legislation:*                *Local Government Act 1995*  
*File Number:*                *FI05 0002 & SA00268*

**Background**

The Shire commenced maintaining parks and reserves in Millbridge Private Estate in 2006 and since then the area of responsibility has increased as subsequent stages of the Millbridge have been handed over to the Shire by the developer. The Shire currently has maintenance control of Stages 1 to 8.

The Shire entered into a Memorandum of Understanding ("MOU") between the Shire of Dardanup and Ardross Estates for the maintenance of parks and gardens within the Millbridge area. The MOU outlines the process for handover and maintenance for all parcels of land that are to be vested in the Shire as a Reserve for Recreation. The MOU requires the Shire to maintain the areas to the standard established by the developer.

In previous years, the Council examined a number of options for the maintenance of Millbridge. The following options were considered:

- Option 1 – All maintenance activities to be fully outsourced
- Option 2 – All maintenance activities to be undertaken by Shire crews
- Option 3 – A combination of Options 1 and 2.

It was determined that the best option was Option 3 where:

1. The mowing, edging and line-trimming of turf areas is outsourced due to the need for specialist mowing equipment (that would not be used in other parts of the Shire and thus under-utilised if Shire owned).
2. All other maintenance activities are undertaken by Council crews, plant and equipment.

This arrangement has been in place since the 2006-2007 year and has seen an increase in plant and labour resources in the Parks and Gardens Section as further areas were handed over to the Shire. Further staff increases are required in 2009-2010 as further areas are handed over to the Shire.

- ***Areas to be Handed Over in the 2009-2010 Financial Year***

Stages 1 and 2 of Millbridge were handed over in the 2006-2007 financial year, Stage 3, 4, 5 and 6 in the 2007-2008 financial year, Stages 7 and 8 in 2008-2009 and Stage 9 is due for hand over in the 2009-2010 financial year. Handover details are as follows:



(Appendix ORD: 12.6C)

STAGE	LOTS	PARK NAMES	HANDOVER
1	13, 14 & 15	Mill, Avon, Gascoyne & Ord	18 September 2006
2	121 & 123	Alice, Carbine, Cadell & Coen	1 March 2007
3	Lot 122	Holroyd, Isaac & Carbine	9 November 2007
4	NA	NA	NA
5	441 & 448	Illawarra	29 February 2008
6	442	Berkeley	29 February 2008
7	444	Greenough & Chamberlain	31 August 2008
8	641 & 646	Hunter	14 March 2009
9		Castlereagh	26 September 2009

The following two tables provide a brief overview of each stage in terms of the landscaped areas and the features of each park respectively.

	AREA (ha)						
	TURF	IRRIGATED PLANTING	NON-IRRIGATED PLANTING	MULCHED	LAKES	TOTAL AREA	EXCLUDING LAKES
<b>STAGE 1</b>							
Mill Park		0.0298	0.0377			0.0675	0.0675
Avon Park	0.2090		1.1977			1.4067	1.4067
Gascoyne Park	0.1127		0.3968			0.5095	0.5095
Ord Park	0.1800	0.0151	0.2904		0.0673	0.5528	0.4855
SUBTOTAL	0.5017	0.0449	1.9226		0.0673	2.5365	2.4692
<b>STAGE 2</b>							
Alice Park			0.0828			0.0828	0.0828
Carbine Park		0.1038				0.1038	0.1038
Cadell Park	0.2259	0.1192	1.7597	0.1458	0.0096	2.2602	2.2506
Coen Park			0.0871			0.0871	0.0871
SUBTOTAL	0.2259	0.2230	1.9296	0.1458	0.0096	2.5339	2.5243
<b>STAGE 3</b>							
Isaac Park	0.0085	0.1987				0.2072	0.2072
Holroyd Park			0.3685			0.3685	0.3685
Carbine Park		0.6020				0.6020	0.6020
SUBTOTAL	0.0085	0.8007	0.3685			1.1777	1.1777
<b>STAGE 4, 5 &amp; 6</b>							
Illawarra Park	0.3404	0.5679			0.1031	1.0114	0.9083
Berkeley Park	0.0177		0.6806			0.6983	0.6983
SUBTOTAL	0.4544	0.6089	0.6806		0.1031	1.8470	1.7439
<b>STAGE 7</b>							
Greenough Park			0.5843			0.5843	0.5843
Chamberlain Park			0.5715			0.5715	0.5715
SUBTOTAL			1.1580			1.1580	1.1580
<b>STAGE 8</b>							
Hunter Park	1.3170	0.8904	0.8288			3.0362	3.0362
<b>STAGE 9</b>							
Castlereagh Park	0.1548	0.3054	1.6250	0.0594	0.2431	2.3877	2.1446
<b>TOTAL</b>	<b>2.6623</b>	<b>2.8733</b>	<b>8.5131</b>	<b>0.2052</b>	<b>0.4231</b>	<b>14.677</b>	<b>14.2539</b>



**(Appendix ORD: 12.6C)**

	CARPARK	LIGHTS	BBQ	RETIC	PLAY- GROUND	SEATING	LOOKOUT / BRIDGE	PATHS
<b>STAGE 1</b>								
Mill Park	✓	✓		✓				✓
Avon Park		✓		✓		✓		✓
Gascoyne Park	✓	✓	✓	✓	✓	✓		✓
Ord Park		✓		✓		✓		✓
<b>STAGE 2</b>								
Alice Park		✓						✓
Carbine Park				✓				
Cadell Park	✓	✓	✓	✓	✓	✓	✓	✓
Coen Park		✓		✓				✓
<b>STAGE 3</b>								
Isaac Park		✓		✓		✓	✓	✓
Holroyd Park		✓		✓			✓	✓
Carbine Park				✓				
<b>STAGE 5 &amp; 6</b>								
Illawarra Entry		✓		✓				✓
Illawarra Park	✓		✓	✓		✓	✓	✓
Berkeley Park		✓		✓		✓		✓
<b>STAGE 7</b>								
Greenough Park		✓			✓	✓		✓
Chamberlain Park		✓				✓		✓
<b>STAGE 8</b>								
Hunter Park	✓	✓	✓	✓		✓	✓	✓
<b>STAGE 9</b>								
Castlereagh Park	✓	✓	✓	✓		✓	✓	✓

- **Resource Requirements for the Current Maintenance Arrangements**

There is no doubt that the landscaped areas handed over have impacted on Council both operationally and financially, and as further areas are handed over, there will be further impact.

Clause 5.3 of the MOU states "The Shire agrees to maintain the Works following handover from Ardross to a standard commensurate with the overall landscaping theme approved by the Shire and that which would be reasonably expected by the estate residents." The level of upkeep is greater than that of other areas within the Shire; however, it has been achieved through the employment of additional staff, vehicles, equipment and specialist mowing contracts in the 2006-2007, 2007-2008 and 2008-2009 financial years. Further demands on Council's resources will incur as further areas are handed over.

- **Labour Requirements**

Council's Personnel Plan (in the Strategic Financial Plan) indicated that a two additional parks and gardens staff were required in the 2008-2009 year for the upkeep of existing and new areas in Millbridge Private Estate as well as other new areas of responsibility in the Shire. During the 2008 Budget deliberations, the Council only approved one new position due to budgetary constraints. The current Personnel Plan indicates that another three personnel are required in 2009-2010 –



**(Appendix ORD: 12.6C)**

this is based on filling the position not funded in the 2008-2009 Budget plus two new employees planned for 2009-2010.

The Personnel Plan indicates the necessary staffing levels to achieve the necessary maintenance standards in Millbridge and other areas; however, due the reduction in new staff numbers in 2008-2009, it is suggested that the employment of new staff be delayed in 2009-2010 to reduce the financial impact it may have on the overall Budget. The reduction in staff is based on the following assumptions:



- New areas to be handed over to the Shire will be at a reasonable standard that will not require immediate full attention of the parks crew;
- The Personnel Plan was based on the additional staff also being required for new areas in Parkridge. Development of POS in Parkridge has been slower than initially anticipated when the Personnel Plan was reviewed.
- Parkridge projects funded under the Royalties for Regions program had a contract labour component which will ease pressure on the existing crew for capital improvement works.

The following tables demonstrate the labour requirements for the Parks & Gardens Section as developed for the 10 Year Personnel Plan, as allocated in the draft Budget and the relationship with the handover of areas of Millbridge Private Estate.

QUARTER	2006-2007				2007-2008				2008-2009				2009-2010			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th
NEW EMPLOYEE 1																
NEW EMPLOYEE 2																
NEW EMPLOYEE 3																
NEW EMPLOYEE 4																
NEW EMPLOYEE 5																
NEW EMPLOYEE 6																
NEW EMPLOYEE 7																
NUMBER OF ADDITIONAL EMPLOYEES		1	1	1	1	2	3	3	3	3	4	4	5	5	6	6
TOTAL NUMBER OF EMPLOYEES				6				8				9				11
EQUIVALENT ADDITIONAL FTEs FOR BUDGETING PURPOSES				0.75				2.25				3.5				5.5
ADDITIONAL FTEs TO BE ADDED IN YEAR				0.75				1.25				0.5				1.5
INCREASE FTEs ABOVE THAT OF PREVIOUS YEAR				0.75				1.5				1.25				2
EQUIVALENT FTEs FOR BUDGETING PURPOSES - TOTAL P&Gs				5.75				7.25				8.5				10.5
MILLBRIDGE UTILISATION		1	1	1	1	1.5	2	2	2	2	3	3	3.5	3.5	4	4
OTHER AREAS UTILISATION (I.E. PARKRIDGE, EATON)		0	0	0	0	0.5	1	1	1	1	1	1	1.5	1.5	2	2
EQUIVALENT FTEs FOR BUDGETING PURPOSES - MILLBRIDGE				0.75				1.625				2.5				3.75
EQUIVALENT FTEs ABOVE THAT OF PREVIOUS YEAR - MILLBRIDGE				0.75				0.875				0.875				1.25
MILLBRIDGE AREA TO BE MAINTAINED (HA)																
STAGE 1		1.968	1.968	1.968	1.968	1.968	1.968	1.968	1.968	1.968	1.968	1.968	1.968	1.968	1.968	1.968
STAGE 2			2.298	2.298	2.298	2.298	2.298	2.298	2.298	2.298	2.298	2.298	2.298	2.298	2.298	2.298
STAGE 3						1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169



QUARTER	2006-2007				2007-2008				2008-2009				2009-2010			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th
STAGE 4, 5 & 6							1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29
STAGE 7									1.158	1.158	1.158	1.158	1.158	1.158	1.158	1.158
STAGE 8											1.719	1.719	1.719	1.719	1.719	1.719
STAGE 9													1.99	1.99	1.99	
TOTAL AREA		1.97	4.27	4.27	4.27	5.44	6.72	6.72	7.88	7.88	9.60	9.60	9.60	11.59	11.59	11.59
MILLBRIDGE AREA/EMPLOYEE		1.97	4.27	4.27	4.27	3.63	3.36	3.36	3.94	3.94	3.20	3.20	2.74	3.31	2.90	2.90

-  Allocated in Budget  
 Allocated in Personnel Plan, but not in Budget

It should be noted that the new employees are not 100% utilised in Millbridge exclusively, but are also used in the upkeep of other new areas such as Parkridge public open space including the Collie River foreshore, wetland areas and new verge areas along Eaton Drive and other areas of responsibility. It is considered that a ratio in the range of 2 to 2.5 hectares of public open space in Millbridge per employee is a manageable benchmark to achieve in the long term. However, the suitability of this figure will be further analysed and the future personnel requirements will be adjusted accordingly in the 10-Year Personnel Plan. It should be noted that the bench mark is not achieved with the staff numbers allocated in the draft Budget, but the intention is to achieve the benchmark in following years.

The table indicates that, although two new employees are required, it is not required to employ them immediately (i.e. commencing 1<sup>st</sup> of July). Therefore, due to the delayed start dates, an additional 1.5 equivalent full time employees can be allocated in the budget, bringing the total Parks & Gardens wage allocation to 10.5 equivalent full time employees. This is for a crew size increase from nine at the end of the 2008-2009 financial year to eleven at the end of the 2009-2010 financial year.

- **Plant and Equipment Requirements**

Additional vehicles are required when new additional personnel are employed. The 10-Year Personnel Plan indicates that an additional new vehicle should be introduced for every three new employees. The table below indicates the vehicle purchases required for adequate staff mobility.

YEAR	ADDITIONAL EMPLOYEES IN YEAR	TOTAL ADDITIONAL EMPLOYEES	NEW VEHICLE
2006-2007	1	1	
2007-2008	2	3	1
2008-2009	1	4	1
2009-2010	2	6	

The table above indicates that no new vehicles are required in the 2009-2010 Budget.

- **Goods & Services Requirements**

Tenders have been called for the mowing of Millbridge under the same arrangements that have been in place since the 2006-2007 financial year. Contracts are awarded



**(Appendix ORD: 12.6C)**

on an annual basis and the current contract has been working well – there have been no issues in terms of the contract and the quality of work.

There will be an increase in the total cost of mowing in Millbridge as a result of an increase in turf areas following handover of areas. The total increase in mowing responsibility will increase by 76% in 2009-2010 as compared to 2008-2009. The cost of this is expected to increase by only 27% in 2009-2010.

The Goods & Services allocation will be increased not only by the increase in mowing costs but will also increase to accommodate:

- An overall increase in area of responsibility of 68%
- A general increase based on CPI.

It should be noted that there will be a substantial increase in area of responsibility due to:

- The handover of Stage 8 (the biggest park area in Millbridge) late in the 2008-2009 year and thus maintenance for a full year needs to be included in the 2009-2010 financial year.
- Stage 9 will be handed over early in the 2009-2010 financial year. This stage has a substantial portion of rehabilitated area along Millars Creek.

- **Other Parks & Gardens Staff**

The Personnel Plan also includes a Parks Apprentice for 2009-2010. This will be a new position which is to be created to enable the training of new horticulture personnel. The Shire's Parks & Gardens Supervisor is highly qualified in the horticulture field and her knowledge and experience is a great asset for our community and for those persons wishing to enter the horticulture field as a career.

It is planned to employ an apprentice in January 2009 to commence studies in 2010.

Legal Implications -

Council is expected to honour the terms and conditions outlined in the MOU and likewise for Ardross Estates.

Budget Implications -

The 2008-2009 Strategic Financial Plan has identified that an additional two Parks and Gardens staff will be required in 2008-2009 for the upkeep of Stages 1 to 9 in the Millbridge Private Estate as well as other new areas under the care, control and management of the Shire. The employment of two additional staff also requires the purchase of an additional vehicle and equipment in order for these positions to function effectively. Therefore, the expenditure for the 2009/10 Budget has been calculated as follows:

## Expenditure – Operational

ITEM	COST
<b>LABOUR</b>	
Wages	\$123,750
Overheads at 158%	\$195,525
<b>SUBTOTAL</b>	<b>\$319,275</b>
<b>PLANT</b>	
Total – truck, light vehicle etc	\$44,685
<b>SUBTOTAL</b>	<b>\$44,685</b>
<b>OTHER</b>	
Goods & Services	\$29,500
Utility Charges	\$500
Contract works i.e. mowing	\$49,500
<b>SUBTOTAL</b>	<b>\$79,500</b>
<b>TOTAL</b>	<b>\$443,460</b>

There are no capital purchases required specifically for Millbridge.

Note also that the Shire Parks and Gardens Depot may need expansion (i.e. increased storage space) and this will be further investigated particularly with further areas of Millbridge being handed over in future years requiring further personnel, plant and equipment.

It should be noted that new plant and personnel are not exclusively stationed at the Millbridge area, but would also be utilised in other areas under the control of the Shire of Dardanup.

As was done last year, Council's existing operations have also been analysed to determine a unit rate cost that could be applied to the Millbridge area. It should be noted that using a unit rate determined from select figures for the Eaton area, the cost to maintain the Millbridge area would be in the vicinity of \$297,200. However, this figure is for a standard less than that agreed to under the MOU, hence the budget figure is higher than this at \$443,460.

Officer Comment

It is obvious from the figures presented in this report that additional funds will need to be allocated to the Parks and Gardens section in the 2009-2010 Budget and will have an effect on the overall Budget. Increased expenditure in the Parks and Gardens Section is inevitable as further areas of Millbridge are handed over to the Shire from the developer. Council has agreed to maintain the standard of landscaping in Millbridge as set by the developer when it became party to the MOU and there is also community expectation for Council to do so.

The standard of landscaping in Millbridge is greater than that provided in other areas of the Shire and its higher demand for Council physical and financial resources has placed added pressure on Council's annual budget deliberations. This pressure will increase as Millbridge is further developed and further areas are handed over in



**(Appendix ORD: 12.6C)**

future. The Council has briefly discussed in the past the option of a specified area rate for the upkeep of landscaping in Millbridge. The use of specified area rates has been adopted by other Councils to raise additional funds for the upkeep of landscaping which is considered to be at a higher level than that normally provided by the Council. It is therefore suggested that the Council consider the possibility of imposing a specified area rate on the Millbridge area to assist in funding the upkeep of the area.

If Council wishes to consider the option of a specified area rate, it can be calculated as the difference in cost between maintaining the area to the higher standard agreed under the MOU and the normal standard provided to other areas in Eaton, charged as a specified area rate. The specified area rate can be calculated as follows:

Using a base cost (using Eaton Standard Level of Maintenance) of \$25,674 per hectare. The extra income required to provide a standard higher to that normally provided in Eaton is calculated in the table below.

STAGE	DAYS IN 07/08	AREA (ha)	EQUIV. AREA (ha)	BASE COST	FULL STANDARD ESTIMATED	EXTRA INCOME REQUIRED
Stage 1	365	25365	25365	\$65,122		
Stage 2	365	25339	25339	\$65,055		
Stage 3	365	11777	11777	\$30,236		
Stage 4, 5 & 6	365	17439	17439	\$44,773		
Stage 7	365	11580	9645	\$29,730		
Stage 8	365	30362	8984	\$77,951		
Stage 9	289	23877	18905	\$48,537		
TOTALS			64390	\$312,867	\$443,460	\$130,593

Therefore it is estimated that a total of \$130,593 is to be recovered from the Millbridge area.

A specified area rate would be applied to all lots within Millbridge (i.e. those with titles). This would apply to all lots in Stages 1 to 11 regardless of whether Council maintains any POS in the later stages. It should be noted that it is undesirable to apply different specified area rates to each stage that is handed over to the Shire due to complications with reconciling actual cost against rates received.

However, a specified area rate over the entire Estate would average out the rate with some adjustment as new POS is handed over to the Shire each year. The specified area rate is calculated as follows:

STAGE	LOTS	RATE IN \$	MIN. LEVY	MAX. LEVY	AVERAGE	TOTAL
Stages 1-11	675	\$0.015712	\$102	\$7,856	\$194	\$131,000
Stages 1-11 excluding Super lots	672	\$0.017471	\$113	\$708	\$195	\$131,000
Stages 1-11 Including Ballarat Court	687	\$0.015484	\$101	\$7,742	\$191	\$131,000



STAGE	LOTS	RATE IN \$	MIN. LEVY	MAX. LEVY	AVERAGE	TOTAL
Stages 1-11 Including Ballarat Court excluding Super lots	684	\$0.017190	\$112	\$696	\$192	\$131,000

The table above indicates an average levy of \$194 per lot being applicable to Millbridge which ranges from the lowest at \$102 to the highest at \$7,856 (Ardross Super Lot). It should be noted that the higher figure applies to super lots within the Estate, which are expected to generate further income when full developed in future. Council may consider excluding the 3 Super lots owned by Ardross Estates, this would result in passing their allocation to the other land owners.

The application of a specified area rate is provided here as an option to deal with the increasing cost of maintaining the Millbridge Private Estate. The introduction of a specified area rate could have social implications in Millbridge as well as the overall Eaton area and therefore, it needs to be considered carefully by Council. Please find attached (Appendix ORD: 8.3A) a map defining the area of the Specified Area Rate.

It should be noted that the developer has provided purchasers of land in the last two stages of Millbridge a Notification Under Section 70A (Appendix SP: 8.3B) of the Transfer of Land Act 1893 advising purchasers of that land that:

*"The Shire may consider including the Land in a Specified Area in respect of which a Specified Area Rate is to be imposed for the purposes of enabling the Shire to meet the costs of all works, expenditure and maintenance of whatever type or description which may be required to maintain the open space within the locality of Millbridge generally in accordance with the standard of the existing landscape maintenance provided by the developer. This may affect the use or enjoyment of the Land. Further information can be obtained from the Shire of Dardanup."*

This Notification has only been applied to recent stages and previous stages (i.e. 1 – 7) have not been provided with the notice. This could have implications on the acceptance of a specified area rate and could warrant a public relations exercise prior to any formal decision of Council.

During 2008 budget deliberations, Council resolved to inform residents of Millbridge that Council may impose a Specified Area Rate from 2009/10. Unfortunately this resolution was not actioned by way of direct mail, it was however included in the Bunbury mail Community News in the Shire budget report.

Specified area rating is provided for the purposes explained above in terms of the Parks and Gardens maintenance at Millbridge and is authorised under Section 6.37 of the Local Government Act 1995. There is no requirement to advertise the rate prior to adoption.

The recommendation at Page 45 will require rewording if the rate is not applied to the two Ardross Super lots.

*Note: Cr. K Hopper left the room [11.25am] and returned [11.27am].*



**OFFICER RECOMMENDED RESOLUTION & COUNCIL RESOLUTION**

186/09      MOVED - Cr. K Hopper                      SECONDED - Cr. F Papalia

**THAT Council receive the Manager Technical Services report.**

CARRIED  
10/0

**FURTHER INFORMATION**Background

Correspondence has been received from the residents of 7 Coen Close in Millbridge. The letter opposes a proposed Specified Area Rate for Millbridge Landscaping. The letter is tabled to Council.

The opposition of the resident is based on the following.

- a) Millbridge is Public Open Space therefore is available for the use of all.
- b) The cost of infrastructure was paid for in the initial lot purchase.
- c) Their property has higher a value therefore the contribution to rates is already high.

Manager Financial Services Comment

- a) Millbridge is Public Open Space therefore is available for the use of all.

*Agreed.*

*The proposed Specified Area Rate will only cover the additional service level cost above what would ordinarily be provided in the Eaton town site. The Specified Area Rate will raise 30% of the total cost of Millbridge landscaping. The remaining 70% will be covered from general rates in recognition the area is available for use by the general public.*

- b) The cost of infrastructure was paid for in the initial lot purchase

*Agreed.*

*The land purchase covered the original infrastructure installed by the developer. However, it did not pay for the annual maintenance cost of the additional standard.*

- c) Their property has higher a value and therefore the contribution to rates is already high.

*Disagree. Not supported by anecdotal evidence.*

**(Appendix ORD: 12.6C)**

*The current Gross Rental Value (GRV) for 7 Coen Close is \$11,960. This is comparable to valuations of like dwellings in neighbouring Parkridge.*

The following page shows a sample of the GRV's in the areas of Parkridge & Millbridge. The sample area was chosen due to the similarity in age, type and proximity of dwellings. The GRV's are consistently between the range of \$11,500 - \$13,000 across the two areas. The Parkridge sample has a high percentage of vacant land though the developed lots show consistent valuations.

Voting Requirements - Simple Majority

**OFFICER RECOMMENDED RESOLUTION & COUNCIL RESOLUTION**

187/09      MOVED - Cr. K Hopper                      SECONDED - Cr. F Papalia

**THAT Council receives the correspondence from the residents of 7 Coen Close, Millbridge.**

CARRIED  
10/0

*Discussion:*

*Council discussed the need for a plan across the whole of Eaton with a Specified Area Rate to improve all parks in Eaton. The level of service for other parks at Eaton Foreshore and Lofthouse Park and their future needs.*

**COUNCIL RESOLUTION**

MOTION      MOVED - Cr. K Hopper                      SECONDED - Cr. C G Mountford  
LOST

**THAT Council adopt a principle of a Special Area Rate for above standard maintenance of Parks and Gardens in the Millbridge area as part of the 2009/10 budget.**

5/5  
MOTION LOST

Shire President decided not to use his casting vote.

**SUSPENSION OF STANDING ORDERS****COUNCIL RESOLUTION**

MOVED - Cr. P A Bass                      SECONDED - Cr. J E Gardiner

**THAT Council Suspend Standing Orders so that they could break for lunch [12.30pm].**

CARRIED  
10/0



- d) The due date for instalments and penalty start date to be listed as:

1.	Due Date	31 <sup>st</sup> August 2009
2.	1 <sup>st</sup> Instalment	31 <sup>st</sup> August 2009
3.	2 <sup>nd</sup> Instalment	2 <sup>nd</sup> November 2009
4.	3 <sup>rd</sup> Instalment	8 <sup>th</sup> January 2010
5.	4 <sup>th</sup> Instalment	13 <sup>th</sup> March 2010
6.	Penalty Start Date	1 <sup>st</sup> September 2009

CARRIED

10/0

By Absolute Majority

Note: Cr. C G Mountford left the room [2.35pm] and returned [2.37pm].

Note: Cr. P A Bass left the room [2.39pm] and returned [2.42pm].

8.13 Title: Setting of Draft Budget 2009/2010

Reporting Department: Financial Services

Reporting Officer: Mr Stuart Eaton – Manager Financial Services

Legislation: Local Government (Financial Management)  
Amendment Regulations

File Number: FI05 0002 V1

### ADJOURNMENT

Shire President, Cr. B G Day adjourned the meeting in order to take a short break [2.54pm]. The meeting was reconvened at [3.12pm].

### RECONVENED

Note: Manager Technical Services, Mr Luke Botica left the meeting [3.35pm].

- **Specified Area Rate – Eaton/Millbridge**

*Discussion:*

*Council deliberated on the philosophy of the Specified Area Rate and the need for fairness and equity to all ratepayers affected.*

**COUNCIL RESOLUTION**

197/09      MOVED - Cr. A van Dijk      SECONDED - Cr. J E Gardiner

**THAT Council raise \$136,000 from a Specified Area Rate across Eaton and Millbridge with \$65,000 going toward the maintenance of Millbridge and the balance of \$71,000 toward developing parks and reserves in the balance of Eaton. The proposed projects for the Specified Area Rate being as follows:**

	PROJECT	VALUE
1	Picnic Setting Cadell Park	6,000
2	Irrigation System Design	15,000
3	Wetland Walkway	25,000
4	Pathsweeper	1,500
5	Bollards	23,500
6	Millbridge Parks	65,000
	<b>TOTAL</b>	<b>\$136,000</b>

CARRIED  
9/1

- **Bunbury Regional Entertainment Centre**

*Discussion:*

*Council discussed the Bunbury Regional Entertainment Centre request for a three year commitment of \$8,000 + GST per annum .*

**COUNCIL RESOLUTION**

MOTION      MOVED - Cr. C G Mountford      SECONDED - Cr. C N Boyce  
LOST

**THAT Council commit \$7,000 plus GST per annum to the Bunbury Regional Entertainment Centre for the next three years.**

LOST  
4/6



**(Appendix ORD: 12.6C)**

- **Bunbury Wellington Economic Alliance [BWEA]**

*Discussion:*

*Membership to BWEA was discussed. Council asked what is the protocol for withdrawing if Council is displeased with their performance. What industries or economic development have they influenced in the south west in the past 5 years?*

*The Chief Executive Officer is to seek a report from the BWEA of their successes.*

- **Schedules Surplus and Budget Consideration List**

*Discussion:*

*Council discussed the items in the budget consideration list and resolved amendments to the 2009/10 Draft Annual Budget. The changes required a general rate increase of 7.5% to raise an additional \$394,332.*

ITEM	AMOUNT \$	INCLUDED \$	DEFERRED \$
Donation - Small Business Centre	3,500	3,500	0
Furniture & Equipment – Rangers	1,175	0	1,175
Environmental Projects - Revegetation / Tube stock / Weed Control	6,400	6,400	0
Environmental Projects - Grant Seeding Funding	3,450	3,450	0
Donation - Sustainable Local Governments Water Campaign	8,000	0	8,000
Heritage Loan Subsidy Scheme - Heritage Council of WA	22,445	0	22,445
Lions Club Weed Eradication Program	5,000	5,000	0
Populations Software – Town Planning	500	500	0
Bus shelters	18,000	0	18,000
Community Needs & Sustainability – Dardanup – TP Consultancy	9,000	9,000	0
Mapping - Burekup Expansion – TP Consultancy	4,000	4,000	0
Mapping - Dardanup Townsite Expansion – TP Consultancy	2,000	2,000	0
Mapping - Local Planning Strategy – TP Consultancy	5,000	5,000	0
Glen Huon Core Sampling – TP Consultancy	11,000	0	11,000
Sheep Dip Site Decontamination – TP Consultancy	7,000	0	7,000
Dardanup Cemetery Upgrade	50,000	0	50,000
Donation – SW Academy of Sport	2,000	2,000	0

## (Appendix ORD: 12.6C)

ITEM	AMOUNT \$	INCLUDED \$	DEFERRED \$
Donation Dardanup Equestrian Centre	7,000	3,500	3,500
Recreation Centre - Children Services	5,200	5,200	0
Recreation Centre - Building Maintenance	6,700	6,700	0
Bouncy Castle – Recreation Centre	3,000	3,000	0
Front Reception Amp – Recreation Centre	2,000	0	2,000
Meeting Room Tables – Recreation Centre	1,800	0	1,800
Sports Game Clock – Recreation Centre	2,500	2,500	0
Storage Shed – Recreation Centre	10,700	0	10,700
Sea Container option for above – Recreation Centre	3,000	5,000	0
Dardanup Fitness Groups – Recreation Centre	11,700	3,500 [Subject to grant income]	8,200
Additional Equipment Mtce – Recreation Centre	3,500	3,500	0
Shelving Eaton Library	1,200	1,200	0
End Bays Eaton Library	2,800	0	2,800
Video Surveillance and Security Lighting - Eaton PAW's	55,000	0	55,000
Landscaping - Eaton Drive – Monash - Peninsula Lakes	26,500	0	26,500❖
Landscaping - Eaton Drive – Monash - Ballarat Court	11,000	0	11,000❖
Bollard Replacement - Apex Park	30,000	10,500★	19,500❖
Bollard Replacement - Ennis St	13,000	13,000★	0
Irrigation System Design	15,000	15,000★	0
Gnomesville Improvements	10,000	5,000★ 5,000❖	0
Eaton Entry Statement Beautification	20,000	0	20,000❖
Picnic Setting - Cadell Park Millbridge	6,000	6,000★	0
Path sweeper	1,200	1,500★	0
Eaton Drive Verge Upgrade	117,500	0	117,500
Eaton Drive POS nr Ballarat Ct	37,000	0	37,000
Peninsula Lakes POS - Create New Park	262,300	0	262,300❖
Gromark Park	26,815	0	26,815❖
Eaton Drive Parkridge Side Verges	62,370	0	62,370
Eaton Foreshore Bore Water Treatment & Filter System	100,000	0	100,000❖
Eaton Town Centre Bore Water Treatment & Filter System	85,000	0	85,000❖
Watson Street Bore Water Treatment & Filter System	60,000	0	60,000❖
New Bore - Bethanie Fields Lake POS	80,000	0	80,000❖
Donation - South West Games	5,000	5,000	0
Donation - Bunbury Entertainment Centre additional request	1,000	0	1,000



**(Appendix ORD: 12.6C)**

ITEM	AMOUNT \$	INCLUDED \$	DEFERRED \$
DUP – Cormorant Entrance	7,754	[net] 7,754	0
DUP – Watson Street	10,304	[net] 10,304	0
Parkridge Wetland Boardwalk	25,500	[net] 25,000★	0
3 x Traffic Counters	8,000	0	8,000
Concrete Saw	1,800	1,800	0
Compressor	2,000	2,000	0
Tools	2,750	2,750	0
Icemaker	2,000	0	2,000
Portable Traffic Lights	38,000	0	38,000
Security System – Eaton Depot	11,000	0	11,000
Lofthouse Avenue Traffic Control Islands & Speed Humps	33,000	0	33,000
Ferguson Valley Marketing & Promotions Inc	30,000	20,000	10,000
GIS Intramapping System	32,000	0	32,000
GIS Officer resource shared	35,000	0	35,000
Audio Loop - Dardanup Office Council Chambers	3,000	0	3,000
Swipe Card Security System - Admin Centre	4,000	0	4,000
Wireless Internet transfer from Gateway	4,000	[net] 4,000	0
Staff Training - Public Works	10,000	0	10,000
Consultancy - Water Quality & WSUD retrofit studies in Eaton	25,000	0	25,000
Consultancy - Eaton Foreshore Master Plan	15,500	15,500 Subject to grants	0
Consultancy - Rural Road land resumption works	7,000	0	7,000
Consultancy - Misc	5,000	5,000	0
	<b>\$1,556,863</b>	<b>\$230,058</b>	
★ - Specified Area Rate			
❖ - Royalties for Regions			
<b>INCOME</b>			
Greenwaste		12,500	

Background

Council having considered the 2009/2010 Draft Budget, the following resolutions are required to set the Draft Budget inclusive of any changes made by the Council. The Annual Budget in the format required under the LGA will be presented for formal adoption at the General Meeting of Council in July 2009.

**(Appendix ORD: 12.6C)**Officer Comment

The recommendation for a Specified Area Rate at Millbridge will require amendment if the two Ardross Super lots are not included, the resolution would then need to exclude the 3 Super lots.

The four Millbridge Landscaping Specified Area Rate options referred to in the Manager Technical Services report are summarised below:

STAGE	LOTS	RATE IN \$	MIN. LEVY	MAX. LEVY	AVERAGE	TOTAL
Stages 1-11	675	\$0.015712	\$102	\$7,856	\$194	\$131,000
Stages 1-11 Excluding Super lots	672	\$0.017471	\$113	\$708	\$195	\$131,000
Stages 1-11 Including Ballarat Court	687	\$0.015484	\$101	\$7,742	\$191	\$131,000
Stages 1-11 Including Ballarat Court excluding Super lots	684	\$0.017190	\$112	\$696	\$192	\$131,000

Prior to adopting the following recommendation, Council is referred to the budget consideration list (item not included in the draft budget). Based on advice from the Royalties for Regions Program, Council may allocate \$100,000 toward projects not included in the budget. The \$100,000 is not included as income in the budget; \$400,000 is included in Schedule 4, Governance for the Road Works projects.

Discussion:

*Council referred to previous discussions on the Specified Area Rate.*

Voting Requirements - Absolute Majority

**OFFICER RECOMMENDED RESOLUTION & COUNCIL RESOLUTION**

202/09      MOVED - Cr. F Papalia                      SECONDED - Cr. J E Gardiner

**THAT Council sets:**

- The Municipal Budget as amended and the following Rate in the Dollar for 2009/2010:**

UV	- 0.002561cents in the dollar to yield	\$ 884,060
GRV	- 0.083005 cents in the dollar to yield	\$ 3,067,097
	<b>Total:</b>	<b>\$ 3,951,157</b>

**And;**



**(Appendix ORD: 12.6C)**

2. The Minimum Rate for 2009/2010 be:
- |  |              |
|--|--------------|
| UV = \$819 per rateable assessment to yield  | \$ 114,660   |
| GRV = \$819 per rateable assessment to yield | \$ 1,588,860 |
| Total:                                       | \$ 1,703,520 |
| Total Yield                                  | \$ 5,654,677 |
3. The Specified Area Rate for "Bulk Waste Collection" for developed residential properties that are serviced by Bulk & Green Waste services be:
- |   |           |
|---|-----------|
| Residential GRV = \$0.001526 per specified assessment to yield- | \$ 55,000 |
|---|-----------|
4. The Specified Area Rate for "Eaton Landscaping" be:
- |   |            |
|---|------------|
| GRV = \$0.003212 per specified assessment to yield- | \$ 136,000 |
|---|------------|
- CARRIED  
10/0  
*By Absolute Majority*

Voting Requirements – Absolute Majority

**OFFICER RECOMMENDED RESOLUTION & COUNCIL RESOLUTION**

203/09      MOVED - Cr. A van Dijk      SECONDED - Cr. C G Mountford

**THAT:**

1. The 2009/2010 Draft Budget be adopted inclusive of the changes made by Council:
2. The Annual Budget as prescribed under the Local Government Act 1995 be presented for final adoption at the ordinary meeting of Council in July 2009.

CARRIED  
10/0  
*By Absolute Majority*

8.3 Title: Maintenance of Parks and Gardens at Millbridge

Reporting Department: Technical Services  
 Reporting Officer: Mr Luke Botica – Manager Technical Services  
 Legislation: Local Government Act 1995,  
 Local Government (Functions and General)  
 Regulations 1996  
 File Number: SA00268

Background

At its Ordinary Meeting of 9 April 2008, Council made the following resolution [91/08] in relation to the maintenance of public open space in the Millbridge Private Estate to be handed over to the Shire from the developer:

*"THAT Council:*

1. *Resolves to continue the current arrangement for the maintenance of parks and reserves under its care and control within the Millbridge Private Estate in the 2008-2009 financial year, by:*
  - a) *Outsourcing the mowing, edging and line-trimming of turf areas and gives delegated authority to the Chief Executive Officer for the calling of quotations and awarding of a 12-month contract for these services.*
  - b) *Carrying out all other maintenance activities utilising Council crews, plant and equipment."*

The resolution was based on a Memorandum of Understanding ("MOU") between the Shire of Dardanup and Ardross Estates for the maintenance of parks and gardens within the Millbridge area. The MOU outlines the process for handover and maintenance for all parcels of land that are to be vested in the Shire as a Reserve for Recreation. The resolution was also based on a number of maintenance options which were considered by Council, details of which were provided in the report presented at the meeting of 9 April 2008.

An extract of the 9 April 2008 Minutes is provided in (Appendix SP: 8.3).

Areas to be Handed Over in the 2008-2009 Financial Year

Stages 1 and 2 of Millbridge were handed over in the 2006-2007 financial year, Stage 3, 4, 5 and 6 in the 2007-2008 financial year, and stages 7 and 8 are due for hand over in the 2008-2009 financial year. Handover details are as follows:

STAGE	LOTS	PARK NAMES	HANDOVER
1	13, 14 & 15	Mill, Avon, Gascoyne & Ord	18 September 2006
2	121 & 123	Alice, Carbine, Cadell & Coen	1 March 2007
3	Lot 122	Halroyd, Isaac & Carbine	9 November 2007
4	NA	NA	NA
5	441 & 448	Illawarra	29 February 2008
6	442	Berkeley	29 February 2008
7	444	Greenough & Chamberlain	31 August 2008
8	641 & 646	Hunter	14 March 2009
9		Castlereagh	26 September 2009



**(Appendix ORD: 12.6C)**

The following two tables provide a brief overview of each stage in terms of the landscaped areas and the features of each park respectively.

	AREA (ha)						
	TURF	IRRIGATED PLANTING	NON-IRRIGATED PLANTING	MULCHED	LAKES	TOTAL AREA	EXCLUDING LAKES
<b>STAGE 1</b>							
Mill Park		0.0298	0.0377			0.0675	0.0675
Avon Park	0.2090		1.1977			1.4067	1.4067
Gascoyne Park	0.1127		0.3968			0.5095	0.5095
Ord Park	0.1800	0.0151	0.2904		0.0673	0.5528	0.4855
<b>SUBTOTAL</b>	<b>0.5017</b>	<b>0.0449</b>	<b>1.9226</b>		<b>0.0673</b>	<b>2.5365</b>	<b>2.4692</b>
<b>STAGE 2</b>							
Alice Park			0.0828			0.0828	0.0828
Carbine Park		0.1038				0.1038	0.1038
Cadell Park	0.2259	0.1192	1.7597	0.1458	0.0096	2.2602	2.2506
Coen Park			0.0871			0.0871	0.0871
<b>SUBTOTAL</b>	<b>0.2259</b>	<b>0.2230</b>	<b>1.9296</b>	<b>0.1458</b>	<b>0.0096</b>	<b>2.5339</b>	<b>2.5243</b>
<b>STAGE 3</b>							
Isaac Park	0.0085	0.1987				0.2072	0.2072
Holroyd Park			0.3685			0.3685	0.3685
Carbine Park		0.6020				0.6020	0.6020
<b>SUBTOTAL</b>	<b>0.0085</b>	<b>0.8007</b>	<b>0.3685</b>			<b>1.1777</b>	<b>1.1777</b>
<b>STAGE 4, 5 &amp; 6</b>							
Illawarra Park	0.3404	0.5679			0.1031	1.0114	0.9083
Berkeley Park	0.0177		0.6806			0.6983	0.6983
<b>SUBTOTAL</b>	<b>0.4544</b>	<b>0.6089</b>	<b>0.6806</b>		<b>0.1031</b>	<b>1.8470</b>	<b>1.7439</b>
<b>STAGE 7</b>							
Greenough Park			0.5843			0.5843	0.5843
Chamberlain Park			0.5715			0.5715	0.5715
<b>SUBTOTAL</b>			<b>1.1580</b>			<b>1.1580</b>	<b>1.1580</b>
<b>STAGE 8</b>							
Hunter Park	1.3170	0.8904	0.8288			3.0362	3.0362
<b>STAGE 9</b>							
Castlereagh Park	0.1548	0.3054	1.6250	0.0594	0.2431	2.3877	2.1446
<b>TOTAL</b>	<b>2.6623</b>	<b>2.8733</b>	<b>8.5131</b>	<b>0.2052</b>	<b>0.4231</b>	<b>14.677</b>	<b>14.2539</b>

	CARPARK	LIGHTS	BBQ	RETIC	PLAY-GROUND	SEATING	LOOKOUT / BRIDGE	PATHS
<b>STAGE 1</b>								
Mill Park	✓	✓		✓				✓
Avon Park		✓		✓		✓		✓
Gascoyne Park	✓	✓	✓	✓	✓	✓		✓
Ord Park		✓		✓		✓		✓
<b>STAGE 2</b>								
Alice Park		✓						✓
Carbine Park				✓				
Cadell Park	✓	✓	✓	✓	✓	✓	✓	✓
Coen Park		✓		✓				✓
<b>STAGE 3</b>								
Isaac Park		✓		✓		✓	✓	✓
Holroyd Park		✓		✓			✓	✓
Carbine Park				✓				
<b>STAGE 5 &amp; 6</b>								



	CARPARK	LIGHTS	BBQ	RETIC	PLAY-GROUND	SEATING	LOOKOUT / BRIDGE	PATHS
Illawarra Entry		✓		✓				✓
Illawarra Park	✓		✓	✓		✓	✓	✓
Berkeley Park		✓		✓		✓		✓
STAGE 7								
Greenough Park		✓			✓	✓		✓
Chamberlain Park		✓				✓		✓
STAGE 8								
Hunter Park	✓	✓	✓	✓		✓	✓	✓
STAGE 9								
Castlereagh Park	✓	✓	✓	✓		✓	✓	✓

### Resource Requirements for the Current Maintenance Arrangements

There is no doubt that the landscaped areas handed over have impacted on Council both operationally and financially, and as further areas are handed over, there will be further impact.

Clause 5.3 of the MOU states "The Shire agrees to maintain the Works following handover from Ardross to a standard commensurate with the overall landscaping theme approved by the Shire and that which would be reasonably expected by the estate residents." The level of upkeep is greater than that of other areas within the Shire; however, it has been achieved through the employment of additional staff, vehicles, equipment and specialist mowing contracts in both the 2006-2007 and 2007-2008 financial years. Further demands on Council's resources will incur as further areas are handed over.

### Labour Requirements

Council's Strategic Financial Plan indicates that a further two parks and gardens staff are required in the 2008-2009 year for the upkeep of existing and new areas in Millbridge Private Estate as well as other new areas of responsibility in the Shire. The following table demonstrates the labour requirements for the Parks & Gardens Section as developed for the 10 Year Personnel Plan and the relationship with the handover of areas of Millbridge Private Estate.

QUARTER	2006-2007				2007-2008				2008-2009				2009-2010			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th
NEW EMPLOYEE 1																
NEW EMPLOYEE 2																
NEW EMPLOYEE 3																
NEW EMPLOYEE 4																
NEW EMPLOYEE 5																
NEW EMPLOYEE 6																
NEW EMPLOYEE 7																
NUMBER OF ADDITIONAL EMPLOYEES		1	1	1	1	2	3	3	3	4	5	5	6	6	6	7
TOTAL NUMBER OF EMPLOYEES				6				8				10				12
EQUIVALENT ADDITIONAL FTEs FOR BUDGETING PURPOSES				0.75				2.25				4.25				6.25
ADDITIONAL FTEs TO BE ADDED IN YEAR				0.75				1.25				1.25				1.25



## (Appendix ORD: 12.6C)

QUARTER	2006-2007				2007-2008				2008-2009				2009-2010			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th	1st	2nd	3rd	4th
INCREASE FTEs ABOVE THAT OF PREVIOUS YEAR				0.75				1.5				2				2
EQUIVALENT FTEs FOR BUDGETING PURPOSES - TOTAL P&Gs				5.75				7.25				9.25				11.25
MILLBRIDGE UTILISATION		1	1	1	1	1.5	2	2	2	3	3	3	4	4	4	5
OTHER AREAS UTILISATION (I.E. PARKRIDGE, EATON)		0	0	0	0	0.5	1	1	1	1	2	2	2	2	2	2
EQUIVALENT FTEs FOR BUDGETING PURPOSES - MILLBRIDGE				0.75				1.625				2.75				4.25
EQUIVALENT FTEs ABOVE THAT OF PREVIOUS YEAR - MILLBRIDGE				0.75				0.875				1.125				1.5
MILLBRIDGE AREA TO BE MAINTAINED (HA)																
STAGE 1		1.968	1.968	1.968	1.968	1.968	1.968	1.968	1.968	1.968	1.968	1.968	1.968	1.968	1.968	1.968
STAGE 2			2.298	2.298	2.298	2.298	2.298	2.298	2.298	2.298	2.298	2.298	2.298	2.298	2.298	2.298
STAGE 3						1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169	1.169
STAGE 4, 5 & 6							1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29
STAGE 7									1.158	1.158	1.158	1.158	1.158	1.158	1.158	1.158
STAGE 8											1.719	1.719	1.719	1.719	1.719	1.719
STAGE 9													1.99	1.99	1.99	1.99
TOTAL AREA		1.97	4.27	4.27	4.27	5.44	6.72	6.72	7.88	7.88	9.60	9.60	11.59	11.59	11.59	11.59
MILLBRIDGE AREA/EMPLOYEE		1.97	4.27	4.27	4.27	3.63	3.36	3.36	3.94	2.63	3.20	3.20	2.90	2.90	2.90	2.32

It should be noted that the new employees are not 100% utilised in Millbridge exclusively, but are also used in the upkeep of other new areas such as Parkridge public open space including the Collie River foreshore, wetland areas and new verge areas along Eaton Drive and other areas of responsibility. It is considered that a ratio in the range of 2 to 2.5 hectares of public open space in Millbridge per employee is a manageable benchmark to achieve in the long term. However, the suitability of this figure will be analysed over the next twelve months and the future personnel requirements will be adjusted accordingly in the 10-Year Personnel Plan.

The table indicates that, although two new employees are required, it is not required to employ them immediately (i.e. commencing 1<sup>st</sup> of July). Therefore, due to the delayed start dates, an additional 1.25 equivalent full time employees can be allocated in the budget, bringing the total Parks & Gardens wage allocation to 9.25 equivalent full time employees. This is for a crew size increase from eight at the end of the 2007-2008 financial year to ten at the end of the 2008-2009 financial year.

#### Plant and Equipment Requirements

Additional vehicles are required when new additional personnel are employed. The 10-Year Personnel Plan indicates that an additional new vehicle should be introduced for every three new employees. The table below indicates the vehicle purchases required for the adequate staff mobility.

YEAR	ADDITIONAL EMPLOYEES IN YEAR	TOTAL ADDITIONAL EMPLOYEES	NEW VEHICLE
2006-2007	1	1	
2007-2008	2	3	1
2008-2009	2	5	1
2009-2010	2	7	

The table above indicates that an allocation for a new vehicle is required in the 2008-2009 Budget.

Legal Implications -

Council is expected to honour the terms and conditions outlined in the MOU and likewise for Ardross Estates.

Budget Implications -

The 2008-2009 Strategic Financial Plan has identified that an additional two Parks and Gardens staff will be required in 2008-2009 for the upkeep of Stages 1 to 8 in the Millbridge Private Estate as well as other new areas under the care, control and management of the Shire. The employment of two additional staff also requires the purchase of an additional vehicle and equipment in order for these positions to function effectively. Therefore, the expenditure for the 2008-2009 Budget has been calculated as follows:

Expenditure – Operational

ITEM	COST
<b>LABOUR</b>	
Wages	\$75,000
Overheads at 185%	\$138,750
<b>SUBTOTAL</b>	<b>\$213,750</b>
<b>PLANT</b>	0
Total – truck, light vehicle etc	\$12,500
<b>SUBTOTAL</b>	<b>\$12,500</b>
	0
<b>OTHER</b>	
Goods & Services	\$15,500
Utility Charges	\$500
Contract works i.e. mowing	\$39,500
<b>SUBTOTAL</b>	<b>\$55,500</b>
<b>TOTAL</b>	<b>\$281,750</b>

Expenditure - Capital Items Required

ITEM	COST
Vehicle – Utility	\$21,630
Sundry Plant/Equipment i.e. line trimmers, blower etc	\$3,500
<b>TOTAL</b>	<b>\$25,130</b>

These items are a one-off purchase and would be replaced in future in accordance with Council's plant asset management plan. Note also that the Shire Parks and Gardens Depot may need expansion (i.e. increased storage space) and this will be further investigated particularly with further areas of Millbridge being handed over in future years requiring further personnel, plant and equipment.



**(Appendix ORD: 12.6C)**

It should be noted that new plant and personnel would not be exclusively stationed at the Millbridge area, but would also be utilised in other areas under the control of the Shire of Dardanup.

As was done last year, Council's existing operations have also been analysed to determine a unit rate cost that could be applied to the Millbridge area. It should be noted that using a unit rate determined from select figures for the Eaton area, the cost to maintain the Millbridge area would be in the vicinity of \$198,700. However, this figure is for a standard less than that agreed to under the MOU, hence the budget figure is higher than this at \$281,750.

Officer Comment

It is obvious from the figures presented in this report that additional funds will need to be allocated to the Parks and Gardens section in the 2008-2009 Budget and will have an effect on the overall Budget. Increased expenditure in the Parks and Gardens Section is inevitable as further areas of Millbridge are handed over to the Shire from the developer. Council has agreed to maintain the standard of landscaping in Millbridge as set by the developer when it became party to the MOU and there is also community expectation for Council to do so.

The standard of landscaping in Millbridge is greater than that provided in other areas of the Shire and its higher demand for Council physical and financial resources has placed added pressure on Council's annual budget deliberations. This pressure will increase as Millbridge is further developed and further areas are handed over in future. The Council has briefly discussed in the past the option of a specified area rate for the upkeep of landscaping in Millbridge. The use of specified area rates has been adopted by other Councils to raise additional funds for the upkeep of landscaping which is considered to be at a higher level than that normally provided by the Council. It is therefore suggested that the Council consider the possibility of imposing a specified area rate on the Millbridge area to assist in funding the upkeep of the area.

If Council wishes to consider the option of a specified area rate, it can be calculated as the difference in cost between maintaining the area to the higher standard agreed under the MOU and the normal standard provided to other areas in Eaton, charged as a specified area rate. The specified area rate can be calculated as follows:

Using a base cost (using Eaton Standard Level of Maintenance) of \$20,161 per hectare. The extra income required to provide a standard higher to that normally provided in Eaton is calculated in the table below.

STAGE	DAYS IN 07/08	AREA (ha)	EQUIV. AREA (ha)	BASE COST	FULL STANDARD ESTIMATED	EXTRA INCOME REQUIRED
Stage 1	365	25365	25365	\$51,138		
Stage 2	365	25339	25339	\$51,085		
Stage 3	365	11777	11777	\$23,743		
Stage 4, 5 & 6	365	17439	17439	\$35,158		
Stage 7	304	11580	9645	\$19,444		
Stage 8	108	30362	8984	\$18,112		
TOTALS			64390	\$198,681	\$281,750	\$83,069



**(Appendix ORD: 12.6C)**

Therefore it is estimated that a total of \$83,069 is to be recovered from the Millbridge area.

A specified area rate would be applied to all lots within Millbridge (i.e. those with titles). This would apply to all lots in Stages 1 to 9 regardless of whether Council maintains any POS in the later stages. It should be noted that it is undesirable to apply different specified area rates to each stage that is handed over to the Shire due to complications with reconciling actual cost against rates received.

However, a specified area rate over the entire Estate would average out the rate with some adjustment as new POS is handed over to the Shire each year. The specified area rate is calculated as follows:

STAGE	LOTS	RATE IN \$	MIN. LEVY	MAX. LEVY	AVERAGE	TOTAL
Stages 1-9	663	\$0.010375	\$67.44	\$5,187.50	\$125.29	\$83,069

The table above indicates an average levy of \$125.29 per lot being applicable to Millbridge which ranges from the lowest at \$67.44 to the highest at \$5,187.50. It should be noted that the higher figure applies to super lots within the Estate, which are expected to generate further income when fully developed in future.

The application of a specified area rate is provided here as an option to deal with the increasing cost of maintaining the Millbridge Private Estate. The introduction of a specified area rate could have social implications in Millbridge as well as the overall Eaton area and therefore, it needs to be considered carefully by Council.

It should be noted that the developer has provided purchasers of land in the last two stages of Millbridge a Notification Under Section 70A (Appendix SP: 8.3B) of the Transfer of Land Act 1893 advising purchasers of that land that:

*"The Shire may consider including the Land in a Specified Area in respect of which a Specified Area Rate is to be imposed for the purposes of enabling the Shire to meet the costs of all works, expenditure and maintenance of whatever type or description which may be required to maintain the open space within the locality of Millbridge generally in accordance with the standard of the existing landscape maintenance provided by the developer. This may affect the use or enjoyment of the Land. Further information can be obtained from the Shire of Dardanup."*

This Notification has only been applied to recent stages and previous stages (i.e. 1 – 7) have not been provided with the notice. This could have implications on the acceptance of a specified area rate and could warrant a public relations exercise prior to any formal decision of Council.

Voting Requirements - Simple Majority

Discussion:

*The Council discussed this item in detail, including the need for a crew cab style vehicle and the implications of a Specified Area Rate. Councillors acknowledged the higher level of maintenance for the higher standard of*



*parks and gardens in Millbridge and that the MOU signed with Ardross Estate needed to be abided by.*

*It was noted that the developer has paid for the creation of the infrastructure, Council has had to maintain it but not pay for the capital cost.*

## **FORESHADOWED MOTION**

Cr A van Dijk foreshadowed the following motion:

**THAT the appointment of two additional general hand gardeners in the Parks & Gardens section be deferred until October 2008.**

### *Discussion:*

*Chief Executive Officer Mr Chester advised Council that the two appointments were already staggered in the budget papers, one commencing in December 2008 the second in March 2009, therefore the foreshadowed motion was not necessary.*

*Cr van Dijk moved the recommendation without part 2 as he believed the Specified Area Rate was unfair.*

## **OFFICER RECOMMENDED RESOLUTION & COUNCIL RECOMMENDED RESOLUTION**

MOTION      MOVED - Cr. A van Dijk      SECONDED -  
LAPSED

THAT Council:

1. In accordance with the recommendations of the 2008-2009 Strategic Financial Plan:
  - a) Endorses the employment of two additional general hand gardeners in the Parks & Garden Section in 2008-2009 to assist with the upkeep of existing and new areas of public open space in Millbridge Private Estate to be handed over from the developer.
  - b) Endorses the purchasing of a new utility vehicle in the Parks & Garden Section in 2008-2009 for the transport and daily duties of the additional general hand gardeners.

**MOTION LAPSED FOR WANT OF A SECONDER**

*Discussion:*

*Further discussion was had in regard to the merits of a Specified Area Rate and the level of service at Millbridge compared to other parks and gardens throughout the shire.*

**OFFICER RECOMMENDED RESOLUTION & COUNCIL RESOLUTION**

~~166/08~~      MOVED - Cr. K Hopper                      SECONDED - Cr. C N Boyce

**THAT Council:**

1. In accordance with the recommendations of the 2008-2009 Strategic Financial Plan:
  - a) Endorses the employment of two additional general hand gardeners in the Parks & Garden Section in 2008-2009 to assist with the upkeep of existing and state to be handed over from the developer.
  - b) Endorses the purchasing of a new utility vehicle in the Parks & Garden Section in 2008-2009 for the transport and daily duties of the additional general hand gardeners.
2. Considers the adoption of a Specified Area Rate for maintenance of Parks and Reserves in Millbridge prior to the final adoption of the budget.

CARRIED  
9/1

Resolution Revoked  
as per these minutes.,  
See resolution 186/08  
meeting 13/06/2008.



**COUNCIL RESOLUTION**

181/08      MOVED - Cr. K Hopper                      SECONDED - Cr. J E Gardiner

**THAT Council grant to the Ferguson Valley Marketing and Promotions Inc in the 2008/09 budget \$30,000, with the ongoing nature of the grant to be reviewed prior to the 2009/10 budget based on membership and performance.**

CARRIED  
6/2

~ **Millbridge Estate– Specified Area Rate For Parks And Gardens**

*Discussion:*

*Council discussed at length the proposal put by the officer report that there be a Specified Area rate introduced for the Millbridge Estate for the ongoing upkeep of the parks and gardens which are a higher standard than other areas in the Shire.*

*Arguments for the area rate included the higher standard of upkeep needed and the upkeep had increased the value of the properties in the estate, and that the shire had a MoU with the developer to keep the higher standard up.*

*Dissenting arguments included that the high standard was agreed by Council in the MoU and that the Council did not have to pay for the capital improvements, only the maintenance, the standard in other areas of the town sites should be improved to be fair, not by a specified area rate. A area rate will increase the rates in that area by over 25% which is not fair. Comparing the cost to ratepayers across the 3 towns the cost per household is equitable now, a area rate will remove that fairness.*

*Note: Cr. J E Gardiner left the room [4:47pm].*

*It was noted that there was no area rate when old Eaton was developed. The Council allowed Millbridge to be developed at this higher standard. The higher standard was Councils decision in support of the developer, not the choice of the people.*

*Note: Cr. J E Gardiner returned to the room [4:50pm].*

*It was noted that the people in Millbridge have been notified by the developer that a Specified Area Rate may be applied.*

*This was clarified, that the two earliest stages did not receive the notification on their titles.*

**(Appendix ORD: 12.6C)**

*The use of high standards for parks and gardens for marketing purposes was noted. A decision by the developers, not the Council or ratepayers who were carrying some of the maintenance costs.*

*A area rate set now would set a precedent.*

*It was noted Council already set a precedent with the area rate for kerbside hard waste and green waste collections.*

*The Chief Executive Officer advised Council that staff had received one letter and emails objecting to the area rate from ratepayers in Millbridge.*

*The Chief Executive Officer advised the Council that a vote of Absolute Majority was required, that is 6 in favour to carry the resolution.*

**COUNCIL RESOLUTION**

**MOTION      MOVED -    Cr. K Hopper                      SECONDED -    Cr. C N Boyce  
LOST**

**THAT Council apply a Specified Area rate to all lots in Millbridge at the rate of 0.010375cents in the dollar for the purposes of maintenance of parks and gardens and public open space.**

**MOTION LOST**

**4/4**

*The motion was put and lost due to the absolute majority not being reached - vote 4/4*

~ **Millbridge – Future Specified Area Rate – Notice To Landowners**

**COUNCIL RESOLUTION**

**182/08      MOVED -    Cr. C N Boyce                      SECONDED -    Cr. N J Anderson**

**THAT all landowners in Millbridge be advised that Council may introduce a Specified Area Rate in 2009/10 for maintaining parks.**

**CARRIED**

**6/2**

*Note:            Cr N Anderson left the room at [5:00pm] and returned at [5:01pm].  
                    Cr C A van Dijk left the room at [5:00pm] and returned at [5:02pm].  
                    Cr C Boyce left the room at [5:06pm] and returned at [5:09pm].*



<b>REVOKING OF RESOLUTION</b>
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**COUNCIL RESOLUTION**

186/08      MOVED - Cr. K Hopper                      SECONDED - Cr. C G Mountford

**THAT Council revoke the resolution [166/08] that reads:**

*"THAT Council:*

1. *In accordance with the recommendations of the 2008-2009 Strategic Financial Plan:*
  - a) *Endorses the employment of two additional general hand gardeners in the Parks & Garden Section in 2008-2009 to assist with the upkeep of existing and new areas of public open space in Millbridge Private Estate to be handed over from the developer.*
  - b) *Endorses the purchasing of a new utility vehicle in the Parks & Garden Section in 2008-2009 for the transport and daily duties of the additional general hand gardeners.*
2. *Considers the adoption of a Specified Area Rate for maintenance of Parks and Reserves in Millbridge prior to the final adoption of the budget."*

CARRIED

8/0

By Absolute Majority

**~ REPLACEMENT MOTION – PARKS & GARDENS PERSONNEL AND UTILITY**

**COUNCIL RESOLUTION**

187/08      MOVED - Cr. K Hopper                      SECONDED - Cr. P A Bass

**THAT Council endorse the appointment of 1 Parks and Gardens general hand from January 2009, and the purchase of the utility.**

CARRIED

8/0

## RISK ASSESSMENT TOOL

**OVERALL RISK EVENT:** Differential and Specified Area Rate Review

**RISK THEME PROFILE:**

3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)

6 - Engagement Practices

**RISK ASSESSMENT CONTEXT:** Operational

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	Risk of financial loss through incorrect rating	Major (4)	Unlikely (2)	Moderate (5 - 11)	Not required	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Risk of Council breaching the Local Government Act 1995 through not complying with rating requirements	Minor (2)	Rare (1)	Low (1 - 4)	Not required	Not required.	Not required.	Not required.
REPUTATIONAL	Loss of reputation through non-compliance or mismanagement of funds	Minor (2)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.



## RISK ASSESSMENT TOOL

**OVERALL RISK EVENT:** Council Policy – Shire representation at the State Administrative Tribunal (SAT)

**RISK THEME PROFILE:**

3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)

5 - Employment Practices

**RISK ASSESSMENT CONTEXT:** Operational

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required	Not required.	Not required.	Not required.
FINANCIAL IMPACT	Financial cost to Council by either engaging external representation or by diverting officers from other workloads.	Minor (2)	Almost Certain (5)	Moderate (5 - 11)	Not required	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	That Council not determine appropriate Policies for the Local Government, which may adversely impact the planning and decision making framework.	Major (4)	Unlikely (2)	Moderate (5 - 11)	Not required	Not required.	Not required.	Not required.
REPUTATIONAL	That Council's decision is not represented objectively, where a Council decision is contrary to the Officer recommendation.	Major (4)	Likely (4)	High (12 - 19)	Adoption of Council Policy to guide representation at SAT by external party where the Council resolution is contrary to the officer recommendation. This will enable objective negotiation or representation, and transparency.	Minor (2)	Rare (1)	Low (1 - 4)
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required	Not required.	Not required.	Not required.

## RISK ASSESSMENT TOOL

**OVERALL RISK EVENT:** Annual Report and Annual Electors Meeting

**RISK THEME PROFILE:**

3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)

4 - Document Management Processes

**RISK ASSESSMENT CONTEXT:** Operational

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Risk of Council breaching the Local Government Act 1995 – Risk that the 2018/19 Annual Report is not received by Council.	Minor (2)	Rare (1)	Low (1 - 4)	Not required	Not required.	Not required.	Not required.
REPUTATIONAL	Loss of reputation through non-compliance or mismanagement of funds	Minor (2)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF THE SHIRE OF DARDANUP**

**Report on the Financial Report**

**Opinion**

We have audited the financial report of the Shire of Dardanup, which comprises the statement of financial position as at 30 June 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Chief Executive Officer.

In our opinion, the financial report of the Shire of Dardanup is in accordance with the underlying records of the Shire, including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

**Basis for Opinion**

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Shire in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical requirements in accordance with the Code.

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

**Emphasis of Matter**

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. Our opinion is not modified in respect of this matter.

## **Other Information**

Management is responsible for the other information. The other information comprises the information in the Shire's annual report for the year ended 30 June 2019 but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

## **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australia Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors.
- Conclude on the appropriateness of Shire's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Shire to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

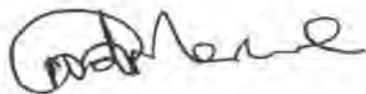
We communicate with Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Reporting on Other Legal and Regulatory Requirements**

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

- a) In our opinion, the operating surplus ratio reported in Note 38 to the financial report is below the Department of Local Government, Sport and Cultural Industries standard for the past 3 years and this is a material matter, however it does not indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- b) All information and explanations required were obtained by us.
- c) All audit procedures were satisfactorily completed in conducting our audit.
- d) In my opinion, the asset consumption ratio and asset renewal ratio in included Note 38 in the Financial Report was supported by verifiable information and reasonable assumptions.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA  
Director

Perth  
Date: 28 November 2019

## RISK ASSESSMENT TOOL

**OVERALL RISK EVENT:** Failing to monitor the financial performance can increase the risk of a negative impact on the Shire's financial position. Non-compliance with legislative requirement could result if a qualified audit.

**RISK THEME PROFILE:** Note: Multiple risk themes can be selected. Please add more if there are not enough fields.

3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)

**RISK ASSESSMENT CONTEXT:** Operational

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	Not monitoring ongoing financial performance would increase the risk of a negative impact on the financial position.	Moderate (3)	Unlikely (2)	Moderate (5 - 11)	Not required.	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Non-compliance with the legislative requirements that results in a qualified audit.	Minor (2)	Unlikely (2)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
REPUTATIONAL	Non-compliance that results in a qualified audit can lead stakeholders to question the Council's ability to manage finances effectively.	Insignificant (1)	Unlikely (2)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.





**Monthly Financial Report**

**For the Period**

**1 July 2019 to 30 November 2019**

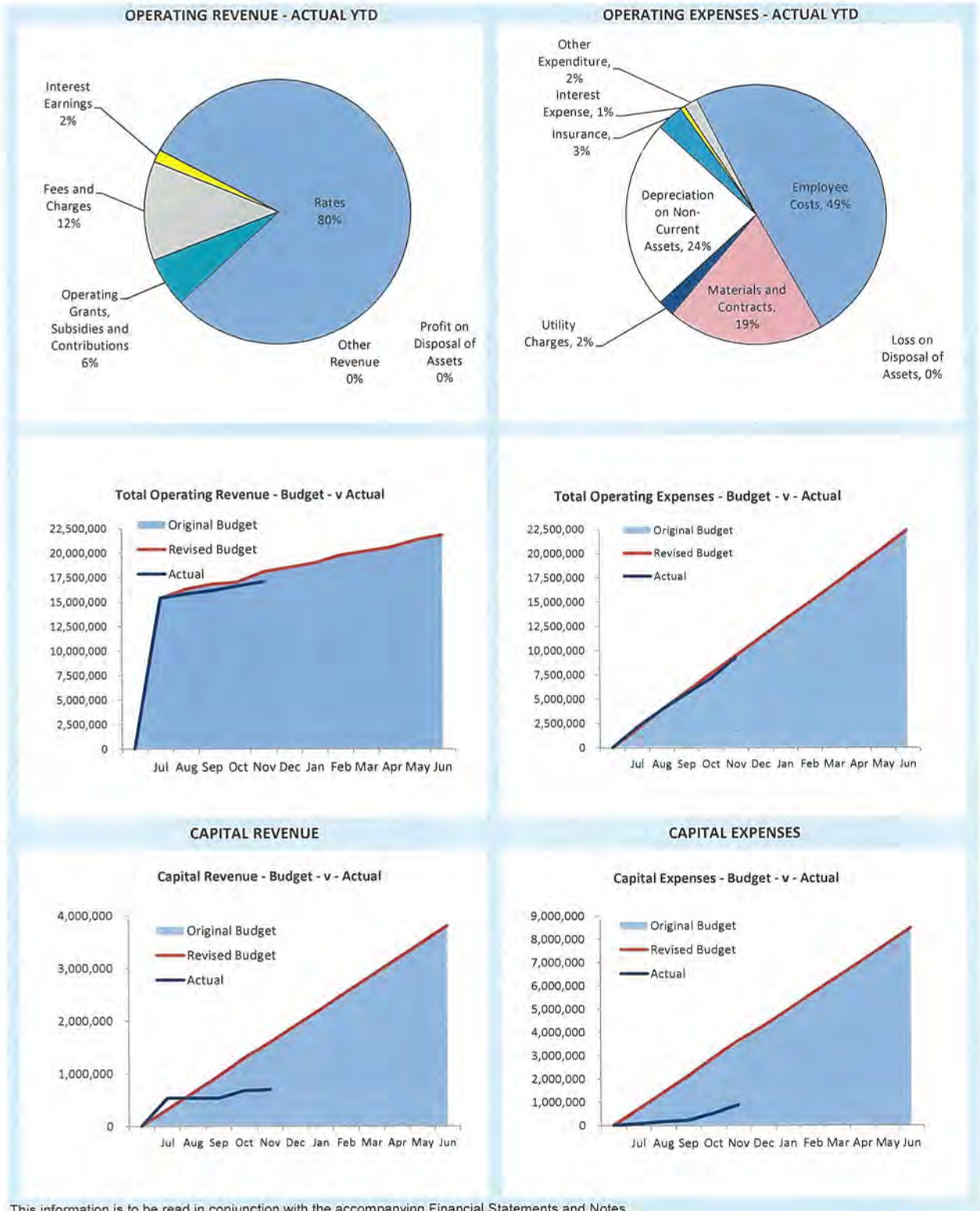
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Monthly Financial Report  
For the Period Ended 30 November 2019

SUMMARY GRAPHS



This information is to be read in conjunction with the accompanying Financial Statements and Notes





Statement of Financial Activity by Program  
For the Period Ended 30 November 2019  
(Covering 5 months or 42% of the year)

Sch	2019/20 Adopted Budget \$	2019/20 Revised Budget \$	2019/20 Y-T-D Revised Budget \$	2019/20 Y-T-D Actual \$	Variance Y-T-D Actual to Revised Budget \$	Variance Y-T-D Actual to Revised Budget %	2019/20 Forecast \$	2018/19 Last Year Actual \$	
<b>OPERATING ACTIVITIES</b>									
<b>Revenue</b>									
Governance	4	1,550	1,550	635	5,638	5,003	788.0%	1,550	29
General Purpose Funding	3	15,474,534	15,474,534	14,416,892	14,069,133	(347,759)	(2.4%)	15,430,285	14,868,866
Law, Order, Public Safety	5	410,591	410,591	288,626	317,487	28,861	10.0%	410,591	440,114
Health	7	20,150	20,150	8,390	25,718	17,328	206.5%	20,150	19,177
Education and Welfare	8	3,500	3,500	1,455	3,205	1,750	120.2%	3,500	13,384
Community Amenities	10	1,504,690	1,504,690	1,412,990	1,389,807	(23,183)	(1.6%)	1,504,690	1,398,292
Recreation and Culture	11	2,834,702	2,834,702	1,321,038	909,896	(411,142)	(31.1%) ▼	2,834,702	1,817,846
Transport	12	178,301	178,301	139,846	200,720	60,874	43.5% ▲	178,301	161,057
Economic Services	13	101,580	101,580	43,000	46,829	3,829	8.9%	101,580	156,340
Other Property and Services	14	1,303,007	1,303,007	542,895	101,546	(441,349)	(81.3%) ▼	1,303,007	226,367
<b>Total Operating Revenue</b>		<b>21,832,605</b>	<b>21,832,605</b>	<b>18,175,767</b>	<b>17,069,981</b>	<b>(1,105,786)</b>	<b>(6.1%)</b>	<b>21,788,356</b>	<b>19,101,472</b>
<b>Operating Expenses</b>									
Governance	4	(1,282,266)	(1,302,266)	(547,838)	(526,387)	21,451	3.9%	(1,317,716)	(1,026,392)
General Purpose Funding	3	(409,569)	(409,569)	(170,615)	(154,199)	16,416	9.6%	(409,569)	(354,842)
Law, Order, Public Safety	5	(1,661,176)	(1,661,176)	(692,080)	(698,057)	(5,977)	(0.9%)	(1,657,840)	(1,465,816)
Health	7	(564,913)	(564,913)	(230,065)	(242,080)	(12,015)	(5.2%)	(563,622)	(510,333)
Education and Welfare	8	(826,305)	(826,305)	(347,457)	(415,958)	(68,501)	(19.7%) ▼	(823,544)	(754,676)
Community Amenities	10	(2,832,799)	(2,832,799)	(1,131,573)	(958,057)	173,516	15.3% ▲	(2,724,321)	(2,106,048)
Recreation & Culture	11	(8,160,605)	(8,160,605)	(3,477,861)	(3,422,583)	55,278	1.6%	(8,156,290)	(7,299,459)
Transport	12	(5,802,313)	(5,802,313)	(2,416,125)	(2,443,796)	(27,671)	(1.1%)	(5,802,313)	(5,707,573)
Economic Services	13	(601,073)	(601,072)	(250,961)	(244,275)	6,686	2.7%	(600,460)	(523,658)
Other Property and Services	14	(263,823)	(263,824)	(180,719)	(163,965)	16,754	9.3%	(232,124)	(460,427)
<b>Total Operating Expenditure</b>		<b>(22,404,841)</b>	<b>(22,424,841)</b>	<b>(9,445,294)</b>	<b>(9,269,358)</b>	<b>175,936</b>	<b>1.9%</b>	<b>(22,287,798)</b>	<b>(20,209,224)</b>
<b>Net Operating Activities</b>		<b>(572,236)</b>	<b>(592,236)</b>	<b>8,730,473</b>	<b>7,800,623</b>	<b>(929,850)</b>	<b>10.7%</b>	<b>(499,443)</b>	<b>(1,107,752)</b>

(continued next page)



Statement of Financial Activity by Program  
For the Period Ended 30 November 2019  
(Covering 5 months or 42% of the year)

	2019/20 Adopted Budget \$	2019/20 Revised Budget \$	2019/20 Y-T-D Revised Budget \$	2019/20 Y-T-D Actual \$	Variance Y-T-D Actual to Revised Budget \$	Variance Y-T-D Actual to Revised Budget %	2019/20 Forecast \$	2018/19 Last Year Actual \$	
Net Operating Activities (from previous page)	(572,236)	(592,236)	8,730,473	7,800,623	(929,850)	(10.7%)	(499,443)	(1,107,752)	
<b>ADJUSTMENTS OF NON CASH ITEMS</b>									
(Profit)/Loss on Asset Disposals	(1,165,000)	(1,165,000)	(485,415)	0	485,415	100.0% ▲	(1,165,000)	18,870	
Accruals	0	0	0	0	0	0.0%	0	(202,576)	
Fair Value Adjustment to Financial Assets	0	0	0	0	0	0.0%	0	(70,068)	
Contra Repayment of Prefunded Infrastructure	0	0	0	0	0	0.0%	0	0	
Depreciation on Assets	5,242,750	5,242,750	2,184,455	2,184,480	25	0.0%	5,242,750	5,042,270	
<b>Adjusted Net Operating Activities</b>	<b>A</b>	<b>3,505,514</b>	<b>3,485,514</b>	<b>10,429,513</b>	<b>9,985,103</b>	<b>(4.3%)</b>	<b>3,578,307</b>	<b>3,680,744</b>	
<b>INVESTING ACTIVITIES</b>									
<b>Revenue</b>									
Non-operating grants, subsidies and contributions	3,804,088	3,889,971	1,620,810	693,610	(927,200)	(57.2%) ▼	3,889,971	1,874,654	
Proceeds from Disposal of Assets	1,323,924	1,369,824	570,765	91	(570,674)	(100.0%) ▼	1,369,824	261,575	
<b>Total Capital Revenue</b>	<b>5,128,012</b>	<b>5,259,795</b>	<b>2,191,575</b>	<b>693,701</b>	<b>(1,497,874)</b>	<b>(68.3%)</b>	<b>5,259,795</b>	<b>2,136,229</b>	
<b>Expenditure</b>									
Land & Buildings	(1,148,280)	(1,181,815)	(486,381)	(82,558)	403,823	83.0% ▲	(1,181,815)	(400,830)	
Infrastructure Assets - Road / Bridges / Paths	(5,405,567)	(5,425,967)	(2,272,535)	(711,911)	1,560,624	68.7% ▲	(5,425,968)	(3,788,051)	
Infrastructure Assets - Parks & Gardens	(854,154)	(864,154)	(365,870)	(34,541)	331,329	90.6% ▲	(864,154)	(68,198)	
Vehicles	(546,108)	(709,308)	(295,540)	(51,343)	244,197	82.6% ▲	(709,308)	(381,650)	
Plant & Equipment	(26,000)	(26,000)	(10,830)	0	10,830	100.0%	(26,000)	(45,444)	
Furniture & Fittings	(475,478)	(475,478)	(198,100)	(289)	197,811	99.9% ▲	(475,478)	(33,131)	
<b>Total Capital Expenditure</b>	<b>(8,455,587)</b>	<b>(8,682,722)</b>	<b>(3,629,256)</b>	<b>(880,642)</b>	<b>2,748,614</b>	<b>75.7%</b>	<b>(8,682,723)</b>	<b>(4,717,304)</b>	
<b>Net Capital Activities</b>	<b>B</b>	<b>(3,327,575)</b>	<b>(3,422,927)</b>	<b>(1,437,681)</b>	<b>(186,941)</b>	<b>87.0%</b>	<b>(3,422,928)</b>	<b>(2,581,075)</b>	
<b>FINANCING ACTIVITIES</b>									
<b>Revenue</b>									
Proceeds from New Loans	750,000	750,000	312,500	0	(312,500)	(100.0%) ▼	0	0	
Self Supporting Loans - Principal Recoups	0	0	0	0	0	0.0%	0	32,936	
Transfers from Reserves	6,036,256	6,131,608	2,553,750	838,176	(1,715,574)	(67.2%) ▼	6,210,270	3,969,700	
<b>Total Financing Revenue</b>	<b>6,786,256</b>	<b>6,881,608</b>	<b>2,866,250</b>	<b>838,176</b>	<b>(2,028,074)</b>	<b>70.8%</b>	<b>6,210,270</b>	<b>4,002,636</b>	
<b>Expenditure</b>									
Repayment of Loans	(279,748)	(279,748)	(141,821)	(148,686)	(6,865)	(4.8%)	(279,748)	(362,288)	
Transfers to Reserves	(6,853,402)	(6,853,402)	(2,855,505)	(315,525)	2,539,980	89.0% ▲	(6,211,807)	(4,638,721)	
<b>Total Financing Expenditure</b>	<b>(7,133,150)</b>	<b>(7,133,150)</b>	<b>(2,997,326)</b>	<b>(464,212)</b>	<b>2,533,114</b>	<b>84.5%</b>	<b>(6,491,555)</b>	<b>(5,001,009)</b>	
<b>Net Financing Activities</b>	<b>C</b>	<b>(346,894)</b>	<b>(251,542)</b>	<b>(131,076)</b>	<b>373,965</b>	<b>385.3%</b>	<b>(281,285)</b>	<b>(998,373)</b>	
<b>FUNDING SOURCES</b>									
Surplus/(Deficit) July 1 B/Fwd	D	301,183	404,751	301,183	404,751	103,568	34.4% ▲	404,751	303,456
<b>CLOSING FUNDS (A+B+C+D)</b>		<b>132,227</b>	<b>215,795</b>	<b>9,161,939</b>	<b>10,576,877</b>	<b>1,414,938</b>	<b>(15.4%)</b>	<b>278,846</b>	<b>404,751</b>

**KEY INFORMATION**

▲ ▼ Indicates a variance between Year-to-Date (YTD) Revised Budget and YTD Actual data as per the adopted materiality threshold.

Refer to Note 2 for an explanation of the reasons for the variance.

This statement to be read in conjunction with the accompanying Financial Statements and Notes





Statement of Financial Activity by Program  
For the Period Ended 30 November 2019  
NET CURRENT ASSETS

Note	Year to Date Actual 30-Nov-2019 \$	This Time Last Year 30-Nov-2018 \$	Last Year Closing 30 June 2019 \$
Represented By:			
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	24,539,795	22,070,400	19,441,957
Rates Debtors Outstanding	4,509,048	4,282,897	311,495
Pensioner Rates Rebate	16,810	9,753	19,786
Sundry Debtors	143,122	53,293	200,555
Self Supporting Loan Asset	0	32,936	0
Accrued Revenue	58,508	87,101	151,597
Prepaid Expenses	0	0	22,734
Goods & Services Tax / BAS Refund	72,323	31,485	127,208
Other Receivables	(133,581)	1,664	0
Inventories - Materials	5,047	2,166	5,047
Inventories - Trading Stock - Recreation Centre	8,430	11,857	8,430
<b>Current Assets</b>	<b>29,219,502</b>	<b>26,583,551</b>	<b>20,288,810</b>
<b>LESS CURRENT LIABILITIES</b>			
Payables:			
Sundry Creditors	(200)	(4,678)	(735,312)
Other Payables	(483,872)	(272,469)	(5,069)
Municipal Bonded Liabilities	(779,440)	0	(825,867)
Prepaid Revenue - Rates / PPL	(179,539)	(150,680)	(565,248)
Accrued Interest on Debentures	(37,523)	(42,740)	(37,523)
Accrued Salaries & Wages	0	0	(25,165)
Other Accrued Expenses	0	0	(5,174)
Borrowings - Debentures	(131,062)	(144,992)	(279,748)
Provisions:			
Staff Leave Provisions	(1,272,697)	(1,190,807)	(1,272,697)
<b>Current Liabilities</b>	<b>(2,884,333)</b>	<b>(1,806,366)</b>	<b>(3,751,803)</b>
<b>Net Current Assets</b>	<b>26,335,169</b>	<b>24,777,186</b>	<b>16,537,007</b>
Less: Restricted Assets / Reserve Funds	(15,889,354)	(15,127,924)	(16,412,005)
Less: Self Supporting Loan Income	0	(32,936)	0
Add: Current - Borrowings	131,062	144,992	279,748
<b>CLOSING FUNDS / NET CURRENT ASSETS (per previous page)</b>	<b>10,576,877</b>	<b>9,761,318</b>	<b>404,751</b>

Liquidity Over The Year





**Statement of Comprehensive Income by Nature or Type**  
**For the Period Ended 30 November 2019**  
 (Covering 5 months or 42% of the year)

	2019/20	2019/20	2019/20	2019/20	Variance Y-T-D	Variance Y-T-D	2019/20	2018/19
	Adopted	Revised	Y-T-D	Y-T-D	Actual to	Actual to	Forecast	Last Year
	Budget	Budget	Revised	Actual	Revised	Revised	\$	Actual
	\$	\$	\$	\$	\$	%	\$	\$
<b>Revenue</b>								
Rates	13,742,181	13,742,181	13,672,622	13,695,575	22,953	(0.2%)	13,697,932	13,091,847
Grants, Subsidies & Contributions	3,234,207	3,234,207	1,641,927	1,028,527	(613,400)	37.4%	3,234,207	2,202,843
Fees and Charges	3,156,021	3,156,021	2,113,930	2,078,890	(35,040)	1.7%	3,156,021	3,112,535
Interest Earnings	507,656	507,656	254,988	261,368	6,380	(2.5%)	507,656	581,228
Other Revenue	27,540	27,540	6,885	5,621	(1,264)	0.0%	27,540	27,855
	<u>20,667,605</u>	<u>20,667,605</u>	<u>17,690,352</u>	<u>17,069,981</u>	<u>(620,371)</u>	<u>3.5%</u>	<u>20,623,356</u>	<u>19,016,308</u>
<b>Expenses</b>								
Employee Costs	(11,155,410)	(11,155,410)	(4,623,285)	(4,563,550)	59,735	1.3%	(11,095,026)	(9,793,985)
Materials and Contracts	(4,665,758)	(4,685,758)	(1,974,622)	(1,805,111)	169,511	8.6%	(4,596,208)	(4,049,538)
Utility Charges	(561,970)	(561,970)	(234,000)	(189,009)	44,991	19.2%	(561,970)	(551,434)
Depreciation on Non-current Assets	(5,242,750)	(5,242,750)	(2,184,455)	(2,184,480)	(25)	(0.0%)	(5,242,750)	(5,042,270)
Interest Expense	(113,943)	(113,943)	(50,006)	(51,435)	(1,429)	(2.9%)	(113,943)	(127,293)
Insurance	(282,982)	(282,982)	(207,538)	(316,060)	(108,522)	(52.3%)	(295,873)	(253,207)
Other	(382,028)	(382,028)	(171,353)	(159,712)	11,641	6.8%	(382,028)	(357,532)
	<u>(22,404,842)</u>	<u>(22,424,842)</u>	<u>(9,445,259)</u>	<u>(9,269,358)</u>	<u>175,901</u>	<u>1.9%</u>	<u>(22,287,798)</u>	<u>(20,175,259)</u>
<b>Operational Surplus / (Deficit)</b>	<b>(1,737,237)</b>	<b>(1,757,237)</b>	<b>8,245,093</b>	<b>7,800,623</b>	<b>(444,470)</b>	<b>5.4%</b>	<b>(1,664,443)</b>	<b>(1,158,951)</b>
Grants & Contributions for the Development of Assets	3,804,089	3,889,971	1,620,810	693,610	(927,200)	(57.2%)	3,889,971	1,874,654
Profit on Asset Disposals	1,165,000	1,165,000	485,415	0	(485,415)	(100.0%)	1,165,000	15,093
Loss on Asset Disposals	0	0	0	0	0	0.0%	0	(33,963)
Fair Value Adjustment to Financial Assets	0	0	0	0	0	0.0%	0	70,068
	<u>4,969,089</u>	<u>5,054,971</u>	<u>2,106,225</u>	<u>693,610</u>	<u>(1,412,615)</u>	<u>67.1%</u>	<u>5,054,971</u>	<u>1,925,852</u>
<b>NET RESULT</b>	<b>3,231,852</b>	<b>3,297,735</b>	<b>10,351,318</b>	<b>8,494,233</b>	<b>(1,857,085)</b>	<b>17.9%</b>	<b>3,390,529</b>	<b>766,901</b>
<b>Other Comprehensive Income</b>								
Changes on Revaluation of Non-Current Assets	0	0	0	0	0	0.0%	0	0
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>3,231,852</b>	<b>3,297,735</b>	<b>10,351,318</b>	<b>8,494,233</b>	<b>(1,857,085)</b>	<b>17.9%</b>	<b>3,390,529</b>	<b>766,901</b>





Notes to the Statement of Financial Activity  
For the Period Ended 30 November 2019

1. PROGRAMS / ACTIVITIES

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

COMMUNITY VISION

*Provide effective leadership in encouraging balanced growth and development of the Shire while recognising the diverse needs of the community.*

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GENERAL PURPOSE FUNDING	To collect revenue to allow for the provision of services	Rates, general purpose government grants and interest revenue.
GOVERNANCE	To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of Council and the administration support available to Council for the provision of governance of the District. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific Council services.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local-laws relating to the fire prevention, animal control and protection of the environment, and other aspects of public safety including emergency services.
HEALTH	To provide services to achieve community and environmental health.	Maternal and infant health facilities, immunisation, meat inspection services, inspection of food outlets, noise control and pest control services.
EDUCATION AND WELFARE	To provide services to children, youth, the elderly and disadvantaged persons.	Pre-school and other education services, child minding facilities, playgroups, senior citizens' centres.
COMMUNITY AMENITIES	To provide services required by the community.	Rubbish collection services, operation of refuse site, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemeteries and public conveniences.
RECREATION AND CULTURE	To establish and effectively manage infrastructure and resources which help the social well being of the community.	Maintenance of halls, civic buildings, river banks, recreation centre and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library and other cultural facilities.
TRANSPORT	To promote safe, effective and efficient transport services to the community.	Construction and maintenance of streets, roads, bridges, footpaths, cycle ways, parking facilities, traffic control and depot. Cleaning of streets and maintenance of street trees, street lighting, etc.
ECONOMIC SERVICES	To help promote the shire and its economic wellbeing.	Tourism and area promotion, building control, provision of rural services including weed control and vermin control, standpipes.
OTHER PROPERTY & SERVICES	To monitor and control Council's overheads operating accounts.	Private works operations, plant repairs and operations costs, engineering operation costs.



Notes to the Statement of Financial Activity  
For the Period Ended 30 November 2019

2. EXPLANATION OF MATERIAL VARIANCES IN THE STATEMENT OF FINANCIAL ACTIVITY BY PROGRAM

The material variances adopted by the Shire of Dardanup for reporting in the 2019/20 year is 10% or \$50,000, whichever is the greater.  
All variances are between Year-to-Date Actual and Year-to-Date Revised Budget values.

Sch	2019/20 Y-T-D Revised Budget \$	2019/20 Y-T-D Actual \$	Variance to Y-T-D Revised Budget \$	Variance to Y-T-D Revised Budget %	Timing / Permanent	Material Variance - Explanation
Where there is more than one significant item contributing to a reportable variance, only items in excess of \$10,000 are included in the explanation.						
<b>OPERATING ACTIVITIES</b>						
<b>Revenue</b>						
Governance	4	635	5,638	5,003	788.0%	
General Purpose Funding	3	14,416,892	14,069,133	(347,759)	(2.4%)	
Law, Order, Public Safety	5	288,626	317,487	28,861	10.0%	
Health	7	8,390	25,718	17,328	206.5%	
Education and Welfare	8	1,455	3,205	1,750	120.2%	
Community Amenities	10	1,412,990	1,389,807	(23,183)	(1.6%)	
Recreation and Culture	11	1,321,038	909,896	(411,142)	(31.1%)	▼ Timing Funds not yet received: \$416,000 contribution to parks infrastructure to be received later in the year.
Transport	12	139,846	200,720	60,874	43.5%	▲ Permanent Developer contributions to future infrastructure works. Funds to be transferred to Reserve account.
Economic Services	13	43,000	46,829	3,829	8.9%	
Other Property and Services	14	542,895	101,546	(441,349)	(81.3%)	▼ Timing Profit on disposal of land - sale to occur later in the year.
<b>Total Operating Revenue</b>		<b>18,175,767</b>	<b>17,069,981</b>	<b>(1,105,786)</b>	<b>(6.1%)</b>	
<b>Operating Expenses</b>						
Governance	4	(547,838)	(526,387)	21,451	3.9%	
General Purpose Funding	3	(170,615)	(154,199)	16,416	9.6%	
Law, Order, Public Safety	5	(692,080)	(698,057)	(5,977)	(0.9%)	
Health	7	(230,065)	(242,080)	(12,015)	(5.2%)	
Education and Welfare	8	(347,457)	(415,958)	(68,501)	(19.7%)	▼ Timing Higher operating expenses Community Services
Community Amenities	10	(1,131,573)	(958,057)	173,516	15.3%	▲ Timing Generally lower operating costs to date - \$22,000 waste management, \$27,000 environmental projects, \$21,000 Town Planning salaries, \$39,000 WANJU consultants, \$36,000 strategic planning studies, \$29,000 public conveniences maintenance.
Recreation & Culture	11	(3,477,861)	(3,422,583)	55,278	1.6%	
Transport	12	(2,416,125)	(2,443,796)	(27,671)	(1.1%)	
Economic Services	13	(250,961)	(244,275)	6,686	2.7%	
Other Property and Services	14	(180,719)	(163,965)	16,754	9.3%	
<b>Total Operating Expenditure</b>		<b>(9,445,294)</b>	<b>(9,269,358)</b>	<b>175,936</b>	<b>(1.9%)</b>	
<b>Net Operating Activities</b>		<b>8,730,473</b>	<b>7,800,623</b>	<b>(929,850)</b>	<b>(10.7%)</b>	
<b>ADJUSTMENTS OF NON CASH ITEMS</b>						
(Profit)/Loss on Asset Disposals		(485,415)	0	485,415	100.0%	▲ Timing Land disposal will occur later in the year, whereas the budget is for an even spread.
Accruals		0	0	0	0.0%	
Depreciation on Assets		2,184,455	2,184,480	25	0.0%	
<b>Adjusted Net Operating Activities</b>		<b>10,429,513</b>	<b>9,985,103</b>	<b>(444,410)</b>	<b>(4.3%)</b>	

(continued next page)





Notes to the Statement of Financial Activity  
For the Period Ended 30 November 2019

2. EXPLANATION OF MATERIAL VARIANCES IN THE STATEMENT OF FINANCIAL ACTIVITY BY PROGRAM (continued)

	2019/20 Y-T-D Revised Budget \$	2019/20 Y-T-D Actual \$	Variance to Y-T-D Revised Budget \$	Variance to Y-T-D Revised Budget %	Timing / Permanent	Material Variance - Explanation
Adjusted Net Operating Activities (from previous p	10,429,513	9,985,103	(444,410)	(4.3%)		
<b>INVESTING ACTIVITIES</b>						
<b>Revenue</b>						
Non-operating grants, subsidies and contributions	1,620,810	693,610	(927,200)	(57.2%)	▼ Timing	Receipt of infrastructure grants are generally staged from commencement of construction to completion. Most construction not yet commenced.
Proceeds from Disposal of Assets	570,765	91	(570,674)	(100.0%)	▼ Timing	Disposals of land and vehicles have not yet occurred.
<b>Total Capital Revenue</b>	<b>2,191,575</b>	<b>693,701</b>	<b>(1,497,874)</b>	<b>(68.3%)</b>		
<b>Expenditure</b>						
Land & Buildings	(486,381)	(82,558)	403,823	83.0%	▲ Timing	Most building projects have not yet commenced construction.
Infrastructure Assets - Road / Bridges / Paths	(2,272,535)	(711,911)	1,560,624	68.7%	▲ Timing	Most road renewal and upgrade projects will be constructed in drier months.
Infrastructure Assets - Parks & Gardens	(365,870)	(34,541)	331,329	90.6%	▲ Timing	No significant projects have commenced at this reporting date.
Vehicles	(295,540)	(51,343)	244,197	82.6%	▲ Timing	Most vehicles to be acquired later in the year.
Plant & Equipment	(10,830)	0	10,830	100.0%		
Furniture & Fittings	(198,100)	(289)	197,811	99.9%	▲ Timing	The significant budget purchase is gymnasium equipment to be delivered in early 2020.
<b>Total Capital Expenditure</b>	<b>(3,629,256)</b>	<b>(880,642)</b>	<b>2,748,614</b>	<b>(75.7%)</b>		
<b>Net Capital Activities</b>	<b>(1,437,681)</b>	<b>(186,941)</b>	<b>1,250,740</b>	<b>(87.0%)</b>		
<b>FINANCING ACTIVITIES</b>						
<b>Revenue</b>						
Proceeds from New Loans	312,500	0	(312,500)	100.0%	▼ Timing	Loan to be taken out later in the year
Self Supporting Loans - Principal Reimbursement	0	0	0	0.0%		
Transfers from Reserves	2,553,750	838,176	(1,715,574)	(67.2%)	▼ Timing	Transfers from Reserves to occur at completion of specific projects or at year-end.
<b>Total Financing Revenue</b>	<b>2,866,250</b>	<b>838,176</b>	<b>(2,028,074)</b>	<b>(70.8%)</b>		
<b>Expenditure</b>						
Repayment of Loans	(141,821)	(148,686)	(6,865)	(4.8%)		
Donated Assets	0	0	0	0.0%		
Advance to community groups	0	0	0	0.0%		
Contra Repayment of Prefunded Infrastructure	0	0	0	0.0%		
Prefunded Infrastructure	0	0	0	0.0%		
Transfers to Reserves	(2,855,505)	(315,525)	2,539,980	89.0%	▲ Timing	Most transfers to Reserves will occur at year-end.
<b>Total Financing Expenditure</b>	<b>(2,997,326)</b>	<b>(464,212)</b>	<b>2,533,114</b>	<b>(84.5%)</b>		
<b>Net Financing Activities</b>	<b>(131,076)</b>	<b>373,965</b>	<b>505,041</b>	<b>(385.3%)</b>		
<b>FUNDING SOURCES</b>						
Surplus/(Deficit) July 1 B/Fwd	301,183	404,751	103,568	34.4%	▲ Permanent	Higher surplus from 2018/19 than anticipated at the time of budget preparation
<b>CLOSING FUNDS (A+B+C+D)</b>	<b>9,161,939</b>	<b>10,576,877</b>	<b>1,414,938</b>	<b>15.4%</b>		



Notes to the Statement of Financial Activity  
For the Period Ended 30 November 2019

### 3. TRUST FUNDS

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

NAME	BALANCE 1 JULY	RECEIPTS	INTEREST	PAYMENTS	ADJUSTMENTS (TRANSFERS)	CLOSING BALANCE
	\$	\$	\$	\$	\$	\$
Tourism WA for Ferguson Valley Project	301,800.73	0.00	0.00	75,000.00	0.00	226,800.73
Public Open Space	857,943.74	0.00	0.00	0.00	0.00	857,943.74
Accrued Interest	0.00	0.00	2,467.49	0.00	0.00	2,467.49
Plus: Outstanding Creditors	0.00	0.00	0.00	0.00	0.00	0.00
Less: Outstanding Debtors	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>1,159,744.47</b>	<b>0.00</b>	<b>2,467.49</b>	<b>75,000.00</b>	<b>0.00</b>	<b>1,087,211.96</b>

### 4. CASH BACKED RESERVES

NAME	BALANCE 1 JULY	RECEIPTS	INTEREST	PAYMENTS	ADJUSTMENTS (TRANSFERS)	CLOSING BALANCE
	\$	\$	\$	\$	\$	\$
<i>Un-Restricted</i>						
Executive & Compliance Vehicles Reserve	364,152.78	0.00	0.00	0.00	0.00	364,152.78
Plant & Engineering Equipment Reserve	837,737.92	0.00	0.00	0.00	0.00	837,737.92
Eaton Recreation Centre - Equipment Reserve	365,346.45	0.00	0.00	0.00	0.00	365,346.45
Building Maintenance Reserve	1,620,574.64	0.00	0.00	0.00	0.00	1,620,574.64
Employee Relief Reserve	226,994.98	0.00	0.00	0.00	0.00	226,994.98
Employee Leave Entitlements Reserve	5,000.00	0.00	0.00	0.00	0.00	5,000.00
Refuse Site Environmental Works Reserve	82,960.37	0.00	0.00	0.00	0.00	82,960.37
Information Technology Reserve	406,982.52	0.00	0.00	0.00	0.00	406,982.52
Roadwork Construction & Major Maintenance Reserve	500,300.53	0.00	0.00	0.00	0.00	500,300.53
Meat Inspection Reserve	5,218.96	0.00	0.00	5,218.96	0.00	0.00
Accrued Salaries Reserve	379,359.78	0.00	0.00	0.00	0.00	379,359.78
Tourism Reserve	6,377.35	5,218.96	0.00	0.00	0.00	11,596.31
Recycling Education Reserve	82,334.11	0.00	0.00	0.00	0.00	82,334.11
Road Safety Programs Reserve	8,356.69	11,460.00	0.00	0.00	0.00	19,816.69
Council Land Development Reserve	20,838.59	0.00	0.00	0.00	0.00	20,838.59
Carried Forward Projects Reserve	2,968,519.73	0.00	0.00	0.00	0.00	2,968,519.73
Election Expenses Reserve	23,487.06	0.00	0.00	0.00	0.00	23,487.06
Town Planning Consultancy Reserve	91,740.47	0.00	0.00	0.00	0.00	91,740.47
Parks & Reserves Upgrades Reserve	549,702.69	0.00	0.00	0.00	0.00	549,702.69
Strategic Planning Studies Reserve	218,946.93	0.00	0.00	0.00	0.00	218,946.93
Pathways Reserve	164,161.78	0.00	0.00	0.00	0.00	164,161.78
Asset / Rates Revaluation Reserve	292,877.18	0.00	0.00	0.00	0.00	292,877.18
Refuse & Recycling Bin Replacement Reserve	54,075.81	0.00	0.00	0.00	0.00	54,075.81
Sale of Land Reserve	2,303,942.18	0.00	0.00	0.00	0.00	2,303,942.18
Emergency Services Reserve	10,306.48	0.00	0.00	10,306.48	0.00	0.00
Small Plant & Equipment Reserve	15,261.45	0.00	0.00	15,261.45	0.00	0.00
Storm Water Reserve	101,082.19	15,261.45	0.00	0.00	0.00	116,343.64
	<b>11,706,639.62</b>	<b>31,940.41</b>	<b>0.00</b>	<b>30,786.89</b>	<b>0.00</b>	<b>11,707,793.14</b>
<i>Restricted</i>						
Contribution to Works Reserve	601,543.28	62,768.69	0.00	0.00	0.00	664,311.97
Eaton Drive - Access Construction Reserve	153,212.42	0.00	0.00	0.00	0.00	153,212.42
Eaton Drive - Scheme Construction Reserve	904,633.29	0.00	0.00	0.00	0.00	904,633.29
Fire Control Reserve	1,108.89	10,306.48	0.00	0.00	0.00	11,415.37
Collie River (Eaton Drive) Bridge Construction Reserve	1,548,013.31	0.00	0.00	0.00	0.00	1,548,013.31
Unspent Grants Reserve	1,308,820.17	0.00	0.00	766,511.75	0.00	542,208.42
Swimming Pool Inspection Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Unspent Specified Area Rate - Bulk Waste Collection Reserve	79,770.43	0.00	0.00	0.00	0.00	79,770.43
Unspent Specified Area Rate - Eaton Landscaping Reserve	67,486.00	0.00	0.00	0.00	0.00	67,486.00
Wanju Developer Contribution Plan Unspent Loan Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Dardanup Developer Contribution Scheme - Dardanup Community Centre Reserve	7,317.22	0.00	0.00	7,317.22	0.00	0.00
Dardanup Developer Contribution Scheme - Community Centre Design Reserve	1,126.10	0.00	0.00	1,126.10	0.00	0.00
Dardanup Developer Contribution Scheme - Dardanup Public Library Reserve	4,356.65	0.00	0.00	4,356.65	0.00	0.00
Dardanup Developer Contribution Scheme - Wells Park Hard Courts Reserve	4,089.36	0.00	0.00	4,089.36	0.00	0.00
Dardanup Developer Contribution Scheme - Wells Park Clubroom Reserve	9,725.94	0.00	0.00	9,725.94	0.00	0.00
Dardanup Developer Contribution Scheme - Wells Park Clubrooms Design Reserve	1,282.14	0.00	0.00	1,282.14	0.00	0.00
Dardanup Developer Contribution Scheme - Wells Park Car Park Reserve	12,880.03	0.00	0.00	12,880.03	0.00	0.00
Dardanup Expansion Developer Contribution Plan Reserve	0.00	40,777.44	0.00	0.00	0.00	40,777.44
	<b>4,705,365.23</b>	<b>113,852.61</b>	<b>0.00</b>	<b>807,389.19</b>	<b>0.00</b>	<b>4,011,828.65</b>
Interest	0.00	0.00	170,032.43	0.00	0.00	170,032.43
Less: Outstanding Debtors	0.00	(300.00)	0.00	0.00	0.00	(300.00)
<b>TOTAL</b>	<b>16,412,004.85</b>	<b>145,493.02</b>	<b>170,032.43</b>	<b>838,176.08</b>	<b>0.00</b>	<b>15,889,354.22</b>

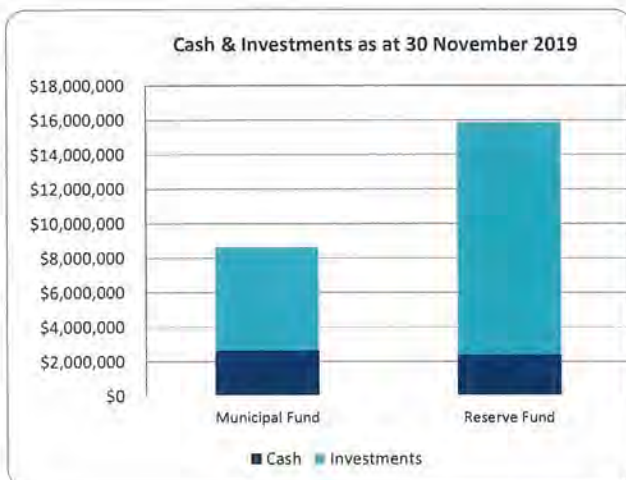




Notes to the Statement of Financial Activity  
For the Period Ended 30 November 2019

5. STATEMENT OF INVESTMENTS

BANK	TYPE	AMOUNT	RATE	DAYS	COMMENCEMENT	MATURITY	ESTIMATED INTEREST	INTEREST CREDITED 2019-2020
<b>MUNICIPAL FUND</b>								
Westpac / CBA	Municipal Fund Bank Account	\$ 2,646,579.33	0.40%				\$882.19	\$5,666.72
CBA	Term Deposit	\$ 1,000,000.00	1.59%	151	9/2019	2/2020	\$6,577.81	\$0.00
CBA	Term Deposit	\$ 1,000,000.00	1.59%	180	9/2019	3/2020	\$7,841.10	\$0.00
NAB	Term Deposit	\$ 1,000,000.00	1.68%	103	9/2019	1/2020	\$4,740.82	\$0.00
NAB	Term Deposit	\$ 1,000,000.00	1.68%	120	9/2019	1/2020	\$5,523.29	\$0.00
Macquarie	Term Deposit	\$ 1,000,000.00	1.70%	103	9/2019	1/2020	\$4,797.26	\$0.00
Macquarie	Term Deposit	\$ 1,000,000.00	1.70%	182	9/2019	3/2020	\$8,476.71	\$0.00
		<u>\$ 8,646,579.33</u>					<u>\$38,839.18</u>	<u>\$5,666.72</u>
<b>TRUST FUND</b>								
Westpac	Trust Fund Bank Account	\$ 1,087,211.96					\$0.00	\$2,467.49
		<u>\$ 1,087,211.96</u>					<u>\$0.00</u>	<u>\$2,467.49</u>
<b>RESERVE FUND</b>								
Westpac	Reserve Bank Account	\$ 2,389,354.22					\$0.00	\$6,838.69
Westpac	Coupon Select Deposit (Tailored Deposit)	\$ 5,000,000.00	2.94%	1098	8/2017	8/2020	\$448,762.11	\$74,104.10
Members Equity	Term Deposit	\$ 1,100,000.00	1.65%	274	9/2019	6/2020	\$13,990.28	\$29,496.49
AMP	Term Deposit	\$ 1,900,000.00	2.20%	188	7/2019	1/2020	\$21,529.86	\$33,271.23
NAB	Term Deposit	\$ 1,500,000.00	1.76%	184	8/2019	2/2020	\$13,308.49	\$0.00
NAB	Term Deposit	\$ 1,000,000.00	1.68%	103	9/2019	1/2020	\$4,740.82	\$0.00
NAB	Term Deposit	\$ 1,000,000.00	1.67%	180	9/2019	3/2020	\$8,235.62	\$0.00
NAB	Term Deposit	\$ 1,000,000.00	1.62%	270	9/2019	6/2020	\$11,983.56	\$0.00
Macquarie	Term Deposit	\$ 1,000,000.00	1.70%	182	9/2019	3/2020	\$8,476.71	\$0.00
		<u>\$ 15,889,354.22</u>					<u>\$497,590.75</u>	<u>\$143,710.51</u>
<b>Total Interest Received</b>								<u><u>\$151,844.72</u></u>





Notes to the Statement of Financial Activity  
For the Period Ended 30 November 2019

5. STATEMENT OF INVESTMENTS (continued)

**Total Funds Invested**

Total Funds Invested as at Reporting Date -

Municipal Fund Investment Portfolio	\$ 6,000,000.00
Trust Fund Investment Portfolio	\$ -
Reserve Fund Investment Portfolio	\$ 13,500,000.00
	<u>\$ 19,500,000.00</u>

**Investment Policy - Portfolio Risk Exposure**

Council's investment policy provides a framework to manage the risks associated with financial investments.

Portfolio - Terms of Maturity

Limits are placed on the term to maturity thereby reducing the impact of any significant change in interest rate markets and to provide liquidity.

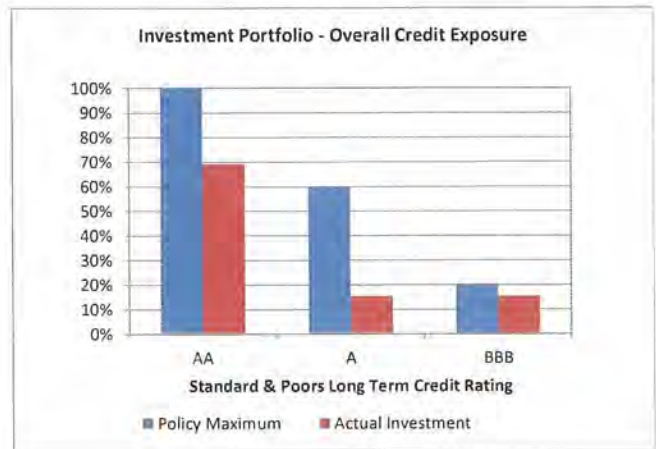
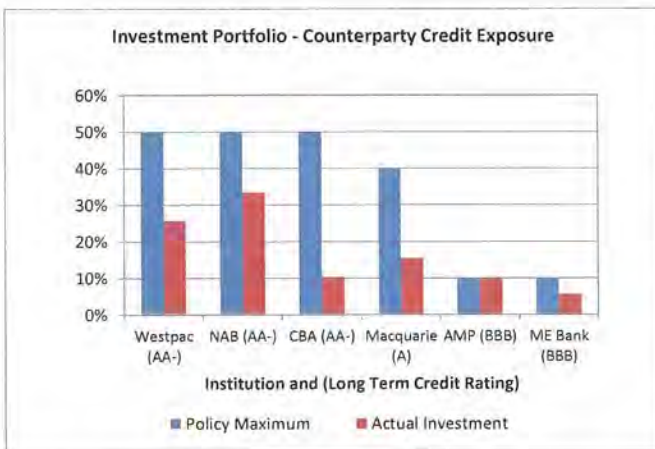
Counterparty Credit Exposure

Exposure to an individual authorised deposit-taking institution (ADI) counterparty will be restricted by their credit rating so that single entity exposure is limited.

Overall Credit Exposure

To control the credit quality on the entire portfolio, limits are placed on the percentage exposed to any particular credit rating category.

The following charts demonstrate the current portfolio diversity and risk compliance with the policy framework.







Notes to the Statement of Financial Activity  
For the Period Ended 30 November 2019

6. Accounts Receivable as at 30 November 2019

Rates and Charges Outstanding

2019/20 annual rates were raised on 17 July 2019 and were due for payment by 12 September 2019. For ratepayers paying by the four instalment option, the second instalment was due on 14 November 2019. As at the reporting date, total outstanding rates and charges (including pensioner deferred rates) is \$4,620,864. This equates to 28.45% of rates and charges collectable and is at a similar ratio to recent years. It is the objective of management to achieve less than 4% of rates and charges outstanding by 30 June.

Outstanding Rates & Charges as % of Rates & Charges Collectable



Sundry Debtors Outstanding (non-rates)

As at the reporting date, the total outstanding Sundry Debtors amount to \$143,122

Accounts Receivable (non-rates) by Age



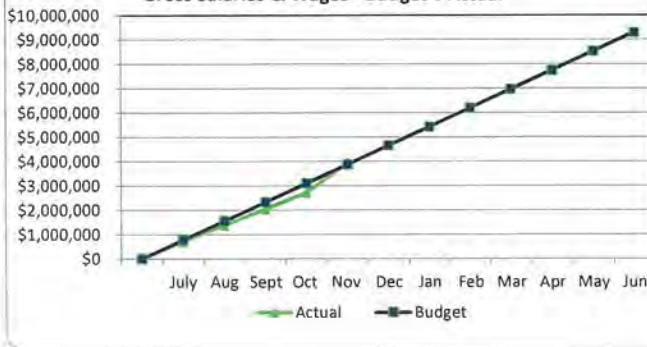
Accounts Receivable (non-rates) - Comparison to Previous Month



7. Salaries and Wages to 30 November 2019

At the reporting date, total salaries and wages expenditure is \$3,928,390 (42.6%) of the annual budget of \$9,294,886 for the 2019/20 financial year).

Gross Salaries & Wages - Budget v Actual





Notes to the Statement of Financial Activity  
For the Period Ended 30 November 2019

8 RATING INFORMATION

RATE TYPE	Rate in	Number of properties	Rateable value	2019/20 Budgeted rate revenue	2019/20 Budgeted interim rates	2019/20 Budgeted back rates	2019/20 Budgeted total revenue	2019/20 Actual total revenue	2018/19 Actual total revenue	2018/19 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$	\$
<b>Differential general rate or general rate</b>										
<b>Gross rental valuations</b>										
General Rates - GRV: Residential	0.100662	3,085	55,836,980	5,620,662	0	0	5,620,662	5,620,662	5,309,324	5,309,324
General Rates - GRV: Commercial	0.100662	54	13,605,420	1,369,549	0	0	1,369,549	1,369,549	1,315,359	1,315,359
General Rates - GRV: Industrial	0.100662	65	7,529,898	757,975	0	0	757,975	757,975	727,562	727,562
General Rates - GRV: Small Holding	0.100662	360	8,010,860	806,389	0	0	806,389	806,389	761,329	761,329
General Rates - GRV: Interim and Back Rates	0.100662	0	0	0	124,249	0	124,249	70,915	85,991	230,000
<b>Unimproved valuations</b>										
General Rates - UV: Broad Acre Rural	0.006259	488	273,051,000	1,709,026	0	0	1,709,026	1,709,026	1,644,349	1,644,349
General Rates - UV: Mining	0.006259	0	0	0	0	0	0	0	0	0
General Rates - UV: Interim and Back Rates	0.006259	0	0	0	0	0	0	0	0	0
<b>Sub-Totals</b>		4,052	358,034,158	10,263,601	124,249	0	10,387,850	10,334,516	9,843,914	9,987,923
<b>Minimum</b>										
<b>Minimum payment</b>	\$									
<b>Gross rental valuations</b>										
General Rates - GRV: Residential	1,547.50	1,662	21,419,776	2,571,945	0	0	2,571,945	2,571,945	2,484,960	2,484,960
General Rates - GRV: Commercial	1,547.50	7	61,400	10,833	0	0	10,833	10,833	10,416	10,416
General Rates - GRV: Industrial	1,547.50	52	629,150	80,470	0	0	80,470	80,470	77,376	77,376
General Rates - GRV: Small Holding	1,547.50	72	607,980	111,420	0	0	111,420	111,420	104,160	104,160
General Rates - GRV: Interim and Back Rates	1,547.50	0	0	0	0	0	0	0	0	0
<b>Unimproved valuations</b>										
General Rates - UV: Broad Acre Rural	1,547.50	135	20,540,600	208,913	0	0	208,913	208,913	191,952	191,952
General Rates - UV: Mining	1,547.50	20	372,699	30,950	0	0	30,950	30,950	29,759	29,759
General Rates - UV: Interim and Back Rates	1,547.50	0	0	0	0	0	0	0	0	0
<b>Sub-Totals</b>		1,948	43,631,605	3,014,531	0	0	3,014,531	3,014,531	2,898,623	2,898,623
		6,000	401,665,763	13,278,132	124,249	0	13,402,381	13,349,047	12,742,537	12,886,546
Discounts/concessions							(5,000)	(423)	(19,775)	(5,000)
Total amount raised from general rates							13,397,381	13,348,624	12,722,762	12,881,546
Specified area rates							344,800	346,952	351,801	349,178
<b>Total rates</b>							13,742,181	13,695,576	13,074,563	13,230,724





Notes to the Statement of Financial Activity  
For the Period Ended 30 November 2019

9. INFORMATION ON BORROWINGS

Debenture Repayments

Particulars	Loan No.	Principal	New		Principal		Interest		Principal	
		Opening Balance 01 July 2019	Loans 2019/20		Repayments 2019/20		Repayments 2019/20		Outstanding 30 June 2020	
		\$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Community Amenities</b>										
Wanju/Waterloo Industrial Park Developer Contribution Plans	New	0	0	750,000	0	0	0	0	0	750,000
<b>Recreation and Culture</b>										
Eaton Recreation Centre	59	363,773	0	0	40,930	83,083	10,677	22,423	322,843	280,690
Eaton Recreation Centre Extensions	63	21,440	0	0	10,562	21,440	640	1,146	10,878	(0)
Fitness Equipment	68	21,070	0	0	21,070	21,070	348	413	(0)	(0)
Glen Huon Oval Club Rooms	69	1,005,108	0	0	19,630	39,638	19,298	45,072	985,478	965,470
<b>Transport</b>										
Depot Land	66	559,417	0	0	27,873	56,313	11,384	25,841	531,544	503,104
<b>Economic Services</b>										
Gravel Pit Land - Panizza Road	61	113,015	0	0	11,059	22,466	3,498	7,381	101,956	90,550
<b>Other Property and Services</b>										
Administration Building Extensions	65	159,042	0	0	17,561	35,739	5,590	11,667	141,481	123,303
		2,242,865	0	750,000	148,686	279,748	51,435	113,943	2,094,179	2,713,117

All debenture repayments were financed by general purpose revenue.



Notes to the Statement of Financial Activity  
For the Period Ended 30 November 2019

10 BUDGET AMENDMENTS

Amendments to the original budget since budget adoption. Surplus/(Deficit)

GL/JOB Code	Description	Council Resolution	Classification	Non Cash Adjustment	Increase in Available Cash	Decrease in Available Cash	Revised Budget Running Balance
				\$	\$	\$	\$
	<b>Budget Adoption</b>		Opening Surplus				132,227
	<b>Permanent Changes</b>						
	Opening surplus adjustment				103,568		235,795
J12596	2019/20 Upgrade of Gravel Pit East Road	26/06/19 - 178-19	Capital Expense			(16,200)	219,595
1241002	Transfer from Reserve - Road Construction Reserve	26/06/19 - 178-19	Capital Revenue		16,200		235,795
J11712	Ferguson Hall	17/07/19 - 235-19	Capital Expense			(7,971)	227,824
1241010	Transfer from Reserve - Carried Forward Projects Reserve	17/07/19 - 235-19	Capital Revenue		7,971		235,795
J11640	Depiazzi Park	17/07/19 - 228-19	Capital Expense			(10,000)	225,795
1143001	Transfer from Reserve - Parks & Reserves Upgrades Reserve	17/07/19 - 228-19	Capital Revenue		10,000		235,795
J11636	Ferguson Valley Marketing for mobile visitor centre van.	14/08/19 - 238-19	Operating Expense			(25,000)	210,795
J11636	Gnomesville master plan	14/08/19 - 238-19	Capital Expense		25,000		235,795
1221505	Grant Revenue - Roads to Recovery	25/09/19 - 277-19	Capital Revenue		63,204		298,999
1241002	Transfer from Reserve - Road Construction Reserve	25/09/19 - 277-19	Reserve Transfer			(63,204)	235,795
0412506	Sundry Consultants - Other Governance	25/09/19 - 286-19	Operating Expense			(20,000)	215,795
J12597	Road safety treatments - Hamilton Road and Recreation Drive	16/10/2019 - 294-19	Capital Expense			(4,200)	211,595
1241002	Transfer from Reserve - Road Construction Reserve	16/10/2019 - 294-19	Capital Revenue		4,200		215,795
1036002	Changeover Vehicle DA004 - Mgr Development Services	16/10/2019 - 296-19	Capital Expense			(45,900)	169,895
1432001	Changeover Vehicle DA9668 - Mgr Information Services	16/10/2019 - 296-19	Capital Expense			(45,900)	123,995
1036002	New Vehicle - Director Sustainable Development	16/10/2019 - 296-19	Capital Expense			(71,400)	52,595
1046001	Sale of Vehicle - Town Planning	16/10/2019 - 296-19	Capital Revenue		22,950		75,545
1442003	Sale of Vehicle - Administration O/H	16/10/2019 - 296-19	Capital Revenue		22,950		98,495
1444007	Transfer from Reserve - Executive & Compliance Vehicles	16/10/2019 - 296-19	Capital Revenue		117,300		215,795
J05005	Dardanup West Bush Fire Brigade Shed - Concrete Pad	06/11/2019 - 314-19	Capital Expense			(7,545)	208,250
0522501	Grant Revenue - Capital ESL	06/11/2019 - 314-19	Capital Expense		7,545		215,795
0521502	Grant - Fire Prevention - for Mitigation Activity Funding	27/11/2019 - 351-19	Operating Revenue		209,615		425,410
J05021	Grant Funding Expenditure - Bush Fire Mitigation Activity	27/11/2019 - 351-19	Operating Expense			(209,615)	215,795
0522501	Grant Revenue - Capital - Fire Prevention ESL	27/11/2019 - 344-19	Capital Revenue		15,134		230,929
0541001	Transfer from Reserve - Fire Control Reserve	27/11/2019 - 344-19	Capital Revenue		2,885		233,814
J05009	Installation of water tank, pump & electricity supply	27/11/2019 - 344-19	Capital Expense			(18,019)	215,795
					<b>628,522</b>	<b>(544,954)</b>	



## RISK ASSESSMENT TOOL

**OVERALL RISK EVENT:** Failing to monitor the financial performance can increase the risk of a negative impact on the Shire's financial position. Non-compliance with legislative requirement could result in a qualified audit.

**RISK THEME PROFILE:**

3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)

**RISK ASSESSMENT CONTEXT:** Operational

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	Not monitoring ongoing financial performance would increase the risk of a negative impact on the financial position.	Moderate (3)	Unlikely (2)	Moderate (5 - 11)	Not required.	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Non-compliance with the legislative requirements that results in a qualified audit.	Minor (2)	Unlikely (2)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
REPUTATIONAL	Non-compliance that results in a qualified audit can lead stakeholders to question the Council's ability to manage finances effectively.	Insignificant (1)	Unlikely (2)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.

SHIRE OF DARDANUP

MINUTES OF THE SHIRE OF DARDANUP AUDIT & RISK COMMITTEE MEETING HELD ON WEDNESDAY, 4 DECEMBER 2019, AT SHIRE OF DARDANUP – EATON ADMINISTRATION CENTRE, COMMENCING AT 4.00PM.

<b>1</b>	<b>DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS</b>
----------	--

The Presiding Officer, Mr André Schönfeldt declared the meeting open, at 4.00pm welcomed those in attendance and referred to the Acknowledgement of Country; Emergency Procedures; and the Disclaimer and Affirmation of Civic Duty and Responsibility on behalf of Councillors and Officers:

*Acknowledgement of Country*

*The Shire of Dardanup wishes to acknowledge that this meeting is being held on the traditional lands of the Noongar people. In doing this, we recognise and respect their continuing culture and the contribution they make to the life of this region by recognising the strength, resilience and capacity of Wardandi people in this land.*

*Affirmation of Civic Duty and Responsibility*

*Councillors and Officers of the Shire of Dardanup collectively declare that we will duly, faithfully, honestly and with integrity fulfil the duties of our respective office and positions for all the people in the district according to the best of our judgement and ability. We will observe the Shire's Code of Conduct and Standing Orders to ensure efficient, effective and orderly decision making within this forum.*

*Committee members acknowledge that only the Chief Executive Officer or a member of the Shire of Dardanup staff appointed by the Chief Executive Officer is to have contact with consultants and suppliers that are appointed under contract to undertake the development and implementation of projects.*

*The exception to this Policy is when there is a meeting of the committee or working group with the consultant and the Chief Executive Officer or the Chief Executive Officer's representative is present.*

*Members of committees acknowledge that a breach of this Policy may result in a request to Council to have them removed from the committee.*

*Emergency Procedure*

*In the event of an emergency, please follow the instructions of the Chairperson who will direct you to the safest exit route. Once outside, please proceed to the Assembly Area points located to the western side of the front office car park near the skate park and gazebo where we will meet (and complete a roll call).*



<b>2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE PREVIOUSLY APPROVED</b>
---

2.1 AttendanceVoting

Cr. Michael Bennett	-	Shire President
Cr. Peter Robinson	-	Elected Member
Cr. Tyrrell Gardiner	-	Elected Member [4.10pm]
Cr. Mark Hutchinson	-	Elected Member

Non-voting

Mr André Schönfeldt	-	Chief Executive Officer
Mr Phil Anastasakis	-	Deputy Chief Executive Officer [4.05pm]
Mr Luke Botica	-	Director Infrastructure
Mrs Natalie Hopkins	-	Manager Financial Services
Mr Ray Pryce	-	Accountant
Mrs Cindy Barbetti	-	Compliance Officer
Mrs Donna Bailye	-	PA – Deputy Chief Executive Officer
Mr Marius Van Der Merwe	-	Butler Settineri (Audit) Pty Ltd

2.2 Apologies

Cr. Carmel Boyce	-	Elected Member
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<b>3. ELECTION OF CHAIRPERSON &amp; DEPUTY CHAIRPERSON</b>
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3.1 Election of Chairperson

Nominations for the position of Chairperson are to be given to Mr André Schönfeldt who will be the Presiding Officer for the election in writing [forms available from the Chief Executive Officer].

The position of Chairperson will expire on the October 2021 being the date of the next ordinary election Local Government Act 1995 2.28(2) Item 12.

The nominee is to accept the nomination in writing to the position of Chairperson.

If more than one person is nominated, voting is to be conducted by secret ballot, with the candidate that receives the greater number of votes being elected.

Discussion:

*Cr. T Gardiner was nominated for the position of Chairperson by Cr. M T Bennett. Cr. T Gardiner accepted the nomination by phone conversation with the Presiding Member, Mr André Schönfeldt.*

*As there were no other nominations Cr. T Gardiner was declared as Chairperson.*

### 3.2 Election of Deputy Chairperson

Nominations for the position of Deputy Chairperson are to be given to the Chairperson in writing [forms available from Chief Executive Officer].

The position of Deputy Chairperson will expire in October 2021 being the date of the next ordinary election Local Government Act 1995 2.28(2) Item 12.

The nominee is to accept the nomination in writing to the position of Deputy Chairperson.

If more than one person is nominated, voting is to be conducted by secret ballot, with the candidate that receives the greater number of votes being elected.

#### *Discussion:*

*Cr. M T Bennett was nominated for the position of Deputy Chairperson by Cr. P Robinson. Cr. M T Bennett accepted the nomination.*

*As there were no other nominations Cr. M T Bennett was declared as Deputy Chairperson.*

### PROCESS

*As the elected Chairperson, Cr. T Gardiner was currently not present, the Deputy Chairperson, Cr. M T Bennett assumed the Chair.*

### DECLARATION

**Following due process as per Section 5.12 and Schedule 2.3 of the Local Government Act 1995 the following people are declared:**

**Cr. T Gardiner - Chairperson**

**Cr. M T Bennett - Deputy Chairperson**

**of the Audit & Risk Committee.**

*Note: Mrs Donna Bailye left the room [4.03pm].*

*Note: Deputy Chief Executive Officer, Mr Phil Anastasakis joined the meeting [4.05pm].*

## 4. PETITIONS/DEPUTATIONS/PRESENTATIONS

### 4.1 Compliance Manual

Presentation on the Shire of Dardanup Compliance Manual to be made by Mrs Cindy Barbetti.

#### *Process:*

*Mrs Cindy Barbetti provided the Committee with a Powerpoint presentation on the Shires Compliance manual. Discussion and questions followed the presentation.*



Note: Mrs Donna Bailye returned to the room [4.07pm].

Note: Cr. T Gardiner joined the meeting [4.10pm]. He did not assume the Chair. The Deputy Chairperson continued to chair the meeting.

## 5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

5.1 Audit Committee Meeting Held 18 September 2019

### OFFICER RECOMMENDED RESOLUTION

AAR 01-19      MOVED -      Cr. P Robinson                      SECONDED -                      Cr. M Hutchinson

**THAT the Minutes of the Audit Committee Meeting held on 18 September 2019, be confirmed as true and correct subject to no corrections.**

CARRIED  
4/0

## 6. ANNOUNCEMENTS OF MATTERS FOR WHICH MEETING MAY BE CLOSED

None.

## 7. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

None.

## 8. DECLARATION OF INTEREST

"Members should fill in Disclosure of Interest forms for items in which they have a financial, proximity or impartiality interest and forward these to the Presiding Member before the meeting commences."

Key Management Personnel (which includes Elected Members, CEO and Directors) are reminded of their requirement to disclose biannually transactions between Council and related parties in accordance with Council Policy CP039.

*Discussion:*

*Deputy Chairperson, Cr. M T Bennett asked Councillors if there were any Declarations of Interest to be made.*

*There were no Declarations of Interest made.*

<b>9      REPORTS OF OFFICERS AND COMMITTEES</b>
--

9.1 Title: *Compliance Manual – Update*

*Reporting Department:*      *Corporate & Governance Directorate*  
*Reporting Officer:*          *Mr Phil Anastasakis - Deputy Chief Executive Officer*  
    *Mrs Cindy Barbetti - Compliance Officer*

*Legislation:*                    *Local Government Act 1995 and Local Government*  
    *(Audit) Regulations 1996, Regulation 17*

Overview

The purpose of this report is to provide the Audit and Risk Committee with an understanding of the approach being taken in relation to the Compliance Manual, which incorporates the Annual Compliance Calendar.

Background

The Shire of Dardanup (Council) as a Local Government entity is required to fulfil duties and functions that are prescribed in legislation. This emulates the expectation of the community and State Government that Council will meet these requirements. This expectation is prescribed in the Local Government (Audit) Regulations 1996, Regulation 17 which requires the management of legislative compliance.

Recent changes to the Local Government Act 1995, also instructs that the Auditor General undertake the financial and performance audits for all Local Governments. Council can prepare for this by ensuring that operational activities and processes support, manage and monitor legislative compliance.

In addition, each year the Department of Local Government, Sport and Cultural Industries requires local governments to conduct an annual assessment of their compliance with key components of the Local Government Act 1995 and associated Regulations. This requirement is achieved by the completion of the statutory Compliance Audit Return (CAR) which is to be provided to the Department by 31 March each year.

To support the Council in meeting these compliance obligations, the Compliance Manual has been developed as a tool to identify the annual compliance activities throughout the calendar year. The objective is to assist responsible officers to review their quarterly activities that require compliance and accountability across a variety of legislative components. The Compliance Manual is an improvement to assist management on all compliance matters and is considered to be best practice in the local government industry.

Legal Implications

*Local Government Act 1995*

*Local Government (Audit) Regulations 1996, Regulation 17:*

17.      *CEO to review certain systems and procedures*
- (1)      *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
- (a)      *risk management; and*
- (b)      *internal control; and*



- (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.
- (3) The CEO is to report to the audit committee the results of that review.

[Regulation 17 inserted in Gazette 8 Feb 2013 p. 868.]

### Strategic Community Plan

Strategy 1.1.2 - Monitor and ensure compliance with the regulatory framework for local government governance and operations. (Service Priority: High)

Environment - None.

Precedents - None.

### Budget Implications

The Compliance Manual consists primarily of an Excel based spreadsheet which has been developed in-house by Council staff, and is managed and monitored by the Compliance Officer. The quarterly update reports require the review and input of responsible staff across the organisation.

The cost to Council is through staff time and IT/Software systems.

### Budget – Whole of Life Cost

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

### Council Policy Compliance

There is no current Council Policy relevant to this item.

### Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AUD: 9.1A) for full assessment document.

Tier 2 – 'Low' or 'Moderate' Inherent Risk.	
Risk Event	Compliance Manual - Update
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	<ul style="list-style-type: none"> <li>Legal &amp; Compliance - Not observing Council's commitment to meeting its compliance obligations pursuant to the Local Government (Audit) Regulations 1996, Regulation 17.</li> <li>Reputational – Council's reputation could be seen in a negative light for not adhering to its requirement to fulfil duties and functions that are prescribed in legislation..</li> </ul>

Officer Comment

How a local government manages its compliance programs is a strong indication of the attitude of the Council towards meeting legislative requirements. It is a Councillors responsibility as well as good practice for an Audit and Risk Committee to be well informed on how this is being achieved across the organisation.

- *Managing Compliance*

Local Governments may focus their compliance resources on facilitating compliance with legislation. However, legislation is not the only compliance obligation that creates potential risks and liabilities if there is a compliance failure.

Council should consider compliance risks related to:

- Statutory Compliance – regulatory responsibility under State and Local Laws;
- Industry Compliance – Codes, Standards and Guidelines; and
- Organisational Compliance – Council and Administration Policies, Procedures, Delegations and Legal Advice.

Council's methodology to managing compliance is through the implementation of 'The Compliance Manual'. The Compliance Manual consists of an Annual Compliance Calendar, relevant legislation, associated Policies, Procedures, Delegations and Local Laws. It also includes Responsible Officers, compliance performance monitoring, document review and version control mechanisms.

The Compliance Manual provides a systemic approach to assist and guide staff of the Shire of Dardanup in compliance requirements. It also contributes to improved compliance outcomes and reduced risk.

- *Annual Compliance Calendar*

The Annual Compliance Calendar sits within the Compliance Manual and has been tailored to suit the specific requirements and operational timeframes of Council. A dedicated 'Tasks' page has been developed which organises tasks by month and runs for a calendar year (January to December).

- *Quarterly Compliance Reminders*

The Annual Compliance Calendar process initiates compliance work via regulatory quarterly reminders and creates auditable records for how compliance has been achieved. Officers will be required to demonstrate compliance and where necessary provide detail of their work to ensure the work procedures of the Council assist to meet obligations of the Act and Regulations.

- *Roles and Responsibilities*

The following roles and responsibilities have been assigned to achieve an overall effectiveness of the Compliance Manual:

*Chief Executive Officer / Executive Management Team*

- Approve and review the appropriateness and effectiveness of the Compliance Manual.
- Promote the culture of the Compliance Manual throughout the organisation.

*Compliance Officer*

- Oversee and facilitate the Compliance Manual.
- Support reporting requirements.
- Working with stakeholders to ensure compliance.
- Document decisions and actions arising from 'task actions'.



- *Conclusion*

Overall, achieving regulatory compliance is viewed as a fundamental goal of an effective internal control system. The implementation of the Compliance Manual will ensure that an effective system is in place to provide a level of assurance that the Council is meeting its compliance obligations with the Act and associated Regulations.

Council Role - Legislative.

Voting Requirements - Simple Majority.

Change to Officer Recommendation - No Change

#### OFFICER RECOMMENDED RESOLUTION & AUDIT & RISK COMMITTEE RESOLUTION

AAR 02-19      MOVED -      Cr. M T Bennett      SECONDED -      Cr. P Robinson

**THAT the Audit and Risk Committee receive the report on the Compliance Manual, which incorporates the Annual Compliance Calendar.**

CARRIED  
4/0

9.2      Title: Annual Meeting – Auditor Report

*Reporting Department:*      Corporate & Governance

*Reporting Officer:*      Mr Phil Anastasakis – Deputy Chief Executive Officer  
Mrs Natalie Hopkins – Manager Financial Services

*Legislation:*      Local Government Act 1995

#### Overview

This report presents the Audit Report for the 2018/19 Annual Financial Statements to Council for consideration and adoption.

#### Background

On the recommendation of its Audit & Risk Committee, Council is required to appoint an auditor per s7.3 of the Local Government Act 1995 (LGA). The LGA also requires that the Local Government meet annually with the auditor.

Council's auditors are a Perth based Chartered Accounting firm "Butler Settineri (Audit) Pty Ltd", who were engaged under a 5 year audit contract. This contract expires at the end of the 2018/19 financial year.

The annual audit was conducted by Butler Settineri on 1 October 2019, with completion of the annual financial statements and audit report in the ensuing weeks.

**(Appendix ORD: 12.11A)**

The Audit & Risk Committee meeting is scheduled to be held on Wednesday 4 December 2019. This provides the opportunity for the Audit & Risk Committee to meet in person with the partner of Butler Settineri, Marius van der Merwe and consider the annual audit report.

Legal Implications**Local Government Act 1995****s7.2. Audit**

*The accounts and annual financial report of a local government for each financial year are required to be audited by an auditor appointed by the local government.*

**7.3. Appointment of auditors**

- (1) *Subject to subsection (1A), a local government is to, from time to time whenever such an appointment is necessary or expedient, appoint\* a person, on the recommendation of the audit committee, to be its auditor.*

\* Absolute majority required.

**7.9. Audit to be conducted**

- (1) *An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —*
- (a) *the mayor or president; and*
  - (b) *the CEO of the local government; and*
  - (c) *the Minister.*
- (2) *Without limiting the generality of subsection (1), where the auditor considers that —*
- (a) *there is any error or deficiency in an account or financial report submitted for audit; or*
  - (b) *any money paid from, or due to, any fund or account of a local government has been or may have been misapplied to purposes not authorised by law; or*
  - (c) *there is a matter arising from the examination of the accounts and annual financial report that needs to be addressed by the local government,*

*details of that error, deficiency, misapplication or matter, are to be included in the report by the auditor.*

**7.12AB. Conducting a financial audit**

*The auditor must audit the accounts and annual financial report of a local government at least once in respect of each financial year.*

**7.12AD. Reporting on a financial audit**

- (1) *The auditor must prepare and sign a report on a financial audit.*
- (2) *The auditor must give the report to —*
- (a) *the mayor, president or chairperson of the local government; and*
  - (b) *the CEO of the local government; and*
  - (c) *the Minister.*

**7.12A. Duties of local government with respect to audits**

- (2) *Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.*
- (3) *A local government must —*
- (aa) *examine an audit report received by the local government; and*
  - (a) *determine if any matters raised by the audit report, require action to be taken by the local government; and*
  - (b) *ensure that appropriate action is taken in respect of those matters.*



Strategic Community Plan

- Strategy 1.3.1 - Implement the Integrated Planning and Reporting Framework including the Long Term Financial Plan, Workforce Plan, Asset Management Plans and Corporate Business Plan. (Service Priority: High)
- Strategy 1.3.2 - Monitor and produce statutory budgetary and financial reporting requirements applicable to local government operations. (Service Priority: High)

Environment - None.

Precedents

The Council's Audit Committee has in previous years met with the Auditor to consider the audit of the Annual Financial Statements and financial position of Council.

Budget Implications

The 2019/20 budget provides an allocation of \$20,000 for the conduct of the annual audit.

The Annual Financial Report presents the financial performance for the past financial year and is scrutinised by an independent auditor to ensure compliance with legislation and accounting standards. The financial impact upon the current financial year is that the audited net current assets position becomes the actual brought forward surplus/(deficit) for the Rate Setting Statement.

Budget – Whole of Life Cost

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

Council Policy Compliance - None.

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AUD 9.2A ) for full assessment document.

<b>Tier 1 – No discernible Inherent Risk has been identified (no Risk Theme or Consequence).</b>	
Risk Event	Annual Meeting – 2018/19 Audit Report
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	<ul style="list-style-type: none"> <li>Legal &amp; Compliance - Not meeting its compliance obligations pursuant to the Local Government (Audit) Regulations 1996 and Australian Accounting Standards.</li> <li>Reputational – Loss of reputation through non-compliance or mismanagement of funds.</li> </ul>

Officer Comment

Butler Settineri visited the Council offices in March and June 2019, together with the final Audit on the 1 and 2 October 2019 to conduct the interim and annual audit.

**(Appendix ORD: 12.11A)**

Council staff had prepared the draft annual financial statements, together with all of the working files and audit material provided to the auditors during their visit. Council staff subsequently worked with the auditors to finalise the annual financial statements.

The audit did not identify any areas of concern and the auditors have provided an unqualified audit report. The Audit Report (Appendix AUD: 9.2B) advises that the financial report of the Shire of Dardanup gives a true and fair view of the Shire's financial position as at 30 June 2019 and of its performance during the year, and complies with Australian Accounting Standards.

Council Role - Executive.

Voting Requirements - Simple Majority.

Change to Officer Recommendation - No Change

Discussion:

*Deputy Chief Executive Officer - Mr Phil Anastasakis acknowledged the work undertaken by the Manager Financial Services, Mrs Natalie Hopkins in the preparation of the Shire's Financial Report.*

*Mrs Natalie Hopkins then spoke to the report.*

*Mr Marius Van Der Merwe provided the Committee with an overview of the Auditors role and Butler Settineri audit processes*

**OFFICER RECOMMENDED RESOLUTION &  
AUDIT & RISK COMMITTEE RESOLUTION**

AAR 03-19      MOVED -      Cr. M T Bennett      SECONDED -      Cr. P Robinson

**THAT the Shire of Dardanup Audit Committee recommends Council accept the Auditor's Report (Appendix AUD: 9.2B) by Butler Settineri (Audit) Pty Ltd of the Annual Financial Statements for the 2018/19 financial year.**

CARRIED  
4/0

9.3      Title: 2018/19 Annual Financial Report

*Reporting Department: Corporate & Governance*

*Reporting Officer: Mr Phil Anastasakis – Deputy Chief Executive Officer  
Mrs Natalie Hopkins – Manager Financial Services*

*Legislation: Local Government Act 1995*

Overview

This report presents the Annual Financial Report for the 2018/19 financial year to the Audit and Risk Committee and Council for consideration and adoption.



### Background

Section 6.4 of the *Local Government Act 1995* requires a Local Government to prepare an Annual Financial Report each financial year. This report has been audited and the Audit Statement is provided in (Appendix AUD: 9.3A).

The Annual Financial Report has been prepared in accordance with the *Local Government (Financial Management) Regulations 1996* and includes the following:

- Statement by the Chief Executive Officer;
- Statement of Comprehensive Income (by Nature or Type);
- Statement of Comprehensive Income (by Program);
- Statement of Financial Position;
- Statement of Changes in Equity;
- Statement of Cash Flows;
- Rate Setting Statement;
- Notes to and forming Part of the Financial Statements; and
- Auditor Report.

In accordance with section 5.53 of the *Local Government Act 1995*, the 2018/19 Annual Financial Report forms part of the Annual Report.

The adoption of the Annual Financial Report by Council allows for the adoption of the Annual Report and the holding of the Annual Electors Meeting which is proposed to be held on Wednesday 29 January 2020, commencing at 6.30pm in the Eaton Council Chambers, following the completion of the monthly Council meeting.

### Legal Implications

#### *Local Government Act 1995*

##### *5.53. Annual Reports*

- (1) *The local government is to prepare an annual report for each financial year.*
- (2) *The annual report is to contain —*
  - (f) *the financial report for the financial year; and*

##### *6.4. Financial Report*

- (1) *A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.*
- (2) *The financial report is to —*
  - (a) *be prepared and presented in the manner and form prescribed; and*
  - (b) *contain the prescribed information.*
- (3) *By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —*

- (a) *the accounts of the local government, balanced up to the last day of the preceding financial year; and*
- (b) *the annual financial report of the local government for the preceding financial year.*

*Local Government (Financial Management) Regulations 1996*

*R36. Annual financial report, content of (Act s. 6.4(2))*

- (1) *The annual financial report is to include —*
  - (a) *a statement setting out all movements of money to and from reserve accounts which has not been included in the income statement but which has been included in the rate setting statement; and*
  - (b) *if the net current assets carried forward from the previous financial year for the purpose of the budget of the financial year to which the report relates is different from the net current assets shown in the audited annual financial report for the previous financial year, the amount of that difference; and*
  - [(c), (d) deleted]*
  - (e) *in relation to the disposal of a class of assets —*
    - (i) *the net book value of that class of assets; and*
    - (ii) *the sale price of that class of assets; and*
    - (iii) *the profit or loss on the sale of that class of assets; and*
  - (f) *notes or statements containing the information set forth in regulations 37 to 50.*
- (2) *The annual financial report is to include the following —*
  - (a) *the rate setting statement included under regulation 22(1)(d) in the annual budget for the year to which the report relates;*
  - (b) *adjacent to each item in that rate setting statement that states an amount, the end-of-year amount for the item;*
  - (c) *adjacent to each item in the income statement that states an end-of-year amount, the original or amended budget estimate for the item;*
  - (d) *adjacent to each item that states an end-of-year amount required by a provision of these regulations listed in the Table to this subregulation, the original or amended budget estimate for the item.*

- R37. *Trust fund, information about in annual financial report*
- R38. *Reserve accounts, information about in annual financial report*
- R39. *Rates, information about in annual financial report*
- R40. *Service charges, information about in annual financial report*
- R41. *Fees and charges, information about in annual financial report*
- R42. *Discounts for early payment etc., information about in annual financial report*
- R43. *Interest charges etc., information about in annual financial report*
- R44. *Fees etc. to council members, information about in annual financial report*
- R45. *Trading undertakings, information about in annual financial report*
- R46. *Major land transactions, information about in annual financial report*
- R47. *Completed major land transactions, information about in annual financial report*
- R48. *Borrowings, information about in annual financial report*
- R49. *Invested money, information about in annual financial report*
- R50. *Financial ratios to be included in annual financial report*
- R51. *Annual financial report to be signed etc. by CEO and given to Department*

*Strategic Community Plan*

- Strategy 1.3.1 **Implement the Integrated Planning and Reporting Framework including the Long Term Financial Plan, Workforce Plan, Asset Management Plans and Corporate Business Plan. (Service Priority: High)**



Strategy 1.3.2 Monitor and produce statutory budgetary and financial reporting requirements applicable to local government operations. (Service Priority: High)

Environment - None.

Precedents - None.

Budget Implications

The Annual Financial Report is produced internally and the preparation and printing costs are incorporated within the staffing, printing and stationery budgets. The Annual Financial Report presents the financial performance for the past financial year and is scrutinised by an independent auditor to ensure compliance with legislation and accounting standards. The financial impact upon the current financial year is that the audited net current assets position becomes the actual brought forward surplus/(deficit) for the Rate Setting Statement.

Budget – Whole of Life Cost

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

Council Policy Compliance

Council Policy – CP128 - Significant Accounting Policies applies.

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AUD: 9.3B ) for full assessment document.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	2018/19 Annual Financial Report
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	<ul style="list-style-type: none"> <li>Legal and Compliance - Risk of Council breaching the Local Government Act 1995. Risk that the audited 2018/19 Annual Financial Report is not received by Council.</li> </ul>

Officer Comment

The 2018/19 Annual Financial Report has been produced in accordance with the Local Government Act 1995, Local Government (Financial Management) Regulations 1996, and to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

The annual financial statements for the year ended 30 June 2019 have been completed, as has the annual audit of the financial statements by Council’s auditors, Butler Settineri (Audit) Pty Ltd. Council’s Auditors have issued an unqualified Audit Report (Appendix AUD: 9.3A). The Audit Report shown on page 61 of the Annual Financial Report will form part of the Annual Report scheduled to be adopted at the ordinary Council meeting in December 2019.

**(Appendix ORD: 12.11A)**

The financial statements includes additional new Notes and Disclosures relating to Changes in Accounting Policy, Future Policy and Correction of Error summarised below.

On 1 July 2018 changes to the Local Government (Financial Management) Regulations came into effect whereby an asset with a fair value of less than \$5,000 (at the date of acquisition) was no longer classified an asset. The change in accounting policy, and subsequent de-recognition of these assets, required Council to restate its assets and liabilities in the Statement of Financial Position as at 30 June 2018.

During the 2018/19 financial year, on receiving both legal and external accounting advice, it was identified that Council should record the valuation of its contribution towards the Millbridge/Treendale Bridge BR5370 expenditure, incurred in previous financial years', as an asset.

The corrective treatment to adjust the 'prior period error' required Council to recognise its portion of the bridge asset valuation in accordance with the *Accounting Standard AASB 116 Property, Plant and Equipment*. The adjustment, which favourably impacted Council's 2017/18 restated ratios, resulted in a reduced Operating Expenditure for the 2017/18 financial year, offset by an increase in Infrastructure Asset Valuation.

As a result, the 2018/19 Annual Financial Report includes a restatement of values in the following reports:

- Statement of Financial Position (balance sheet) as at 30 June 2018 and 1 July 2017; and
- Statement of Comprehensive Income.

Council is in sound financial health and this is reflected in its statutory financial ratios that require reporting in the Annual Financial Report.

It is important to note that statutory financial ratios are not intended to be the only factor to consider in assessing Council's overall performance. Other factors include the range of services offered, the efficiency of services delivered and overall community satisfaction.

- **Current Ratio**

*Formulae*

$$\frac{(\text{Current Assets MINUS Restricted Assets})}{(\text{Current Liabilities MINUS Liabilities Associated with Restricted Assets})}$$

30 June 19 = 1.096 or 109.6%

Department Standard = Achieving Standard

Department of Local Government Description & Benchmark:

*This is a modified commercial ratio designed to focus on the liquidity position of a local government that has arisen from past year's transactions.*

*The standard is not met if the ratio is lower than 1:1 (less than 100%).*

*Achieving Standard is met if the ratio is greater than 1:1 (100% or greater).*

*A ratio less than 1:1 means that a local government does not have sufficient assets that can be quickly converted into cash to meet its immediate cash commitments.*



*This may arise from a budget deficit from the past year, a Council decision to operate an overdraft or a decision to fund leave entitlements from next year's revenues.*

- *Officer Comment*

The Current Ratio, as adopted by the Department of Local Government is modified from the standard commercial calculation of the Current Ratio. The Department requires "Restricted Assets" (cash backed reserve funds) to be excluded from the calculation.

The Current Ratio is calculated in the commercial world as follows;

$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$

While the Shire does meet the required Department benchmark, if the standard commercial calculation of the Current Ratio was made, the Shire's Current Ratio as at 30 June 2019 would be calculated at 554.9%, meaning the Shire has a multiple of 5.549 in liquid Current Assets to meet its Current Liabilities.

*Restatement of 2017/18 Current Ratio*

*The 2017/18 Annual Financial Report stated Council's Current Ratio as 0.991 or 99.1% which is 'Standard Not Met'. The 2018/19 Annual Financial Report includes restatement of Council's Assets contained in the Statement of Financial Position as at 30 June 2018, and as a result, the 2017/18 Current Ratio has been favourably restated as follows:*

*30 June 18 Restated = 1.065 or 106.5%*

*Department Standard = Achieving Standard*

- **Asset Sustainability Ratio (ASR)**

*Formulae*

$$\frac{\text{Capital renewal and replacement expenditure}}{\text{Depreciation expense}}$$

30 June 19 = 0.930 or 93.0%

Department Standard = Standard Improving

Department of Local Government Description & Benchmark:

*This ratio indicates whether a local government is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.*

*Achieving Standard is met if the ratio data can be calculated and ratio is 90% (0.90)*

*Standard Improving is met if the ratio is between 90% and 110% (or 0.90 and 1.10)*

*Capital / Renewal Expenditure means expenditure to renew or replace existing assets. In other words, it is expenditure on an existing asset to return the service potential or the life of the asset up to that which it had originally. It is periodically required expenditure. As it reinstates existing service potential it may reduce operating and maintenance costs.*

- *Officer Comment*

Council's asset management planning process has identified and is rectifying the existing infrastructure renewal backlog. Council has acknowledged this backlog and has committed funding to renew its asset base for a number of years. The ratio result for 30 June 2019 is reflective of this commitment.

*Restatement of 2017/18 Asset Sustainability Ratio*

*The 2017/18 Annual Financial Report stated Council's Asset Sustainability Ratio as 1.129 or 112.9% which is 'Standard Improving'. The 2018/19 Annual Financial Report includes restatement of Council's Assets contained in the Statement of Financial Position as at 30 June 2018, and as a result, the 2017/18 Asset Sustainability Ratio has been favourably restated as follows:*

*30 June 18 Restated = 1.653 or 165.3%*

*Department Standard = Standard Improving*

- **Debt Service Cover Ratio**

30 June 19 = 8.499

Department Standard = Advanced Standard

*Formulae*

$$\frac{\text{Annual operating surplus before interest and depreciation}}{\text{Principal and interest}}$$

Department of Local Government Description & Benchmark:

*This ratio is the measurement of a local government's ability to repay its debt including lease payments. The higher the ratio is, the easier it is for a local government to obtain a loan.*

*Achieving Standard is met if the ratio is greater than or equal to 2.*

*Advanced Standard is met at a higher level if this ratio is greater than 5.*

- *Officer Comment*

The Shire's integrated financial process has led to a significant reduction in reliance in borrowing requirements. Since the commencement of Council's Asset Management & Integrated Financial Planning process in 2005, the reduced reliance on borrowings has been a key demonstrable benefit. Borrowings are planned through Council's Debt Management Plan rather than used to meet immediate funding requirements.

The benefit of such a process is evident by borrowing related financial ratios. Despite sustained population and fiscal demand upon Council's budget, these ratios demonstrate a sustained improving trend.

Borrowings are planned for future projects; the structured process to borrowing planning ensures these projects are able to be undertaken with affordable debt levels.



**Restatement of 2017/18 Debt Service Cover Ratio**

The 2017/18 Annual Financial Report stated Council's Debt Service Cover Ratio as 1.512 which is 'Standard Not Met'. The 2018/19 Annual Financial Report includes restatement of Council's Expenditure contained in the Statement of Comprehensive Income as at 30 June 2018, and as a result, the 2017/18 Debt Service Cover Ratio has been favourably restated as follows:

30 June 18 Restated = 5.639

Department Standard = Advanced Standard

- **Operating Surplus Ratio**

30 June 19 = -0.064

Department Standard = Standard Not Met

*Formulae*

$$\frac{\text{Operating Revenue MINUS Operating Expense}}{\text{Own Source Operating Revenue}}$$

Department of Local Government Description & Benchmark:

*This ratio is a measure of a local government's ability to cover its operational costs and have revenues available for capital funding or other purposes.*

*Achieving Standard is met if the operating surplus ratio is between 0% and 15% (0 and 0.15).*

*Advanced Standard is met if the operating surplus ratio is greater than 15% (>0.15).*

*"Operating Revenue" Means the revenue that is operating revenue for the purposes of the AAS, excluding grants and contributions for the development or acquisition of assets.*

*"Operating Expense" Means the expense that is operating expense for the purposes of the AAS.*

*"Own Source Operating Revenue" Means revenue from rates and service charges, fees and user charges, reimbursements and recoveries, interest income and profit on disposal of assets.*

- **Officer Comment**

Meeting this standard is dependent upon achieving an Operating Surplus as defined by the Department. Operating Surplus is ordinarily calculated as Operating Revenue minus Operating Expenditure. The Department requires the exclusion of grants and contribution revenue for the development of assets from the calculation. Council's Operating (Deficit) / Surplus as at 30 June 2019 = (\$1,158,950)

This ratio demonstrates the ability to service its day to day operational costs, including asset depreciation from its revenue base. If a local government consistently achieves a positive operating surplus ratio and has sound long term financial plans showing that it can continue to do so in the future, having regard to asset management and the community's service level needs, then it is considered financially sustainable.

**(Appendix ORD: 12.11A)**

The inclusion depreciation expense (a non-cash expense) as part of this calculation provides a challenge to meet this ratio into the future as Council asset base increases the ratio has an expectation to meet annual depreciation expenditure from revenue.

*Restatement of 2017/18 Operating Surplus Ratio*

The 2017/18 Annual Financial Report stated Council's Operating Surplus Ratio as -0.263 which is 'Standard Not Met'. The 2018/19 Annual Financial Report includes restatement of Council's Expenditure contained in the Statement of Comprehensive Income as at 30 June 2018, and as a result, the 2017/18 Operating Surplus Ratio has marginally increased, restated as follows:

30 June 18 Restated = -0.113

Department Standard = Standard Not Met

- **Own Source Revenue Coverage Ratio**

30 June 19 = 0.851

Department Standard = Achieving Standard

*Formulae*

$$\frac{\text{Own Source Operating Revenue}}{\text{Operating Expense}}$$

## Department of Local Government Description &amp; Benchmark:

*This ratio is the measurement of a local government's ability to cover its costs through its own revenue efforts. Different standards have been established to recognise the varying revenue raising capacities across the sector, where some rural and remote local governments have limited rate bases and revenue raising capacity, whereas others such as major metropolitan and regional local governments have significant rate bases and other own source revenues.*

*Achieving Standard is met if the ratio is between 40% and 90% (or 0.4 and 0.9)*

*Advanced Standard is met if the ratio is greater than 90% (or > 0.9)*

*"Own Source Operating Revenue"*

*Means revenue from rates and service charges, fees and user charges, reimbursements and recoveries, interest income and profit on disposal of assets.*

- *Officer Comment*

The ratio measures Council's ability to cover operating expenses from own source revenue (ie revenue, excluding grants). The higher the ratio, the more self-reliant a local government is.

This ratio is maximised by:

- Greater reliance upon user pay services.
- Reduced Operating Expenditure.
- Ongoing commitment to fund Council's asset base from its own source funds.

*Restatement of 2017/18 Own Source Revenue Coverage Ratio*

The 2017/18 Annual Financial Report stated Council's Operating Surplus Ratio as 0.727 which is 'Achieving Standard'. The 2018/19 Annual Financial Report includes restatement of Council's



*Expenditure contained in the Statement of Comprehensive Income as at 30 June 2018, and as a result, the 2017/18 Own Source Revenue Coverage Ratio is restated as follows:*

*30 June 18 Restated = 0.815*

*Department Standard = Achieving Standard*

- **Asset Consumption Ratio (ACR)**

*30 June 19 = 0.655 (65.5%)*

*Department Standard = Standard Improving*

*Formulae*

$$\frac{\text{Depreciated Replacement Cost of Depreciable Assets}}{\text{Current Replacement Cost of Depreciable Assets}}$$

Department of Local Government Description & Benchmark:

*This ratio measures the extent to which depreciable assets have been consumed, by comparing their written down value to their replacement cost.*

*Achieving Standard is met if the ratio data can be identified and ratio is 50% or greater (0.50 or >).*

*Standard Improving is met if the ratio is between 60% and 75% (0.60 and 0.75).*

- **Officer Comment**

This ratio essentially measures the depreciated state of Council's asset base. 100% would mean all brand new assets, 0% would mean all the assets have reached the end of their life.

The result of 65.5% indicates that Council Assets are at 65.5% of their useful life.

This ratio is improved by a sustained program of renewing assets.

Council's current asset management planning process is currently addressing the backlog of infrastructure renewal. Ongoing commitment to funding this process is required to improve performance in this area.

*Restatement of 2017/18 Asset Consumption Ratio*

*The 2017/18 Annual Financial Report stated Council's Asset Consumption Ratio as 0.652 or 65.59% which is 'Standard Improving'. The 2018/19 Annual Financial Report includes restatement of Council's Assets contained in the Statement of Financial Position as at 30 June 2018, and as a result, the 2017/18 Asset Consumption Ratio has been favourably restated as follows:*

*30 June 18 Restated = 0.668 (66.8%)*

*Department Standard = Standard Improving*

- **Asset Renewal Funding Ratio**

30 June 18 = 1.273 (127.3%)

Department Standard = Standard Improving

Formulae

$$\frac{\text{Net Present Value of Planned Capital Renewals over 10 years}}{\text{Net Present Value of Required Capital Expenditure over 10 years}}$$

This ratio is a measure of the ability of a local government to fund its identified asset renewal / replacement requirements over a period of 10 years.

Department of Local Government Description & Benchmark:

*This ratio is a measure of the ability of a local government to fund its projected asset renewal / replacements in the future.*

*The ratio is calculated from information included in the local government's Long Term Financial Plan and Asset Management Plan; not the Annual Financial Report. For the ratio to be meaningful, a consistent discount rate should generally be applied in NPV calculations.*

*Achieving Standard is met if the ratio is between 75% and 95% (or 0.75 and 0.95)*

*Standard Improving is met if the ratio is between 95% and 105% (or 0.95 and 1.05), and*

*the Asset Sustainability Ratio falls within the range 90% to 110%, and*

*Asset Consumption Ratio falls within the range 50% to 75%*

- **Officer Comment**

The Asset Renewal Funding Ratio should be read in conjunction with Asset Consumption Ratio (ACR) and the Asset Sustainability Ratio (ASR).

This ratio measures asset renewal works identified as being required against actual planned asset renews expenditure.

To meet the standard this ratio must be met in addition to the Asset Consumption Ratio (ACR) and the Asset Sustainability Ratio (ASR).

For the year ended 30 June 2019 the Shire has met the 3 required ratio standards to achieve the standards required.

Council's commitment to its integrated financial planning process and addressing its infrastructure backlog from own sourced funds, has been integral to achieving the benchmark standard.

*Restatement of 2017/18 Asset Renewal Funding Ratio*

*The 2017/18 Annual Financial Report stated Council's Asset Renewal Funding Ratio as 1.029 or 102.9% which is 'Standard Improving'. The 2018/19 Annual Financial Report includes restatement of Council's Assets contained in the Statement of Financial Position as at 30 June 2018, and as a result, the 2017/18 Asset Sustainability Ratio has been favourably restated as follows:*

*30 June 18 Restated = 1.131 or 113.1%*

*Department Standard = Standard Improving*



Financial Summary

As at 30 June 2019 Council's Equity (Total Assets *minus* Total Liabilities) increased by \$766,902 from \$191,881,398 to \$192,648,300. The increase in Total Equity is partly due to the restatement of Council's assets to include the Millbridge/Treendale Bridge BR5370. Previously all expenditure incurred on the bridge had been expensed in the Statement of Comprehensive Income in prior financial years.

Recent legal advice indicated that the bridge expenditure should be capitalised and the asset included in Council's Infrastructure Asset valuation. Further information on the bridge restatement can be found at Note 35 - Correction of Error in the 2018/19 Annual Financial Report. As a result of this correction, both the Statement of Comprehensive Income and the Statement of Financial Position as at 30 June 2018 figures have been restated in the 2018/19 Annual Financial Report.

Other changes that have impacted the change in Total Equity include the de-recognition of assets with a fair value of less than \$5,000. Paragraph 17A (5) of the Local Government (Financial Management) Regulations state "*an asset is to be excluded from the assets of a local government if the fair value of the asset as at the date of acquisition by the local government is under \$5 000*".

This change in Accounting Policy, which came into effect from 1 July 2018, is detailed in Note 33 - Change in Accounting Policy of the Annual Financial Report and required Council to restate the impact of derecognising assets with a fair value of less than \$5,000 as at 30 June 2018, and 1 July 2017.

Council's carry forward surplus at 30 June 2019 is \$404,751. This was against the forecast budgeted carry forward surplus in the 2019/20 budget of \$301,183. The favourable variance of \$103,568 will be included in the mid-year budget review for consideration. The total carry forward surplus amount equates to less than 2% of total budgeted expenditure for 2018/19.

In summary, the Shire is in sound financial position.

This result is directly attributed to;

1. Comprehensive integrated financial planning model;
2. Commitment to investment in infrastructure asset renewal;
3. Cash backed funding model for future asset obligations; and
4. Structured planning for all borrowings.

I would like to take the opportunity to thank all Corporate & Community Services staff for their efforts and high service standard during the year under review.

Council is requested to consider and receive the audited Annual Financial Statements for the 2018/19 financial year.

Council Role - Executive.

Voting Requirements - Simple Majority.

Change to Officer Recommendation - No Change.

**OFFICER RECOMMENDED RESOLUTION &  
AUDIT & RISK COMMITTEE RESOLUTION**

AAR 04-19      MOVED -      Cr. P Robinson      SECONDED -      Cr. T Gardiner

**THAT Council receive the Shire of Dardanup 2018/19 audited Annual Financial Statements for the financial year ended 30 June 2019. (Appendix AUD: 9.3A).**CARRIED  
4/0**9.4      Title:      Risk Management – Update and Risk Dashboard Report**

*Reporting Department:*      *Corporate & Governance Directorate*

*Reporting Officer:*      *Mr Phil Anastasakis - Deputy Chief Executive Officer*  
    *Mrs Cindy Barbetti - Compliance Officer*

*Legislation:*      *Local Government Act 1995 and Local Government (Audit) Regulations 1996, Regulation 17*

**Overview**

The purpose of this report is to provide the Audit and Risk Committee with an update regarding Risk Management at the Shire of Dardanup and to receive the six monthly Risk Dashboard Report.

**Background**

In August 2019, Council through the Audit and Risk Committee adopted the revised Risk Management Governance Framework (the Framework) for the Council. This Framework has been developed to connect all of the risk management processes and methodologies and to clearly articulate the appetite for risk. This ensures Council's commitment to meeting its compliance obligations pursuant to the Local Government (Audit) Regulations 1996, Regulation 17.

Council must strive to respond to the challenges and opportunities of tomorrow and acknowledge that business conditions are continually changing. It is not possible to eliminate all risk however, by actively identifying and managing risk through the implementation of the Risk Management Governance Framework, officers are well prepared to guard against risk. This ensures that the Council can continue to function, come what may.

The Audit and Risk Committee's role and responsibility for risk management is to:

- Endorse the Risk Management Governance Framework inclusive of the policy and procedure;
- Consider the Chief Executive Officer's three yearly review of the appropriateness and effectiveness of the systems and procedures in regard to risk management, internal control and legislative compliance and report to Council the results of those reviews;
- Receive a six monthly risk dashboard report on the current treatment plans (actions) that have been identified to improve certain key control ratings; and
- Receive internal and external audit reports.



Legal Implications -

Local Government Act 1995

Local Government (Audit) Regulations 1996, Regulation 17:

## 17. CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
- (a) risk management; and
- (b) internal control; and
- (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.
- (3) The CEO is to report to the audit committee the results of that review.

[Regulation 17 inserted in Gazette 8 Feb 2013 p. 868.]

Strategic Community Plan

Strategy 1.1.2 - Monitor and ensure compliance with the regulatory framework for local government governance and operations. (Service Priority: High)

Strategy 1.1.3 - Maintain best practice governance systems and practices. (Service Priority: Moderate)

Strategy 1.3.6 - Establish a Risk Management Governance Framework for the Shire of Dardanup. (Service Priority: High)

Environment - None.Precedents

The Audit and Risk Committee previously received a Risk Dashboard Report at the July 2019 meeting.

Budget Implications - None.Budget – Whole of Life Cost - None.

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

Council Policy Compliance

Risk Management Governance Framework

- Administration Policy AP023
- Procedure PR036
- Australian Standard AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines

Risk Assessment -

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AUD: 9.4A)

Tier 2 – 'Low' or 'Moderate' Inherent Risk.	
Risk Event	Risk Management – Update and Risk Dashboard Report
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	<ul style="list-style-type: none"> <li>Legal and Compliance - Not observing Council's commitment to meeting its compliance obligations pursuant to the Local Government (Audit) Regulations 1996, Regulation 17.</li> <li>Reputational - Council's reputation could be seen in a negative light for not adhering to its requirement to fulfil duties and functions that are prescribed in legislation</li> </ul>

### Officer Comment

- Reporting Requirements*

In terms of the recently updated reporting requirements acknowledged in the Risk Management Governance Framework, the Compliance Officer is required to review the effectiveness and efficiency of key controls for the 15 Risk Theme Profiles every six months. This review was undertaken in September 2019 in consultation with management to consider and respond to identified strategic, operational and project risks. The results of this review were then presented to the Executive Management Team (EMT) who analysed and discussed emerging risks, issues and trends.

As a further reporting obligation, a Risk Dashboard Report (Appendix AUD:9.4B) is required to be presented to the Audit and Risk Committee on the alternate six monthly cycle to the Risk Theme Profile Review. This Risk Dashboard Report provides the current treatment plans (actions) that have been identified by subject experts to improve certain key control ratings. When these control ratings have been identified as 'Inadequate', a treatment plan (action) has been determined to improve the control effectiveness to at least 'Adequate'.

The following tables from the Framework are provided below to:

1. Convey the principle of key control ratings (Effective, Adequate or Inadequate); and
2. Determine whether the risk is within acceptable levels to Council (Low, Moderate, High or Extreme).

EXISTING CONTROL TABLE		
Rating	Foreseeable	Description
Effective	More than what a reasonable person would be expected to do in the circumstances. There is little scope for improvement.	Processes (Controls) operating as intended and / or aligned to Policies & Procedures; are subject to ongoing maintenance and monitoring and are being continuously reviewed and tested.
Adequate	Only what a reasonable person would be expected to do in the circumstances. There is some scope for improvement.	Whilst some inadequacies have been identified; Processes (Controls) are in place, are being addressed / complied with and are subject to periodic review and testing.
Inadequate	Less than what a reasonable person would be expected to do in the circumstance. A need for corrective and / or improvement actions exist.	Processes (Controls) not operating as intended, do not exist, or are not being addressed / complied with, or have not been reviewed or tested for some time.



RISK ACCEPTANCE CRITERIA				
Risk Rank	Description	Criteria	Responsibility	Entered on Risk Register
LOW (1 – 4)	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Staff Member / Supervisor	No
MODERATE (5 – 11)	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Supervisor / Manager	No
HIGH (12 – 19)	Urgent Attention Required	Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring	Manager / Director / EMT	Yes
EXTREME (20 – 25)	Unacceptable	Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	EMT / CEO / Council	Yes

With reference to the Risk Dashboard Report, this is presented in a format that enables each treatment plan (action) to be categorised according to the relevant Risk Theme Profile. As previously mentioned, the key controls for each of the profiles were subject to a full review in September 2019. The overall 'Risk Rating' and 'Control Rating' for each Risk Theme Profile from that review, is also highlighted in the Risk Dashboard Report. This provides an immediate 'overall snapshot' to the Audit and Risk Committee of the value of the combined controls in mitigating the risk. By regularly reviewing the effectiveness and efficiency of controls and the appropriateness of treatment/action options selected, we can determine if Council resources are being put to the best use possible.

To assist the Audit and Risk Committee with an understanding of the contents of the Risk Dashboard Report, the following example has been taken from the December 2019 Risk Dashboard Report (Appendix AUD: 9.4B). This example solely relates to the risk theme profile 'Failure to Fulfil Compliance Requirements (Statutory, Regulatory)'. At the September 2019 review, the overall control rating for this particular profile was determined as 'Low' and the overall risk rating was also determined to be 'Low'. Each theme has the overall risk responsibility assigned to a responsible officer of Council, in this example it is the Manager Financial Services. The final component of the Risk Dashboard Report is a brief description of the current treatment plans (actions) that have been identified. These treatment plans are assigned a due date in consultation with the officer responsible for actioning the treatment plan. In this example 'Promote new Elected Members training' treatment plan is due for completion by October 2020 and is the responsibility of the Manager Governance & HR.

Example: Risk Dashboard Report (one theme only)		
FAILURE TO FULFIL COMPLIANCE REQUIREMENTS (STATUTORY, REGULATORY)	Risk	Control
	Low	Effective
Risk Responsibility		Manager Financial Services
Current Treatment Plan (Action)	Due Date	Responsibility
Promote new Elected Members training	Oct-20	Manager Governance & HR

The complete Risk Dashboard Report that is required to be presented to the Audit and Risk Committee contains an overall snapshot of the following 15 Risk Theme Profiles:



1. Asset Sustainability Practices.
2. Business and Community Disruptions.
3. Failure to Fulfil Compliance Requirements (Statutory, Regulatory).
4. Document Management Processes.
5. Employment Practices.
6. Engagement Practices.
7. Environment Management.
8. Errors, Omissions and Delays.
9. External Theft and Fraud (includes Cyber Crime).
10. Management of Facilities, Venues and Events.
11. IT, Communication Systems and Infrastructure.
12. Misconduct.
13. Project/Change Management.
14. Safety and Security Practices.
15. Supplier and Contract Management.

- *Reporting Schedule*

The table below has been compiled to provide the Audit and Risk Committee with a summary of the reports that have been undertaken and presented throughout 2019:

DATE	REPORTING RECIPIENT	REPORT TYPE
July 2019	Audit and Risk Committee	Risk Dashboard Report
September 2019	EMT	Risk Theme Profile Review
December 2019	Audit and Risk Committee	Risk Dashboard Report

It is proposed that EMT and the Audit and Risk Committee can expect the following reporting schedule for 2020:

DATE	REPORTING RECIPIENT	REPORT TYPE
March 2020	EMT	Risk Theme Profile Review
July 2020	Audit and Risk Committee	Risk Dashboard Report
September 2020	EMT	Risk Theme Profile Review
December 2020	Audit and Risk Committee	Risk Dashboard Report

- *Conclusion*

Overall, officers are increasing their awareness and embracing their responsibility as the 'first line of defence' in the management of risk. They understand the basis on which decisions are made and why a particular treatment/action options are selected or the reasons to accept that risks have changed.

This is further supported by EMT and management who are proactively promoting the Framework across the organisation. The Risk Profile Theme review and Risk Dashboard Report, in conjunction with the Framework and further reporting of risk via agenda items are all working together to uphold the strong risk management culture of the Council.

Council Role - Legislative.

Voting Requirements - Simple Majority.

Change to Officer Recommendation - No Change



**OFFICER RECOMMENDED RESOLUTION &  
AUDIT & RISK COMMITTEE RESOLUTION**

AAR 05-19      MOVED -      Cr. T Gardiner      SECONDED -      Cr. P Robinson

**THAT the Audit and Risk Committee:**

- 1.      Receive the update on risk management across the organisation; and**
- 2.      Receive the December 2019 Risk Dashboard Report provided in (Appendix AUD: 9.4B).**

CARRIED  
4/0**9.5      Title:      Governance Health Check – William Buck**

*Reporting Department:      Corporate & Governance Directorate*  
*Reporting Officer:      Mr André Schönfeldt - Chief Executive Officer*  
*Legislation:      Local Government Act 1995 and Local Government (Audit) Regulations 1996, Regulation 17*

**Overview**

This report is presented to the Audit & Risk Committee for review and endorsement of the recent Governance Health and Financial Sustainability Review undertaken by contractors William Buck.

**Background**

In accordance with the Shires Strategic Community Plan, Outcomes 1.1.2 and 1.1.3 states that the Shire:

- *Monitor and ensure compliance with the regulatory framework for local government governance and operations. (Service Priority: High)*
- *Maintain best practice governance systems and practices. (Service Priority: Moderate)*

In July 2019 quotes were sought for the appointment of a suitably qualified contractor to undertake a Governance Health and Financial Sustainability Review. A total of 4 submissions were received with the winning quote being awarded to William Buck at the end of July 2019. The review was undertaken in house in September 2019 and a report was provided to the Shire in November 2019.(Appendix AUD: 9.5A).

**Legal Implications**

*Local Government Act 1995*  
*Local Government (Audit) Regulations 1996, Regulation 17:*

## 17. CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
  - (a) risk management; and
  - (b) internal control; and
  - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.
- (3) The CEO is to report to the audit committee the results of that review.

Strategic Community Plan

- Strategy 1.1.1 - To be equitable, inclusive and transparent in decision making. (Service Priority: High)
- Strategy 1.1.2 - Monitor and ensure compliance with the regulatory framework for local government governance and operations. (Service Priority: High)
- Strategy 1.1.3 - Maintain best practice governance systems and practices. (Service Priority: Moderate)

Environment - None.

Precedents

A Governance Review was conducted in 2016 through the Department of Local Government based on the Guide for Undertaking Governance Reviews issued by the Australian Institute of Company Directors.

Budget Implications

A budget allowance of \$20,000 was provided for in the 2019/20 Budget to cover the cost of the review of this report.

Budget – Whole of Life Cost - None.

As not assets/infrastructure is being created, there are no whole of life costs relevant to this item.

Council Policy Compliance - None.

Risk Assessment - Low.

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AUD: 9.5B) for full assessment document.



Tier 2 – 'Low' or 'Moderate' Inherent Risk.	
Risk Event	Governance Health & Financial Sustainability Review - 2019
Inherent Risk Rating (prior to treatment or control)	Moderate (5 - 11)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	<ul style="list-style-type: none"> <li>Financial Impact - Failure to comply with the requirements of the Act and Regulations could lead to financial penalties being imposed</li> <li>Legal and Compliance - Failure to comply with the requirements of the Act and Regulations could lead to legal penalties being imposed</li> <li>Reputational - Failure to comply with the requirements of the Act and Regulations could result in the public questioning the Shire procedures.</li> </ul>

### Officer Comment

The Request for Quote (RFQ) forwarded to prospective contractors provided the following scope of works:

*To review systems, processes and policies, reports and recent relevant transactions to determine the Shire's level of compliance and governance health and also to consider the financial sustainability of the Shire of Dardanup, including but not limited to the following:*

- Major Land Transactions;
- Tendering and Procurement policy, procedures, processes and systems;
- Council and Committee meetings structure, processes and procedures;
- Gift reporting and Disclosures of Interest;
- Delegations and delegation reporting including associated information provided to Councillors;
- Complaints and Allegations policy, procedures and processes;
- Risk Management;
- Financial Management Systems, Credit Card Control; and Accounting Policies;
- Financial health indicators and ratios;
- Human Resource recruitment, appointment and induction processes (including verifying employee identity and credentials);
- Elected member induction, training and communications (including interactions with staff, the community and media); and
- Records management and compliance, including data and cyber security.

At the time of writing this report, the Governance Health and Financial Sustainability Review 2019-2020 report produced by William Buck was not finalised. The finalised report will be provided under separate cover (Appendix AUD: 9.5A) prior to the Audit & Risk Committee meeting on 4 December 2019.

Council Role - Executive.

Voting Requirements - Simple Majority.

### OFFICER RECOMMENDED RESOLUTION

THAT the Audit & Risk Committee request that Council receive and endorse the 2019 Governance Health and Financial Sustainability Review (Appendix AUD: 9.5A).

**Discussion:**

*The Committee was provided with a Confidential document at the meeting for their review.*

*Cr. P Robinson put forward an Alternative Resolution for the item to be brought back to the next Audit & Risk Committee meeting so as to allow more time for the Committee to review the Confidential document.*

**Change to Officer Recommendation** -

As per Local Government (Administration) Regulations 1996 11(da) Council records the following reasons for amending the Officer Recommended Resolution:

- *Defer the report to allow the Committee further time to review the information.*

**AUDIT AND RISK COMMITTEE RESOLUTION**

AAR 06-19      MOVED -      Cr. P Robinson      SECONDED -      Cr. M Hutchinson

**THAT the Audit and Risk Committee defer *Item 9.5 – Governance Health Check – William Buck* to allow for further time for review and to bring the item back to the next Audit & Risk Committee meeting on 4 March 2020.**

CARRIED  
4/0

<b>10. ELECTED MEMBER MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN</b>
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None.

<b>11. NEW BUSINESS OF AN URGENT NATURE</b>
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None.

<b>12. MATTERS BEHIND CLOSED DOORS</b>
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None.

<b>13. CLOSURE OF MEETING</b>
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*Note: Cr. M T Bennett extended his thanks and gratitude to the Deputy Chief Executive Officer, Mr Phil Anastasakis and his team for all the hard work and effort undertaken on the preparation of this year's financials.*

The date of the next Audit & Risk Committee Meeting will be Wednesday, 4 March 2020.

There being no further business the Chairperson declared the meeting closed at 5.16pm.



**Please refer to Appendix ORD: 12.8B for the Auditor's Letter.**

**SHIRE OF DARDANUP**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

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**COMMUNITY VISION**

Provide effective leadership in encouraging balanced growth and development of the Shire while recognising the diverse needs of the community.

Principal place of business:  
Shire of Dardanup Administration Centre  
1 Council Drive  
Eaton WA 6232

**SHIRE OF DARDANUP  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Dardanup being the Annual Financial Report and supporting notes and other information for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Dardanup at 30 June 2019 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 29th day of November 2019



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André Schönfeldt  
Chief Executive Officer



## (Appendix ORD: 12.11C)

### STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual Restated
		\$	\$	\$
<b>Revenue</b>				
Rates	27(a)	13,091,847	13,230,724	12,417,350
Operating grants, subsidies and contributions	2(a)	2,202,844	2,556,611	1,818,777
Fees and charges	2(a)	3,112,535	3,046,478	3,084,383
Interest earnings	2(a)	581,228	461,485	453,070
Other revenue	2(a)	27,855	27,540	21,158
		<b>19,016,309</b>	<b>19,322,838</b>	<b>17,794,738</b>
<b>Expenses</b>				
Employee costs		(9,793,985)	(10,405,885)	(9,408,701)
Materials and contracts		(4,049,538)	(4,454,315)	(3,980,229)
Utility charges		(551,434)	(526,745)	(532,473)
Depreciation on non-current assets	11(c)	(5,042,270)	(4,815,600)	(4,809,520)
Interest expenses	2(b)	(127,293)	(147,890)	(130,615)
Insurance expenses		(253,207)	(268,756)	(263,957)
Other expenditure		(357,532)	(383,200)	(414,935)
		<b>(20,175,259)</b>	<b>(21,002,390)</b>	<b>(19,540,430)</b>
		<b>(1,158,950)</b>	<b>(1,679,552)</b>	<b>(1,745,692)</b>
Non-operating grants, subsidies and contributions	2(a)	1,874,654	2,678,617	4,107,677
Profit on asset disposals	11(a)	15,093	1,165,000	0
(Loss) on asset disposals	11(a)	(33,963)	0	(62,347)
Fair value adjustments to financial assets at fair value through profit or loss	8	70,068	0	0
Asset write off - change in accounting policy		0	0	(101,856)
		<b>1,925,852</b>	<b>3,843,617</b>	<b>3,943,474</b>
<b>Net result for the period</b>		<b>766,902</b>	<b>2,164,065</b>	<b>2,197,782</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	7,619,278
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>7,619,278</b>
<b>Total comprehensive income for the period</b>		<b>766,902</b>	<b>2,164,065</b>	<b>9,817,060</b>

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

STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual Restated
		\$	\$	\$
<b>Revenue</b>				
	2(a)			
Governance		29	1,550	1,196
General purpose funding		14,868,866	14,175,298	14,380,792
Law, order, public safety		440,114	389,216	255,471
Health		19,177	15,150	19,176
Education and welfare		13,384	8,000	38,050
Community amenities		1,398,292	1,425,754	1,283,671
Recreation and culture		1,817,846	2,960,145	1,495,626
Transport		148,693	112,394	140,526
Economic services		86,272	90,009	72,065
Other property and services		223,638	145,322	108,165
		<u>19,016,309</u>	<u>19,322,838</u>	<u>17,794,738</u>
<b>Expenses</b>				
	2(b)			
Governance		(1,026,392)	(1,081,087)	(1,099,659)
General purpose funding		(354,842)	(370,229)	(347,168)
Law, order, public safety		(1,465,816)	(1,518,810)	(1,238,928)
Health		(506,130)	(537,987)	(494,287)
Education and welfare		(754,676)	(855,970)	(867,186)
Community amenities		(2,106,048)	(2,555,969)	(2,011,018)
Recreation and culture		(7,220,298)	(7,720,105)	(6,987,847)
Transport		(5,673,625)	(5,371,954)	(5,677,988)
Economic services		(515,026)	(543,617)	(494,901)
Other property and services		(425,115)	(298,772)	(190,833)
		<u>(20,047,966)</u>	<u>(20,854,500)</u>	<u>(19,409,815)</u>
<b>Finance Costs</b>				
	2(b)			
Community amenities		0	(15,379)	0
Recreation and culture		(76,943)	(79,615)	(76,330)
Transport		(27,474)	(28,387)	(25,685)
Economic services		(8,632)	(8,858)	(9,017)
Other property and services		(14,244)	(15,651)	(19,583)
		<u>(127,293)</u>	<u>(147,890)</u>	<u>(130,615)</u>
		<u>(1,158,950)</u>	<u>(1,679,552)</u>	<u>(1,745,692)</u>
Non-operating grants, subsidies and contributions	2(a)	1,874,654	2,678,617	4,107,677
Profit on disposal of assets	11(a)	15,093	1,165,000	0
(Loss) on disposal of assets	11(a)	(33,963)	0	(62,347)
Fair value adjustments to financial assets at fair value through profit or loss	8	70,068	0	0
Asset write off - change in accounting policy		0	0	(101,856)
		<u>1,925,852</u>	<u>3,843,617</u>	<u>3,943,474</u>
<b>Net result for the period</b>		<b>766,902</b>	<b>2,164,065</b>	<b>2,197,782</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	7,619,278
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>7,619,278</b>
<b>Total comprehensive income for the period</b>		<b>766,902</b>	<b>2,164,065</b>	<b>9,817,060</b>

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



**(Appendix ORD: 12.11C)****STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2019**

	NOTE	2019	2018 Restated *	1 July 2017 Restated *
		\$	\$	\$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	3	19,441,957	17,832,573	18,506,475
Trade receivables	5	819,479	777,554	1,493,219
Other loans and receivables	8	0	32,936	
Inventories	6	13,477	14,023	16,659
Other current assets	7	174,332	61,676	
<b>TOTAL CURRENT ASSETS</b>		<b>20,449,245</b>	<b>18,718,762</b>	<b>20,016,353</b>
<b>NON-CURRENT ASSETS</b>				
Trade receivables	5	111,904	108,314	115,246
Financial assets at fair value through profit and loss	8(b)	70,068	0	
Property, plant and equipment	9	32,453,361	33,172,802	33,486,979
Intangible assets	9(c)	1,920,902	1,920,902	1,921,278
Infrastructure	10	143,746,339	143,632,308	132,262,205
<b>TOTAL NON-CURRENT ASSETS</b>		<b>178,302,574</b>	<b>178,834,326</b>	<b>167,785,708</b>
<b>TOTAL ASSETS</b>		<b>198,751,819</b>	<b>197,553,088</b>	<b>187,802,061</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	13	2,359,794	1,448,582	1,404,498
Borrowings	15(b)	279,748	362,288	418,802
Employee related provisions	16	1,272,698	1,190,807	968,558
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,912,240</b>	<b>3,001,677</b>	<b>2,791,858</b>
<b>NON-CURRENT LIABILITIES</b>				
Borrowings	15(b)	1,963,116	2,242,864	2,605,152
Employee related provisions	16	228,163	427,149	340,713
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,191,279</b>	<b>2,670,013</b>	<b>2,945,865</b>
<b>TOTAL LIABILITIES</b>		<b>6,103,519</b>	<b>5,671,690</b>	<b>5,737,723</b>
<b>NET ASSETS</b>		<b>192,648,300</b>	<b>191,881,398</b>	<b>182,064,338</b>
<b>EQUITY</b>				
Retained surplus		55,574,607	55,476,726	51,878,272
Reserves - cash backed	4	16,412,005	15,742,984	17,143,656
Revaluation surplus	12	120,661,688	120,661,688	113,042,410
<b>TOTAL EQUITY</b>		<b>192,648,300</b>	<b>191,881,398</b>	<b>182,064,338</b>

\* See note 35 for details regarding the restatement as a result of an error

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



## (Appendix ORD: 12.11C)

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
<b>Balance as at 1 July 2017</b>		51,766,830	17,143,656	113,569,060	182,479,546
Correction of error	35	408,290	0	0	408,290
Change in accounting policy	33	(296,848)	0	(526,650)	(823,498)
<b>Restated total equity at the beginning of the financial year 1/7/2017</b>		<b>51,878,272</b>	<b>17,143,656</b>	<b>113,042,410</b>	<b>182,064,338</b>
Comprehensive income					
Net result for the period		2,197,782	0	0	2,197,782
Other comprehensive income	12	0	0	7,619,278	7,619,278
Total comprehensive income		2,197,782	0	7,619,278	9,817,060
Transfers from/(to) reserves		1,400,672	(1,400,672)	0	0
<b>Restated balance as at 30 June 2018</b>		<b>55,476,726</b>	<b>15,742,984</b>	<b>120,661,688</b>	<b>191,881,398</b>
Comprehensive income					
Net result for the period		766,902	0	0	766,902
Total comprehensive income		766,902	0	0	766,902
Transfers from/(to) reserves		(669,021)	669,021	0	0
<b>Balance as at 30 June 2019</b>		<b>55,574,607</b>	<b>16,412,005</b>	<b>120,661,688</b>	<b>192,648,300</b>

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

## (Appendix ORD: 12.11C)

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual Restated
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		13,218,905	13,225,724	12,403,984
Operating grants, subsidies and contributions		2,125,087	2,556,611	2,460,254
Fees and charges		3,949,784	3,046,478	3,016,948
Interest received		581,228	461,485	453,070
Goods and services tax received		1,342,649	0	1,647,550
Other revenue		29,612	27,540	25,996
		<u>21,247,265</u>	<u>19,317,838</u>	<u>20,007,802</u>
<b>Payments</b>				
Employee costs		(9,884,187)	(10,391,885)	(9,114,267)
Materials and contracts		(4,231,384)	(4,468,315)	(4,322,022)
Utility charges		(551,434)	(526,745)	(532,473)
Interest expenses		(132,510)	(147,890)	(136,679)
Insurance paid		(253,207)	(268,756)	(263,957)
Goods and services tax paid		(1,317,199)	0	(1,342,497)
Other expenditure		(357,532)	(383,200)	(414,935)
		<u>(16,727,453)</u>	<u>(16,186,791)</u>	<u>(16,126,830)</u>
<b>Net cash provided by (used in) operating activities</b>	17	<u>4,519,812</u>	<u>3,131,047</u>	<u>3,880,972</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(861,055)	(2,181,857)	(1,113,538)
Payments for construction of infrastructure		(3,856,249)	(4,927,767)	(7,316,464)
Non-operating grants, subsidies and contributions		1,874,654	2,678,617	4,107,677
Proceeds from self supporting loans		32,936	32,936	64,390
Proceeds from sale of property, plant & equipment		261,575	1,393,942	121,863
<b>Net cash provided by (used in) investment activities</b>		<u>(2,548,139)</u>	<u>(3,004,129)</u>	<u>(4,136,072)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings		(362,288)	(394,245)	(418,802)
Proceeds from new borrowings		0	750,000	0
<b>Net cash provided by (used in) financing activities</b>		<u>(362,288)</u>	<u>355,755</u>	<u>(418,802)</u>
<b>Net increase (decrease) in cash held</b>		<u>1,609,385</u>	<u>482,673</u>	<u>(673,902)</u>
Cash at beginning of year		17,832,573	13,942,857	18,506,475
<b>Cash and cash equivalents at the end of the year</b>	17	<u>19,441,957</u>	<u>14,425,531</u>	<u>17,832,573</u>

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



# (Appendix ORD: 12.11C)

## RATE SETTING STATEMENT FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>OPERATING ACTIVITIES</b>				
Net current assets at start of financial year - surplus/(deficit)	28 (b)	303,456	199,000	435,254
		303,456	199,000	435,254
<b>Revenue from operating activities (excluding rates)</b>				
Governance		29	1,550	1,196
General purpose funding		2,128,820	1,293,752	2,308,533
Law, order, public safety		440,114	389,216	255,471
Health		19,177	15,150	19,176
Education and welfare		13,384	8,000	38,050
Community amenities		1,398,292	1,425,754	1,283,671
Recreation and culture		1,817,846	2,960,145	1,495,626
Transport		161,057	112,394	140,526
Economic services		156,340	90,009	72,065
Other property and services		226,367	1,310,322	108,165
		6,361,424	7,606,292	5,722,479
<b>Expenditure from operating activities</b>				
Governance		(1,026,392)	(1,081,087)	(1,099,659)
General purpose funding		(354,842)	(370,229)	(347,168)
Law, order, public safety		(1,465,816)	(1,518,810)	(1,249,455)
Health		(510,333)	(537,987)	(494,287)
Education and welfare		(754,676)	(855,970)	(867,186)
Community amenities		(2,106,048)	(2,571,348)	(2,038,691)
Recreation and culture		(7,299,459)	(7,799,720)	(7,104,768)
Transport		(5,707,573)	(5,400,341)	(5,710,993)
Economic services		(523,658)	(552,475)	(504,340)
Other property and services		(460,427)	(314,423)	(288,086)
		(20,209,222)	(21,002,390)	(19,704,633)
Non-cash amounts excluded from operating activities	28(a)	4,788,496	3,650,600	4,932,299
<b>Amount attributable to operating activities</b>		(8,755,846)	(9,546,498)	(8,614,601)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		1,874,654	2,678,617	4,107,677
Proceeds from disposal of assets	11(a)	261,575	1,393,942	121,863
Proceeds from self supporting loans	15(b)	32,936	32,936	64,390
Purchase of property, plant and equipment	9(a)	(861,055)	(2,181,857)	(1,113,538)
Purchase and construction of infrastructure	10(a)	(3,856,249)	(4,927,767)	(7,316,464)
<b>Amount attributable to investing activities</b>		(2,548,139)	(3,004,129)	(4,136,072)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	15(b)	(362,288)	(394,245)	(418,802)
Proceeds from borrowings	15(c)	0	750,000	0
Transfers to reserves (restricted assets)	4	(4,638,721)	(5,731,789)	(5,256,774)
Transfers from reserves (restricted assets)	4	3,969,700	5,171,234	6,657,446
<b>Amount attributable to financing activities</b>		(1,031,309)	(204,800)	981,870
<b>Surplus/(deficit) before imposition of general rates</b>		(12,335,295)	(12,755,427)	(11,768,803)
<b>Total amount raised from general rates</b>	27(a)	12,740,046	12,881,546	12,072,259
<b>Surplus/(deficit) after imposition of general rates</b>	28(b)	<b>404,751</b>	<b>126,119</b>	<b>303,456</b>

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



## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2019

### 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. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as 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, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of *AASB 1051 Land Under Roads paragraph 15* and *AASB 116 Property, Plant and Equipment paragraph 7*.

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.

#### 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 30 to these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
<b>Operating grants, subsidies and contributions</b>			
Governance	0	750	917
General purpose funding	1,410,823	689,647	1,379,967
Law, order, public safety	324,435	292,756	149,539
Health	4	50	731
Education and welfare	13,384	8,000	38,050
Community amenities	14,474	5,642	2,727
Recreation and culture	127,291	1,377,090	60,666
Transport	113,429	80,854	115,334
Economic services	3,475	500	545
Other property and services	195,529	101,322	70,301
	2,202,844	2,556,611	1,818,777
<b>Non-operating grants, subsidies and contributions</b>			
Law, order, public safety	141,415	456,609	0
Education and welfare	0	0	50,000
Recreation and culture	268,875	385,808	1,182,295
Transport	1,464,364	1,836,200	2,875,382
	1,874,654	2,678,617	4,107,677
<b>Total grants, subsidies and contributions</b>	<b>4,077,498</b>	<b>5,235,228</b>	<b>5,926,454</b>

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over

Grants, donations and other contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 26. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Other revenue

Reimbursements and recoveries

2019 Actual	2019 Budget	2018 Actual
\$	\$	\$
27,855	27,540	21,158
27,855	27,540	21,158

Fees and Charges

Governance

General purpose funding

Law, order, public safety

Health

Community amenities

Recreation and culture

Transport

Economic services

Other property and services

28	800	278
136,768	142,620	130,406
115,679	96,460	105,932
19,173	15,100	18,446
1,273,694	1,310,934	1,280,944
1,448,878	1,343,055	1,434,960
7,409	4,000	4,033
82,797	89,509	71,520
28,109	44,000	37,864
3,112,535	3,046,478	3,084,383

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

Interest earnings

Reserve accounts interest

Other funds

Rates instalment and penalty interest (refer Note 27(d))

Other interest earnings

367,449	230,040	264,803
71,195	100,000	48,498
142,584	129,375	137,763
0	2,070	2,006
581,228	461,485	453,070

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.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report	12,592	9,162	10,140
- Other services	4,900	13,242	1,600
	17,492	22,404	11,740
<b>Interest expenses (finance costs)</b>			
Borrowings (refer Note 15(b))	127,293	147,890	130,616
	127,293	147,890	130,616

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

3. CASH AND CASH EQUIVALENTS

	NOTE	2019	2018
		\$	\$
Cash at bank and on hand		8,341,957	7,303,415
Term deposits		11,100,000	10,529,158
		19,441,957	17,832,573
<b>Comprises:</b>			
- Unrestricted cash and cash equivalents		3,029,952	2,089,589
- Restricted cash and cash equivalents		16,412,005	15,742,984
		19,441,957	17,832,573
The following restrictions have been imposed by regulations or other externally imposed requirements:			
<b>Reserve accounts</b>			
Information Technology Reserve	4	406,983	275,044
Road Safety Programs Reserve	4	8,357	4,106
Tourism Reserve	4	6,377	6,242
Executive & Compliance Vehicle Reserve	4	364,153	291,095
Employee Relief Reserve	4	226,995	207,110
Employee Leave Entitlements Reserve	4	5,000	0
Refuse Site Environmental Works Reserve	4	82,960	81,202
Meat Inspection Reserve	4	5,219	5,108
Recycling Education Reserve	4	82,334	80,590
Eaton Recreation Centre - Equipment Reserve	4	365,346	308,665
Council Land Development Reserve	4	20,839	5,715
Sale of Land Reserve	4	2,303,943	2,255,133
Accrued Salaries Reserve	4	379,360	328,500
Carried Forward Projects Reserve	4	2,968,520	2,968,544
Strategic Planning Studies Reserve	4	218,947	209,414
Town Planning Consultancy Reserve	4	91,741	84,903
Parks & Reserves Upgrades Reserve	4	549,703	339,392
Election Expenses Reserve	4	23,487	966
Pathways Reserve	4	164,161	112,292
Asset / Rates Revaluation Reserve	4	292,877	228,922
Refuse & Recycling Bin Replacement Reserve	4	54,076	52,930
Emergency Services Reserve	4	10,306	10,088
Small Plant & Equipment Reserve	4	15,261	10,044
Storm Water Reserve	4	101,082	50,000
Fire Control Reserve	4	1,108	1,085
Collie River (Eaton Drive) Bridge Construction Reserve	4	1,548,014	1,627,719
Eaton Drive - Access Construction Reserve	4	153,213	163,739
Eaton Drive - Scheme Construction Reserve	4	904,633	920,705
Contribution to Works Reserve	4	601,543	585,778
Unspent Grants Reserve	4	759,980	0
Swimming Pool Inspection Reserve	4	0	26,852
Unspent Specified Area Rate - Bulk Waste Collection	4	79,770	67,617
Unspent Specified Area Rate - Eaton Landscaping	4	67,486	0
Dardanup Community Centre Reserve	4	7,317	7,162
Dardanup Community Centre Design Reserve	4	1,126	1,102
Dardanup Public Library Reserve	4	4,357	4,265
Wells Park Hard Courts Reserve	4	4,090	4,003
Wells Park Clubroom Reserve	4	9,726	9,520
Wells Park Clubroom Design Reserve	4	1,282	1,255
Wells Park Car Park Reserve	4	12,881	12,608
Plant Reserve	0	837,738	768,934
Road Construction and Major Maintenance Reserve	0	500,300	649,497
Building Maintenance Reserve	4	1,620,574	1,363,901
Wanjui Developer Contribution Reserve	0	0	0
		15,863,165	14,131,747
<b>Other restricted cash and cash equivalents</b>			
Unspent grants/contributions	26	548,840	1,611,237
<b>Total restricted cash and cash equivalents</b>		16,412,005	15,742,984

**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

Cash and cash equivalents (Continued)

and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

4. RESERVES - CASH BACKED

	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Reallocation to (from)	2019 Actual Closing Balance	2019 Budget Opening Balance	2019 Budget Transfer to	2019 Budget Transfer (from)	2019 Budget Closing Balance	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Reallocation to (from)	2018 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Information Technology Reserve	275,044	180,953	(49,014)	0	406,983	85,911	175,020	(256,435)	4,496	312,855	122,757	(100,568)	(60,000)	275,044
(b) Road Safety Programs Reserve	4,106	4,251	0	0	8,357	1,708	27	0	1,735	1,691	2,415	0	0	4,106
(c) Tourism Reserve	6,242	135	0	0	6,377	6,280	96	0	6,376	26,013	229	(20,000)	0	6,242
(d) Executive & Compliance Vehicle Reserve	291,095	156,733	(83,675)	0	364,153	206,755	81,791	(189,000)	99,546	319,319	82,814	(111,038)	0	291,095
(e) Employee Relief Reserve	207,110	19,885	0	0	226,995	208,723	18,149	0	226,872	157,110	50,000	0	0	207,110
(f) Employee Leave Entitlements Reserve	0	5,000	0	0	5,000	0	5,080	0	5,080	0	0	0	0	0
(g) Refuse Site Environmental Works Reserve	81,202	1,758	0	0	82,960	81,319	724	(35,000)	47,043	80,493	709	0	0	81,202
(h) Meat Inspection Reserve	5,108	111	0	0	5,219	5,116	81	0	5,197	5,064	44	0	0	5,108
(i) Recycling Education Reserve	80,590	1,744	0	0	82,334	80,706	929	(21,555)	60,080	79,886	704	0	0	80,590
(j) Eaton Recreation Centre - Equipment Reserve	308,665	56,681	0	0	365,346	309,072	55,119	(34,748)	329,443	279,629	42,464	(13,428)	0	308,665
(k) Council Land Development Reserve	5,715	15,124	0	0	20,839	3,668	15,055	(7,500)	11,223	18,478	163	(12,926)	0	5,715
(l) Sale of Land Reserve	2,255,133	48,810	0	0	2,303,943	2,266,508	2,234,258	(58,250)	4,442,516	2,368,045	20,869	(133,781)	0	2,255,133
(m) Accrued Salaries Reserve	328,500	50,860	0	0	379,360	331,872	49,678	(43,750)	337,800	328,500	0	0	0	328,500
(n) Carried Forward Projects Reserve	2,968,544	524,112	(493,032)	(31,104)	2,968,520	1,725,897	18,255	(1,407,749)	336,403	3,284,958	839,552	(1,461,335)	305,369	2,968,544
(o) Strategic Planning Studies Reserve	209,414	9,533	0	0	218,947	154,636	6,940	(44,250)	117,326	153,065	56,349	0	0	209,414
(p) Town Planning Consultancy Reserve	84,903	6,838	0	0	91,741	44,990	5,548	(32,000)	18,538	59,380	25,523	0	0	84,903
(q) Parks & Reserves Upgrades Reserve	339,392	217,346	(7,035)	0	549,703	259,794	217,615	0	477,409	158,360	346,954	(76,491)	(89,431)	339,392
(r) Election Expenses Reserve	966	22,521	0	0	23,487	996	22,871	0	23,867	20,783	20,183	(40,000)	0	966
(s) Pathways Reserve	112,292	152,430	(124,512)	23,951	164,161	96,614	151,832	(151,744)	96,702	57,692	145,508	(90,908)	0	112,292
(t) Asset / Rates Revaluation Reserve	228,922	63,955	0	0	292,877	61,563	60,253	(10,000)	111,816	180,708	60,592	(12,378)	0	228,922
(u) Refuse & Recycling Bin Replacement Reserve	52,930	1,146	0	0	54,076	53,007	836	0	53,843	52,468	462	0	0	52,930
(v) Emergency Services Reserve	10,088	218	0	0	10,306	10,103	159	0	10,262	10,000	88	0	0	10,088
(w) Small Plant & Equipment Reserve	10,044	5,217	0	0	15,261	10,051	5,239	0	15,290	5,000	5,044	0	0	10,044
(x) Storm Water Reserve	50,000	51,082	0	0	101,082	50,000	51,593	0	101,593	0	50,000	0	0	50,000
(y) Fire Control Reserve	1,085	23	0	0	1,108	1,087	17	0	1,104	1,076	9	0	0	1,085
(z) Collie River (Eaton Drive) Bridge Construction	1,627,719	35,230	(114,935)	0	1,548,014	1,638,032	21,459	(4,328)	1,655,163	3,890,096	34,282	(2,296,659)	0	1,627,719
(aa) Eaton Drive - Access Construction Reserve	163,739	3,543	(14,069)	0	153,213	73,654	1,161	(1,568)	73,247	72,906	644	(73,548)	163,737	163,739
(ab) Eaton Drive - Scheme Construction Reserve	920,705	19,927	(35,999)	0	904,633	1,008,344	19,846	(2,104)	1,026,086	1,246,186	10,982	(172,726)	(163,737)	920,705
(ac) Contribution to Works Reserve	585,778	15,765	0	0	601,543	584,368	19,228	0	603,596	477,940	107,838	0	0	585,778
(ad) Unspent Grants Reserve	1,611,237	1,051,485	(1,353,902)	0	1,308,820	950,773	4,183	(677,596)	277,360	1,023,321	1,421,057	(833,141)	0	1,611,237
(ae) Swimming Pool Inspection Reserve	26,852	581	(27,433)	0	0	21,751	183	(10,000)	11,934	26,617	235	0	0	26,852
(af) Unspent Specified Area Rate - Bulk Waste Co	67,617	12,153	0	0	79,770	60,082	947	0	61,029	59,471	8,146	0	0	67,617
(ag) Unspent Specified Area Rate - Eaton Landsc	0	67,486	0	0	67,486	0	33,815	0	33,815	0	0	0	0	0
(ah) Dardanup Community Centre Reserve	7,162	155	0	0	7,317	3,498	55	0	3,553	3,462	3,700	0	0	7,162
(ai) Dardanup Community Centre Design Reserve	1,102	24	0	0	1,126	492	8	0	500	487	615	0	0	1,102
(aj) Dardanup Public Library Reserve	4,265	92	0	0	4,357	2,285	36	0	2,321	2,262	2,003	0	0	4,265
(ak) Wells Park Hard Courts Reserve	4,003	87	0	0	4,090	1,808	29	0	1,837	1,790	2,213	0	0	4,003
(al) Wells Park Clubroom Reserve	9,520	206	0	0	9,726	4,908	77	0	4,985	4,858	4,662	0	0	9,520
(am) Wells Park Clubroom Design Reserve	1,255	27	0	0	1,282	468	7	0	475	463	792	0	0	1,255
(an) Wells Park Car Park Reserve	12,608	273	0	0	12,881	6,414	101	0	6,515	6,349	6,259	0	0	12,608
(ao) Plant Reserve	768,934	221,643	(152,839)	0	837,738	765,922	217,502	(179,464)	803,960	623,887	205,498	(60,451)	0	768,934
(ap) Road Construction and Major Maintenance Re	649,497	1,364,058	(1,513,255)	0	500,300	432,547	1,352,618	(1,648,803)	136,362	434,509	1,303,829	(1,088,841)	0	649,497
(aq) Building Maintenance Reserve	1,363,901	249,520	0	7,153	1,620,574	1,313,462	245,558	(355,390)	1,203,630	1,308,479	270,587	(59,227)	(155,938)	1,363,901
(ar) Wanju Developer Contribution Reserve	0	0	0	0	0	0	637,811	0	637,811	0	0	0	0	0
	15,742,984	4,638,721	(3,969,700)	0	16,412,005	12,925,184	5,731,789	(5,171,234)	13,485,739	17,143,656	5,256,774	(6,657,446)	0	15,742,984

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

Appendix 12.11(c)



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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In accordance with Council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve	Purpose of the reserve
(a) Information Technology Reserve	As scheduled in Council's Asset Management Plan.		Established for the acquisition of software and computer equipment.
(b) Road Safety Programs Reserve	As funds become available for suitable projects.		Established for general road safety programs in the Shire.
(c) Tourism Reserve	As funds become available for suitable projects.		Established to fund the development of tourism projects.
(d) Executive & Compliance Vehicle Reserve	As scheduled in Council's Asset Management Plan.		To fund the purchase or replacement of Council's executive and compliance vehicles.
(e) Employee Relief Reserve	As required.		To provide funds for employee related entitlements and relief staff for prolonged employee leave.
(f) Employee Leave Entitlements Reserve	As required.		To provide funds for employee purchased leave entitlements under Policy.
(g) Refuse Site Environmental Works Reserve	As required.		Established to provide funds for environmental works at the Banksia Road Refuse Site.
(h) Meat Inspection Reserve	As required.		To provide for equipment for Meat Inspection Services.
(i) Recycling Education Reserve	As funds become available for suitable projects.		Unspent recycling education funds for use in special education programs.
(j) Eaton Recreation Centre - Equipment Reserve	As scheduled in Council's Asset Management Plan.		Established for the acquisition and replacement of equipment at the Eaton Recreation Centre.
(k) Council Land Development Reserve	As required.		Established for funding the development of Council land for resale.
(l) Sale of Land Reserve	As suitable projects are identified.		Established to hold funds from the sale of Council land.
(m) Accrued Salaries Reserve	As required.		This fund consists of cash backed salaries and wages allocation paid annually into this reserve over a period of 10 financial years to meet the additional cash flow in each eleventh year when 27 pay periods occur (all other years have 26 pay periods).
(n) Carried Forward Projects Reserve	As projects are completed.		Established to hold unspent project funds to be carried forward into future financial years.
(o) Strategic Planning Studies Reserve	As required.		Established for funding strategic studies.
(p) Town Planning Consultancy Reserve	As funds become available for suitable projects.		Established for funding strategic Town Planning Studies.
(q) Parks & Reserves Upgrades Reserve	As scheduled in Council's Asset Management Plan.		Established to fund the development of Parks and Reserves.
(r) Election Expenses Reserve	Council election year.		Established to fund Council elections.
(s) Pathways Reserve	As scheduled in Council's Asset Management Plan.		Established to provide funds for the upgrade and renewal of the Shire's pathway infrastructure.
(t) Asset / Rates Revaluation Reserve	As required.		Established to provide funds for asset and rating revaluations.
(u) Refuse & Recycling Bin Replacement Reserve	As required.		Established to provide funds for replacement of refuse and recycling bins.
(v) Emergency Services Reserve	Funds are not expected to be used within a set period but on a budgetary needs basis.		Established to fund unforeseen over expenditure in the Emergency Services Levy Budget.
(w) Small Plant & Equipment Reserve	As scheduled in Council's Asset Management Plan.		Established to fund the purchase or replacement of Council's small plant and equipment.
(x) Storm Water Reserve	As scheduled in Council's Asset Management Plan.		Established to ensure preservation of Council's transport storm water infrastructure network independent of grants and contributions.
(y) Fire Control Reserve	As funds become available for suitable projects.		For the purchase, construction and development of fire fighting equipment and buildings.
(z) Collie River (Eaton Drive) Bridge Construction	As the necessary funds are raised.		Established for the future construction of a bridge over the Collie River and extend Eaton Drive.
(aa) Eaton Drive - Access Construction Reserve	As the growth in Eaton townsite necessitates development		Established for the construction of Eaton Drive Access Road from developer contributions.
(ab) Eaton Drive - Scheme Construction Reserve	As the growth in Eaton townsite necessitates development		Established for the future construction of Eaton Drive from developer contributions.
(ac) Contribution to Works Reserve	Year of budgeted works.		Established to account for contributions and donations received from external sources.
(ad) Unspent Grants Reserve	Year of budgeted works.		Established to identify unexpended grants and special projects funding.
(ae) Swimming Pool Inspection Reserve	On payment of swimming pool inspections every 3 years.		Established to account for unspent Swimming Pool Inspection Levy.
(af) Unspent Specified Area Rate - Bulk Waste Cc	Next financial year.		Established to hold unspent specified area rates for bulk waste collection.
(ag) Unspent Specified Area Rate - Eaton Landsca	Next financial year.		Established to hold unspent specified area rates for Eaton landscaping.
(ah) Dardanup Community Centre Reserve	As required.		Established to hold funds for the future construction of a community centre and outdoor play area.
(ai) Dardanup Community Centre Design Reserve	As required.		Established to hold funds for the design of a future community centre and outdoor play area.
(aj) Dardanup Public Library Reserve	As required.		Established to hold funds for the future extension of Dardanup Public Library.
(ak) Wells Park Hard Courts Reserve	As required.		Established to hold funds for the future upgrade of the hard courts and lighting at Wells Park.
(al) Wells Park Clubroom Reserve	As required.		Established to hold funds for the future extension of the club room facilities at Wells Park.
(am) Wells Park Clubroom Design Reserve	As required.		Established to hold funds for the design and future extension of the club room facilities at Wells Park.
(an) Wells Park Car Park Reserve	As required.		Established to hold funds for the future upgrade and construction of the car parking area at Wells Park.
(ao) Plant Reserve	As scheduled in Council's Asset Management Plan.		To fund the purchase or replacement of Council's vehicles, heavy plant and equipment.
(ap) Road Construction and Major Maintenance Re	Funds are not expected to be used within a set period but on a budgetary needs basis.		Established to provide funds for the upgrade and renewal of the Shire's transport infrastructure.
(aq) Building Maintenance Reserve	As scheduled in Council's Asset Management Plan.		For the purchase, construction and maintenance of Council buildings.
(ar) Wanju Developer Contribution Reserve	As required.		Established to fund Wanju Developer Contribution Plan planning and development costs.

## 5. TRADE RECEIVABLES

### Current

Rates receivable
Sundry receivables
GST receivable
Fuel tax credits
Insurance claims
Pensioner rates rebate

### Non-current

Pensioner's rates and ESL deferred
------------------------------------

	2019	2018
	\$	\$
	311,495	324,805
	200,555	124,066
	280,660	306,110
	6,983	5,715
	0	1,757
	19,786	15,101
	<b>819,479</b>	<b>777,554</b>
	111,904	108,314
	<b>111,904</b>	<b>108,314</b>

## 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 29.

### Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

### 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.

## 6. INVENTORIES

### Current

Materials - depot  
Trading stock - Eaton Recreation Centre

	2019	2018
	\$	\$
	5,047	2,166
	8,430	11,857
	13,477	14,023

The following movements in inventories occurred during the year:

Carrying amount at 1 July

Additions to inventory

Carrying amount at 30 June

	14,023	14,023
	(546)	
	13,477	14,023

### 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.



**7. OTHER ASSETS**

	2019	2018
	\$	\$
Prepayments (Prepaid Expenditure)	22,735	5,708
Accrued Revenue	151,597	55,968
	<u>174,332</u>	<u>61,676</u>

**Other current assets**

Prepayments (Prepaid Expenditure)  
Accrued Revenue

**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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

8. OTHER FINANCIAL ASSETS

(a) Current assets

Other loans and receivables

	2019	2018
	\$	\$
Other loans and receivables	0	32,936
	0	32,936
<b>Financial assets previously classified as loans and receivables</b>		
- Loans receivable - clubs/institutions	0	32,936
	0	32,936

Financial assets previously classified as loans and receivables

- Loans receivable - clubs/institutions

(b) Non-current assets

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss	70,068	0
	70,068	0

Financial assets at fair value through profit and loss

- Unlisted equity investments

Financial assets at fair value through profit and loss - Local Government House Unit Trust

Financial assets at fair value through profit and loss - Local Government House Unit Trust	70,068	0
	70,068	0

During the year, the following gains/(losses) were recognised in profit and loss:

Fair value gains/(losses) on equity investments at fair value through profit and loss are recognised in other gains/(losses) and classified as other property and services

	70,068	0
	70,068	0

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 15(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 29.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Previous accounting policy: available for sale financial assets

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

Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 32 for explanations regarding the change in accounting policy.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

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	Total land	Buildings - non- specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Motor vehicles	Work in progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	6,258,523	6,258,523	23,391,263	23,391,263	29,649,786	603,878	55,942	2,750,442	426,931	33,486,979
Additions	100,000	100,000	581,380	581,380	681,380	155,479	53,334	263,260	61,941	1,215,394
Adjustment to Additions for Change in Accounting Policy						(79,965)	(21,891)			(101,856)
(Disposals)	0	0	0	0	0	(2,208)	0	(182,002)	0	(184,210)
Depreciation (expense)	0	0	(794,745)	(794,745)	(794,745)	(134,795)	(8,980)	(304,985)	0	(1,243,505)
Transfers	7,150	7,150	0	0	7,150				(7,150)	0
<b>Carrying amount at 30 June 2018</b>	<b>6,365,673</b>	<b>6,365,673</b>	<b>23,177,898</b>	<b>23,177,898</b>	<b>29,543,571</b>	<b>542,389</b>	<b>78,405</b>	<b>2,526,715</b>	<b>481,722</b>	<b>33,172,802</b>
<b>Comprises:</b>										
Gross carrying amount at 30 June 2018	6,365,673	6,365,673	39,966,861	39,966,861	46,332,534	1,580,442	184,332	4,597,316	481,722	53,178,346
Accumulated depreciation at 30 June 2018	0	0	(16,788,963)	(16,788,963)	(16,788,963)	(1,038,053)	(105,927)	(2,070,601)	0	(20,003,544)
<b>Carrying amount at 30 June 2018</b>	<b>6,365,673</b>	<b>6,365,673</b>	<b>23,177,898</b>	<b>23,177,898</b>	<b>29,543,571</b>	<b>542,389</b>	<b>78,405</b>	<b>2,526,715</b>	<b>481,722</b>	<b>33,172,802</b>
Additions	0	0	310,908	310,908	310,908	33,131	45,444	381,650	89,922	860,055
(Disposals)	0	0	0	0	0	(2,782)	0	(277,663)	0	(280,445)
Depreciation (expense)	0	0	(806,372)	(806,372)	(806,372)	(132,700)	(12,453)	(348,527)	0	(1,300,052)
<b>Carrying amount at 30 June 2019</b>	<b>6,365,673</b>	<b>6,365,673</b>	<b>22,682,434</b>	<b>22,682,434</b>	<b>29,048,107</b>	<b>440,038</b>	<b>111,396</b>	<b>2,282,175</b>	<b>571,644</b>	<b>32,453,360</b>
<b>Comprises:</b>										
Gross carrying amount at 30 June 2019	6,365,673	6,365,673	40,277,769	40,277,769	46,643,442	1,608,573	229,776	4,533,753	571,644	53,567,188
Accumulated depreciation at 30 June 2019	0	0	(17,595,335)	(17,595,335)	(17,595,335)	(1,168,535)	(118,379)	(2,251,578)	0	(21,130,827)
<b>Carrying amount at 30 June 2019</b>	<b>6,365,673</b>	<b>6,365,673</b>	<b>22,682,434</b>	<b>22,682,434</b>	<b>29,048,107</b>	<b>440,038</b>	<b>111,397</b>	<b>2,282,175</b>	<b>571,644</b>	<b>32,453,361</b>

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

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
<b>Land and buildings</b>					
Land - freehold land	3	Market approach using recent observable market data for similar properties	Independent registered valuer	30 June 2017	Price per m2
Buildings - non-specialised	3	Market approach using recent observable market data for properties	Independent registered valuer	30 June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Furniture and equipment</b>	3	Cost approach using depreciated replacement cost	Management valuation	30 June 2016	Purchase costs and current condition, residual values and remaining useful life assessments
<b>Plant and equipment</b>	3	Cost approach using depreciated replacement cost	Management valuation	30 June 2016	Purchase costs and current condition, residual values and remaining useful life assessments
<b>Motor vehicles</b>	3	Cost approach using depreciated replacement cost	Management valuation	30 June 2016	Purchase costs and current condition, residual values and remaining useful life assessments
<b>Intangible assets</b>	3	Market approach using recent Valuer General rating valuations	Management valuation	30 June 2018	Valuer General rating valuations applied to easement land area

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.

9. INTANGIBLE ASSETS

(c)

		2019	2018
		\$	\$
Intangible Assets	Level 3 - Management Valuation 2018 - 30 June 2018	1,920,902	1,920,902
Less: accumulated depreciation		0	0
<b>Total Intangible Assets</b>		<b>1,920,902</b>	<b>1,920,902</b>

Intangible Assets are easements on land owned by residents where the Shire has the right to use the land owned by residents for drainage purposes. The easements have an indefinite useful life and are assessed for impairment annually.

Carrying Amount as at 1 July 2017	1,921,278
Additions	
(Disposals)	
Revaluation increments/ (decrements) transferred to revaluation surplus	(376)
<b>Carrying Amount as at 1 July 2018</b>	<b>1,920,902</b>
Additions	0
(Disposals)	0
Revaluation increments/ (decrements) transferred to revaluation surplus	
<b>Carrying Amount as at 1 July 2019</b>	<b>1,920,902</b>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

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	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks and ovals	Infrastructure - Bridges	Total Infrastructure
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	92,088,460	6,840,353	16,456,543	4,597,226	12,279,623	132,262,205
Additions	3,734,967	142,082	0	916,956	2,522,459	7,316,464
Revaluation increments / (decrements) transferred to revaluation surplus	(3,012,358)	395,150	1,398,460	543,092	8,295,310	7,619,654
Depreciation (expense)	(2,428,913)	(192,080)	(295,445)	(170,038)	(479,539)	(3,566,015)
Transfers	0	0	0	0	0	0
<b>Carrying amount at 30 June 2018</b>	90,382,156	7,185,505	17,559,558	5,887,236	22,617,853	143,632,308
<b>Comprises:</b>						
Gross carrying amount at 30 June 2018	127,209,804	10,133,662	25,047,817	9,147,164	39,941,059	211,479,506
Accumulated depreciation at 30 June 2018	(36,827,648)	(2,948,157)	(7,488,259)	(3,259,928)	(17,323,206)	(67,847,198)
Accumulated impairment loss at 30 June 2018	0	0	0	0	0	0
<b>Carrying amount at 30 June 2018</b>	90,382,156	7,185,505	17,559,558	5,887,236	22,617,853	143,632,308
Additions	3,191,626	184,040	0	68,198	412,385	3,856,249
Depreciation (expense)	(2,430,122)	(202,673)	(333,136)	(182,943)	(593,344)	(3,742,218)
<b>Carrying amount at 30 June 2019</b>	91,143,660	7,166,872	17,226,422	5,772,491	22,436,894	143,746,339
<b>Comprises:</b>						
Gross carrying amount at 30 June 2019	130,401,431	10,317,702	25,047,817	9,215,361	40,353,444	215,335,755
Accumulated depreciation at 30 June 2019	(39,257,771)	(3,150,830)	(7,821,395)	(3,442,871)	(17,916,549)	(71,589,416)
<b>Carrying amount at 30 June 2019</b>	91,143,660	7,166,872	17,226,422	5,772,490	22,436,895	143,746,339

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

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	3	Cost approach using depreciated replacement cost	Management valuation	Jun 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Management valuation	Jun 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Management valuation	Jun 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Parks and ovals	3	Cost approach using depreciated replacement cost	Management valuation	Jun 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Bridges	3	Cost approach using depreciated replacement cost	Independent valuation	Jun 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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.



## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2019

### 10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

#### SIGNIFICANT ACCOUNTING POLICIES

##### Fixed assets

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

##### Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

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

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, 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 fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. 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 property, plant and equipment to be shown at fair value.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same 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

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

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

##### Land under roads

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

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	2019 Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	0	0	0	0	0	1,165,000	1,165,000	0	0	0	0	0
Furniture and equipment	2,782	564	0	(2,218)	0	0	0	0	2,208	0	0	(2,208)
Motor vehicles	277,663	261,011	15,093	(31,745)	228,942	228,942	0	0	182,002	121,863	0	(60,139)
	280,445	261,575	15,093	(33,963)	228,942	1,393,942	1,165,000	0	184,210	121,863	0	(62,347)

The following assets were disposed of during the year.

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$
<b>Plant and Equipment</b>				
<b>Health</b>				
Health services vehicle	21,976	17,773	0	(4,203)
<b>Recreation and culture</b>				
ERC furniture and equipment	2,782	564	0	(2,218)
<b>Transport</b>				
Transport truck	43,090	55,455	12,365	0
Transport vehicle	20,565	14,091	0	(6,474)
<b>Other property and services</b>				
Executive services vehicle	45,624	48,352	2,728	0
Community services vehicle	17,480	15,454	0	(2,026)
Engineering services vehicle	19,206	14,863	0	(4,343)
Engineering services vehicle	40,177	39,090	0	(1,087)
Engineering services vehicle	23,324	22,080	0	(1,244)
Engineering services vehicle	29,740	19,682	0	(10,058)
Financial services vehicle	16,481	14,171	0	(2,310)
	280,445	261,575	15,093	(33,963)

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(b) Fully Depreciated Assets in Use

The gross carrying value of assets held by the Shire which are currently in use yet fully depreciated are shown below.

	2019	2018
	\$	\$
Buildings - non-specialised	126,157	0
Furniture and equipment	539,786	520,095
Plant and equipment	17,072	17,072
Motor vehicles	628,373	320,297
	<u>1,311,388</u>	<u>857,464</u>



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019**

**11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)**

**(c) Depreciation**

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Buildings - non-specialised	806,372	900,746	794,745
Furniture and equipment	132,700	103,361	134,795
Plant and equipment	12,453	19,653	8,980
Motor vehicles	348,527	105,126	304,985
Infrastructure - Roads	2,430,122	2,038,354	2,428,913
Infrastructure - Footpaths	202,673	155,641	192,080
Infrastructure - Drainage	333,136	324,236	295,445
Infrastructure - Parks and ovals	182,943	219,900	170,038
Infrastructure - Bridges	593,344	948,583	479,539
	5,042,270	4,815,600	4,809,520

**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 - non-specialised	50 years
Buildings - specialised	50 years
Furniture and equipment	5 to 10 years
Plant and equipment	5 to 10 years
Motor Vehicles	10 Years
Works in Progress	Nil
Infrastructure Assets	
- Roads - Sealed	30 Years
- Roads - Unsealed (formed)	60 Years
- Roads - Gravel	60 Years
- Infrastructure - Footpaths	50 Years
- Infrastructure - Drainage	75 Years
- Infrastructure - Parks and ovals	20 Years
- Infrastructure - Other	0 Years
- Infrastructure - Water supply	0 Years
- Infrastructure - Bridges	80 Years
- Infrastructure - Parks & Ovals	20 Years

**Depreciation (Continued)**

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

12. REVALUATION SURPLUS

					1/07/2017					30/06/2018
	2019	2019	2019	Total	2019	2018	2018	2018	Total	2018
	Opening	Revaluation	Revaluation	Movement on	Closing	Opening	Revaluation	Revaluation	Movement on	Closing
	Balance	Increment	(Decrement)	Revaluation	Balance	Balance	Increment	(Decrement)	Revaluation	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	5,018,352	0	0	0	5,018,352	5,018,352	0	0	0	5,018,352
Revaluation surplus - Buildings - non-specialised	11,814,130	0	0	0	11,814,130	11,814,130	0	0	0	11,814,130
Revaluation surplus - Furniture and equipment	141,852	0	0	0	141,852	141,852	0	0	0	141,852
Revaluation surplus - Plant and equipment	61,467	0	0	0	61,467	61,467	0	0	0	61,467
Revaluation surplus - Motor vehicles	308,205	0	0	0	308,205	308,205	0	0	0	308,205
Revaluation surplus - Intangible assets	1,920,902	0	0	0	1,920,902	1,921,278	0	(376)	(376)	1,920,902
Revaluation surplus - Infrastructure - Roads	57,347,459	0	0	0	57,347,459	60,359,817	0	(3,012,358)	(3,012,358)	57,347,459
Revaluation surplus - Infrastructure - Footpaths	6,425,473	0	0	0	6,425,473	6,030,323	395,150	0	395,150	6,425,473
Revaluation surplus - Infrastructure - Drainage	19,141,929	0	0	0	19,141,929	17,743,469	1,398,460	0	1,398,460	19,141,929
Revaluation surplus - Infrastructure - Parks and ovals	2,216,465	0	0	0	2,216,465	1,673,373	543,092	0	543,092	2,216,465
Revaluation surplus - Infrastructure - Bridges	16,265,455	0	0	0	16,265,455	7,970,145	8,295,310	0	8,295,310	16,265,455
	120,661,689	0	0	0	120,661,689	113,042,411	10,632,012	(3,012,734)	7,619,278	120,661,689

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

**13. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors
Rates paid in advance
Accrued salaries and wages
ATO liabilities
Accrued interest on long term borrowings
Accrued expenses
Prepaid revenue
Municipal Bonded Liab

2019	2018
\$	\$
735,312	748,816
558,936	436,913
25,165	24,353
160,435	134,354
37,523	42,740
5,174	61,406
11,382	0
825,867	0
<b>2,359,794</b>	<b>1,448,582</b>

**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

**Trade and other payables (Continued)**

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.

**14. SHORT-TERM BORROWINGS**

Council has no short-term borrowings whereby restrictions have been imposed on those borrowings.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

15. INFORMATION ON BORROWINGS

(a) Borrowings	2019	2018
	\$	\$
Current	279,748	362,288
Non-current	1,963,116	2,242,864
	2,242,864	2,605,152

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2019					30 June 2019					30 June 2018						
				Actual Principal 1 July 2018	Actual New Loans	Actual Principal repayments	Accrued Interest	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2018	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2017	Actual New Loans	Actual Principal repayments	Accrued Interest	Actual Interest repayments	Actual Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Community amenities</b>																				
Wanju Developer Contribution Plan Loan																				
				0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	
<b>Recreation and culture</b>																				
Loan 59 - Eaton Recreation Centre																				
				442,109	0	78,336	26,542	24,819	363,773	442,109	0	78,336	27,647	363,773	515,970	0	73,861	28,177	29,219	442,109
Loan 63 - Eaton Recreation Centre Extensions																				
				41,655	0	20,215	2,299	2,189	21,440	41,655	0	20,215	2,518	21,440	60,716	0	19,061	3,139	3,344	41,655
Loan 68 - Fitness Equipment																				
				62,190	0	41,120	1,775	1,716	21,070	62,191	0	41,120	2,082	21,071	101,986	0	39,796	2,742	3,040	62,190
Loan 69 - Glen Huon Oval Club Rooms																				
				1,043,266	0	38,158	46,108	39,699	1,005,108	1,043,266	0	38,158	46,809	1,005,108	1,080,000	0	36,734	40,449	41,123	1,043,266
<b>Transport</b>																				
Loan 66 - Depot Land																				
				613,506	0	54,089	27,474	24,425	559,417	613,507	0	54,089	28,387	559,418	665,459	0	51,953	25,685	26,561	613,506
<b>Economic services</b>																				
Loan 61 - Gravel Pit Land, Panizza Road																				
				134,131	0	21,117	8,632	7,981	113,014	134,130	0	21,116	8,858	113,014	153,979	0	19,848	9,017	9,229	134,131
<b>Other property and services</b>																				
Loan 49 - Administration Building																				
				42,965	0	42,965	597	1,332	0	42,964	0	42,964	1,393	0	124,997	0	82,032	4,978	6,498	42,965
Loan 65 - Administration Building Extensions																				
				192,395	0	33,353	13,647	12,949	159,042	192,394	0	33,353	14,258	159,041	223,522	0	31,127	14,605	15,176	192,395
				2,572,217	0	329,353	127,074	115,110	2,242,864	2,572,216	750,000	361,309	147,331	2,960,907	2,926,629	0	354,412	128,792	134,190	2,572,217
<b>Self Supporting Loans</b>																				
<b>Recreation and culture</b>																				
Loan 67 - Eaton Bowling Club																				
				32,935	0	32,936	219	504	0	32,936	0	32,936	559	0	97,325	0	64,390	1,824	2,489	32,935
				32,935	0	32,936	219	504	0	32,936	0	32,936	559	0	97,325	0	64,390	1,824	2,489	32,935
				2,605,152	0	362,288	127,293	115,614	2,242,864	2,605,152	750,000	394,245	147,890	2,960,907	3,023,954	0	418,802	130,616	136,679	2,605,152

Self supporting loans are financed by payments from third parties. These are shown in Note 8 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

(Appendix ORD: 12.11C)

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

15. INFORMATION ON BORROWINGS (Continued)

	2019	2018
(c) Undrawn Borrowing Facilities	\$	\$
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	250,000	250,000
Credit card limit	15,000	20,000
<b>Total amount of credit unused</b>	<b>265,000</b>	<b>270,000</b>
<b>Loan facilities</b>		
Loan facilities - current	279,748	362,288
Loan facilities - non-current	1,963,116	2,242,864
<b>Total facilities in use at balance date</b>	<b>2,242,864</b>	<b>2,605,152</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Borrowing costs**

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

**Risk**

Information regarding exposure to risk can be found at Note 29.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

16. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Opening balance at 1 July 2018

Current provisions

Non-current provisions

Amounts used

Balance at 30 June 2019

Comprises

Current

Non-current

	Provision for Annual Leave	Provision for Rostered Days Off	Provision for Long Service Leave	Total
	\$	\$	\$	\$
Opening balance at 1 July 2018				
Current provisions	680,765	65,842	444,200	1,190,807
Non-current provisions	0	0	427,149	427,149
	680,765	65,842	871,349	1,617,956
Amounts used	(24,293)	(6,222)	(86,580)	(117,095)
Balance at 30 June 2019	656,472	59,620	784,769	1,500,861
Comprises				
Current	656,472	59,620	556,606	1,272,698
Non-current	0	0	228,163	228,163
	656,472	59,620	784,769	1,500,861

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

More than 12 months from reporting date

	2019	2018
	\$	\$
Less than 12 months after the reporting date	1,272,698	1,190,807
More than 12 months from reporting date	228,163	427,149
	1,500,861	1,617,956

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

Other long-term employee benefits (Continued)

rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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.



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019****17. 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:

	<b>2019 Actual</b>	<b>2019 Budget</b>	<b>2018 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	19,441,957	14,425,531	17,832,573
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	766,902	2,164,065	2,197,782
Non-cash flows in Net result:			
Adjustments to fair value of financial assets	(70,068)	0	0
Depreciation	5,042,270	4,815,600	4,809,520
(Profit)/loss on sale of asset	18,870	(1,165,000)	62,347
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(45,515)	(5,001)	563,595
(Increase)/decrease in other assets	(112,656)	0	0
(Increase)/decrease in inventories	546	2,500	2,636
Increase/(decrease) in payables	911,212	(36,500)	44,084
Increase/(decrease) in provisions	(117,095)	34,000	308,685
Grants contributions for the development of assets	(1,874,654)	(2,678,617)	(4,107,677)
Net cash from operating activities	4,519,812	3,131,047	3,880,972

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	89,209	63,334
General purpose funding	20,173,168	18,592,617
Law, order, public safety	1,361,906	1,316,055
Health	890,958	925,470
Education and welfare	754,907	784,263
Community amenities	719,274	667,743
Recreation and culture	24,798,429	25,428,446
Transport	146,024,052	145,746,248
Economic services	703,411	642,329
Other property and services	3,236,505	3,386,583
	<u>198,751,819</u>	<u>197,553,088</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

**19. CONTINGENT LIABILITIES**

**The Shire of Harvey and Shire of Dardanup Joint Town Planning Scheme No. 1**

The Shires of Dardanup and Harvey operate a joint Town Planning Scheme to enable both Local Government Authorities to coordinate land developer contributions to a the bridge spanning the Collie River, linking Eaton and Treendale. Each Council administers the collecting of contributions from land devlopment within their respective boundaries and accumulates their respective collected funds. All contributed funds to the Shire of Dardanup (less allowable administration expenses) are cash backed in Council's Reserve Fund.

The bridge was completed in early 2018 linking the townsites of Eaton and Treendale, with the official opening occuring on the 16 March 2018.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

20. LEASING COMMITMENTS

Council has no capital lease commitments as at 30 June 2019.

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year
- later than one year but not later than five years
- later than five years

2019	2018
\$	\$
177,858	334,463
209,541	144,034
0	0
387,399	478,497

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

Leases (Continued)

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

21. RELATED PARTY TRANSACTIONS

**Elected Members Remuneration**

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting Fees	113,511	108,316	107,000
President's allowance	29,883	25,614	16,000
Deputy President's allowance	7,470	6,403	4,000
Travelling expenses	4,227	11,000	8,355
Telecommunications allowance	22,459	22,050	9,000
Reimbursements	0	1,000	2,658
	<u>177,550</u>	<u>174,383</u>	<u>147,013</u>

**Key Management Personnel (KMP) Compensation Disclosure**

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

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	1,596,935	1,332,450
Post-employment benefits	180,424	153,373
Other long-term benefits	43,286	40,608
Termination benefits	83,835	0
	<u>1,904,480</u>	<u>1,526,431</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).

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

21. 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.

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:

	2019 Actual	2018 Actual
	\$	\$
Sale of goods and services	0	0
Purchase of goods and services	0	0

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.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

**22. JOINT ARRANGEMENTS**

Council has no joint venture arrangements in place as at 30 June 2019.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

**23. INVESTMENT IN ASSOCIATES**

Council has no investments in associates as at 30 June 2019.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019**

**24. MAJOR LAND TRANSACTIONS**

Council did not undertake any Major Land Transactions during the 2018/19 financial year.

**25. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the 2018/19 financial year.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

26. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing
	Balance <sup>(1)</sup> 1/07/17	2017/18	2017/18	Balance <sup>(1)</sup> 30/06/18	2018/19	2018/19	Balance 30/06/19
	\$	\$	\$	\$	\$	\$	\$
<b>General purpose funding</b>							
Prepaid LGGC Financial Assistance	460,621	456,553	(460,621)	456,553	0	(456,553)	0
Prepaid LGGC Local Roads Grant	262,089	270,449	(262,089)	270,449	0	(270,449)	0
<b>Law, order, public safety</b>							
Prepaid Emergency Services Levy Grant	28,568	33,684	(28,568)	33,684	41,504	(33,684)	41,504
Emergency Management Grant	16,265	0	(2,391)	13,874	0	(13,874)	0
AWARE Funding	0	4,000	0	4,000	0	(4,000)	0
<b>Health</b>							
FIMM WA Funding for Mosquito Control	1,516	0	(1,516)	0	0	0	0
<b>Community amenities</b>							
Dept Agriculture & Food Grant - Dry Assist	3,854	0	0	3,854	0	(3,854)	0
Dept Agriculture & Food Grant - Land Cons	2,827	0	0	2,827	0	(2,827)	0
<b>Recreation and culture</b>							
DLGSCI Planning Grant Eaton Bowling Clu	0	50,000	0	50,000	0	0	50,000
Carbon Pricing - Wells Recreation Park	56,335	0	0	56,335	0	0	56,335
<b>Transport</b>							
LGGC Bridge Funding - Bridge 4821 Martin	13,030	0	0	13,030	0	(13,030)	0
Black Spot Funding - Moore Road	77,956	0	(77,956)	0	0	0	0
Roads to Recovery Grant - Depiazzi Road	85,259	0	0	85,259	0	(85,259)	0
Black Spot Funding - Crooked Brook Road	0	100,371	0	100,371	0	(100,371)	0
LGGC Bridge Funding - Bridge 3665A Recr	0	112,000	0	112,000	0	(112,000)	0
LGGC Bridge Funding - Bridge 4821 Martin	0	136,000	0	136,000	0	0	136,000
LGGC Bridge Funding - Bridge 4861 Ironst	0	258,000	0	258,000	0	(258,000)	0
<b>Economic services</b>							
Regional Tourism Grant - Waste Dump Poi	15,000	0	0	15,000	0	0	15,000
<b>Other property and services</b>							
Royalties for Regions Heritage Walk Trail C	0	0	0	0	250,000	0	250,000
<b>Total</b>	<b>1,023,320</b>	<b>1,421,058</b>	<b>(833,141)</b>	<b>1,611,237</b>	<b>291,504</b>	<b>(1,353,901)</b>	<b>548,840</b>

Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

27. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2018/19 Actual Rateable Value \$	2018/19 Actual Rate Revenue \$	2018/19 Actual Interim Rates \$	2018/19 Actual Back Rates \$	2018/19 Actual Total Revenue \$	2018/19 Budget Rate Revenue \$	2018/19 Budget Interim Rate \$	2018/19 Budget Back Rate \$	2018/19 Budget Total Revenue \$	2017/18 Actual Total Revenue \$
<b>Gross rental valuations</b>												
Residential	0.09679	3,022	54,854,060	5,309,324	(1,807)	714	5,308,231	5,309,324	230,000	0	5,539,324	4,999,357
Commercial	0.09679	55	13,589,820	1,315,359	3,766	0	1,319,125	1,315,359	0	0	1,315,359	1,256,335
Industrial	0.09679	65	7,516,910	727,562	1,257	0	728,819	727,562	0	0	727,562	675,493
Small Holding	0.09679	355	7,865,780	761,329	5,315	433	767,077	761,329	0	0	761,329	719,893
<b>Unimproved valuations</b>												
Broad Acre Rural	0.006019	484	273,193,000	1,644,349	(1,104)	0	1,643,245	1,644,349	0	0	1,644,349	1,573,834
Mining	0.006019	0	0	0	0	0	0	0	0	0	0	0
<b>Sub-Total</b>		3,981	357,019,570	9,757,923	7,427	1,147	9,766,497	9,757,923	230,000	0	9,987,923	9,224,912
<b>Minimum payment</b>	\$											
<b>Gross rental valuations</b>												
Residential	1,488	1,670	21,490,806	2,484,960	52,451	4,245	2,541,656	2,484,960	0	0	2,484,960	2,445,613
Commercial	1,488	7	61,400	10,416	0	0	10,416	10,416	0	0	10,416	9,968
Industrial	1,488	52	629,150	77,376	0	0	77,376	77,376	0	0	77,376	79,744
Small Holding	1,488	70	603,240	104,160	3,482	0	107,642	104,160	0	0	104,160	106,800
<b>Unimproved valuations</b>												
Broad Acre Rural	1,488	129	19,058,000	191,952	18,447	0	210,399	191,952	0	0	191,952	175,872
Mining	1,488	20	363,097	29,760	(868)	(340)	28,552	29,760	0	0	29,760	30,340
<b>Sub-Total</b>		1,948	42,205,693	2,898,624	73,512	3,905	2,976,040	2,898,624	0	0	2,898,623	2,848,337
		5,929	399,225,263	12,656,547	80,939	5,052	12,742,537	12,656,547	230,000	0	12,886,546	12,073,249
Discounts/concessions (refer Note 27(c))							(2,491)				(5,000)	(990)
<b>Total amount raised from general rate</b>							12,740,046				12,881,546	12,072,259
Specified Area Rate (refer Note 27(b))							351,801				349,178	345,091
<b>Totals</b>							13,091,847				13,230,724	12,417,350

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

(Appendix ORD: 12.11C)



27. RATING INFORMATION (Continued)

(b) Specified Area Rate

Specified Area Rate	Basis of Valuation	Rate in \$	2018/19 Rateable Value	2018/19 Rate Revenue	2018/19 Interim Rate Revenue	2018/19 Back Rate Revenue	2018/19 Total Specified Area Rate Revenue	2018/19 Budget Rate Revenue	2018/19 Budget Back Rate Revenue	2018/19 Budget Interim Rate Revenue	2018/19 Total Budget Revenue	2017/18 Total Actual Revenue
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Bulk Waste Collection	GRV	0.001454	75,085,538	109,178	946	0	110,124	109,178	0	0	109,178	111,403
Eaton Landscaping	GRV	0.002895	82,895,628	240,000	1,677	0	241,677	240,000	0	0	240,000	233,688
				349,178	2,623	0	351,801	349,178	0	0	349,178	345,091

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	2018/19 Actual Rate Applied to Costs	2018/19 Actual Rate Set Aside to Reserve	2018/19 Actual Reserve Applied to Costs	2018/19 Budget Rate Applied to Costs	2018/19 Budget Rate Set Aside to Reserve	2018/19 Budget Reserve Applied to Costs
			\$	\$	\$	\$	\$	\$
Bulk Waste Collection		4,525	98,488	10,690		109,178	0	0
Eaton Landscaping		4,334	22,514	67,486		206,715	33,285	0
			121,002	78,176	0	315,893	33,285	0

27. RATING INFORMATION (Continued)

(c) Discounts, Incentives, Concessions, & Write-offs

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2019 Actual \$	2019 Budget \$	2018 Actual \$	Circumstances in which Discount is Granted
Rates Written Off			2,491	5,000	990	Write Offs
			2,491	5,000	990	



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

27. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
<b>Option One</b>				
Single Full Payment	12/09/2018	0.00	0.00%	11.00%
<b>Option Two</b>				
Instalment Plan Administrative Charge \$39.00				
First Instalment	12/09/2018	0	0.00%	11.00%
Second Instalment	14/11/2018	13.00	5.50%	11.00%
Third Instalment	16/01/2019	13.00	5.50%	11.00%
Fourth Instalment	20/03/2019	13.00	5.50%	11.00%

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Interest on unpaid rates	73,337	62,100	71,270
Interest on instalment plan	69,247	67,275	66,493
Charges on instalment plan	88,783	89,735	86,411
	231,367	219,110	224,174

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

28. RATE SETTING STATEMENT INFORMATION

Note	2018/19	2018/19	2018/19	
	(30 June 2019 Carried Forward)	Budget (30 June 2019 Carried Forward)	(1 July 2018 Brought Forward)	
	\$	\$	\$	
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	11(a)	(15,093)	(1,165,000)	0
Less: Fair value adjustments to financial assets at amortised cost		(70,068)	0	0
Movement in pensioner deferred rates (non-current)		(3,590)	0	(26,004)
Movement in employee benefit provisions (non-current)		(198,986)	0	86,436
Add: Loss on disposal of assets	11(a)	33,963	0	62,347
Add: Depreciation on assets	11(c)	5,042,270	4,815,600	4,809,520
<b>Non cash amounts excluded from operating activities</b>		<b>4,788,496</b>	<b>3,650,600</b>	<b>4,932,299</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
Less: Reserves - restricted cash	3	(16,412,005)	(13,485,739)	(15,742,984)
Less: - Financial assets at amortised cost - self supporting loans	8(a)	0	0	(32,936)
Add: Borrowings	15(a)	279,748	718,042	362,288
<b>Total adjustments to net current assets</b>		<b>(16,132,257)</b>	<b>(12,767,697)</b>	<b>(15,413,632)</b>
<b>Net current assets used in the Rate Setting Statement</b>				
Total current assets		20,449,245	15,981,441	18,718,762
Less: Total current liabilities		(3,912,240)	(3,087,625)	(3,001,677)
Less: Total adjustments to net current assets		(16,132,257)	(12,767,697)	(15,413,632)
<b>Net current assets used in the Rate Setting Statement</b>		<b>404,751</b>	<b>126,119</b>	<b>303,456</b>



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

## 29. FINANCIAL RISK MANAGEMENT

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

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

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

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

### (a) Interest rate risk

#### Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

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
	%	\$	\$	\$	\$
<b>2019</b>					
Cash and cash equivalents	2.28%	19,441,957	11,100,000	8,341,957	0
<b>2018</b>					
Cash and cash equivalents	2.14%	17,832,573	10,529,158	7,303,415	0

#### Sensitivity

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

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	194,420	178,326

\* 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 15(b).



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019****29. FINANCIAL RISK MANAGEMENT (Continued)****(b) Credit risk****Trade Receivables**

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

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

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

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 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2019</b>					
Rates receivable					
Gross carrying amount	198,573	59,072	25,320	28,530	311,495
<b>01 July 2018</b>					
Rates receivable					
Gross carrying amount	233,539	50,514	21,566	19,186	324,805

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2019</b>					
Sundry Receivables					
Gross carrying amount	164,264	4,977	7,558	23,756	200,555
<b>01 July 2018</b>					
Sundry Receivables					
Gross carrying amount	95,048	5,138	620	23,260	124,066

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

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

**(c) Liquidity risk**

**Payables and borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 15(c).

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
	\$	\$	\$	\$	\$
<b>2019</b>					
Payables	2,359,794	0	0	2,359,794	2,359,794
Borrowings	279,748	918,442	1,044,674	2,242,864	2,242,864
	<u>2,639,542</u>	<u>918,442</u>	<u>1,044,674</u>	<u>4,602,658</u>	<u>4,602,658</u>
<b>2018</b>					
Payables	1,448,582	0	0	1,448,582	1,448,582
Borrowings	362,288	1,071,711	1,171,153	2,605,152	2,605,152
	<u>1,810,870</u>	<u>1,071,711</u>	<u>1,171,153</u>	<u>4,053,734</u>	<u>4,053,734</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019****30. TRUST FUNDS**

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

	1 July 2018	Amounts Received	Amounts Paid	Reallocated to Current Liability	30 June 2019
	\$	\$	\$		\$
Eaton POS	510,824	9,731	(18,875)	0	501,680
Dardanup POS	95,327	1,816	0	0	97,143
Burekup POS	254,276	4,844	0	0	259,120
Tourism WA - Ferguson Valley Project	0	301,801	0	0	301,801
Bunbury Wellington Group of Councils	36,340	4,192	(3,400)	(37,132)	0
Hire Bonds	830	15,200	(13,750)	(2,280)	0
Key Bonds	193	800	(760)	(233)	0
Kerb Bonds	91,733	0	(16,691)	(75,042)	0
Specified Project - Dardanup Central BFB Beq	92,023	1,753	0	(93,776)	0
Specified Project - Wells Recreation Ground B	52,146	993	0	(53,139)	0
Specified Project - Eaton Foreshore Playgroun	25,001	25,947	0	(50,948)	0
Unclaimed Monies	1,651	587	(554)	(1,684)	0
Extractive Industries Bonds	150,296	2,863	0	(153,159)	0
Retention Bonds	350,934	6,661	(4,151)	(353,444)	0
	<b>1,661,574</b>	<b>377,188</b>	<b>(58,181)</b>		<b>1,159,744</b>



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019**

**31. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

The Shire is not aware of, or in receipt of, any information or events that may impact or lead to any adjustment in the financial statements after the reporting period.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

**32. 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.

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is *AASB 9 Financial Instruments*.

**AASB 9 Financial instruments**

*AASB 9 Financial Instruments* replaces *AASB 139 Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139.

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Shire's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

**32. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)**

The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. The following are the changes in the classification of the Shire's financial assets:

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.

- The Shire did not designate any financial assets as at fair value through profit and loss.

**(b) Impairment**

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. Upon adoption of AASB 9, the Shire did not recognise an additional impairment on the Shire's Trade Receivables.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

33. CHANGE IN ACCOUNTING POLICY

Paragraph 17A (5) of *Local Government (Financial Management) Regulations 1996* came into operation on the 1 July 2018. The regulation stated an asset is to be excluded from the assets of a local government if the fair value of the asset at the date of acquisition by the local government is under \$5,000.

The Shire of Dardanup has retrospectively applied the change in its accounting policy to comply with the regulation and excluded assets with a fair value of under \$5,000 at the time of acquisition from the assets of the Shire.

During the year assets with a fair value at the date of acquisition of under \$5,000 and purchased prior to 30 June 2018 have been excluded from the assets of the Shire and the 2018 comparatives amended accordingly.

The impacts of the changes in the accounting policy on the prior year comparatives are disclosed below.

Statement of Financial Position (Extract)	30 June 2018	Increase/ (Decrease)	30 June 2018 (Restated)	30 June 2017	Increase/ (Decrease)	01 July 2017 (Restated)
	\$	\$	\$	\$	\$	\$
Property, plant and equipment Infrastructure Investment property	34,004,021	(831,219)	33,172,802	34,310,477	(823,498)	33,486,979
Net assets	34,004,021	(831,219)	33,172,802	34,310,477	(823,498)	33,486,979
Retained earnings	53,081,004	(304,569)	52,776,435	51,766,830	(296,848)	51,469,982
Revaluation surplus	112,893,029	(526,650)	112,366,379	113,569,060	(526,650)	113,042,410
Total equity	165,974,033	(831,219)	165,142,814	165,335,890	(823,498)	164,512,392

Statement of Comprehensive Income (Extract)	2018	Increase/ (Decrease)	2018 (Restated)
	\$	\$	\$
<i>By Nature or Type</i>			
Asset write off		0	101,856
Depreciation expense	(4,903,188)	(93,668)	(4,809,520)
<i>By program</i>			
<b>Expenses</b>			
Governance	(1,099,659)	0	(1,099,659)
General purpose funding	(347,168)	0	(347,168)
Law, order, public safety	(1,240,618)	(1,690)	(1,238,928)
Health	(494,287)	0	(494,287)
Education and welfare	(867,186)	0	(867,186)
Housing	0	0	0
Community amenities	(2,042,827)	(31,809)	(2,011,018)
Recreation and culture	(7,006,917)	(19,070)	(6,987,847)
Transport	(7,974,092)	(4,104)	(7,969,988)
Economic services	(494,914)	(13)	(494,901)
Other property and services	(227,815)	(36,982)	(190,833)
Asset write off	0	101,856	(101,856)
Net result for the period	(86,497)	8,188	(94,218)

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2019

### 34. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

#### (a) Revenue from Contracts with Customers

The Shire will adopt 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 will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. The Shire is in the process of assessing the impact for future years.

#### (b) Leases

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

On adoption of AASB 16, the Shire will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value. 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).

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.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2019

### 34. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS (Continued)

#### (c) Income For Not-For-Profit Entities

The Shire will adopt 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 will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be 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 give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates will be 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 occurs the financial liability will be extinguished and the Shire will recognise income for the prepaid rates that have not been refunded.

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. The Shire will assess the impact of the standard in future years.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

35. CORRECTION OF ERROR

The construction of the Treendale to Millbridge Bridge (Bridge Number 5370) was completed during the 2017/18 financial year. This note details the bridge expenditure of \$2,700,290 incurred by the Shire of Dardanup which was expensed in previous financial years. The correction of the prior period error is detailed in the note disclosure below.

In the previous financial years, the Shire expensed the construction of \$2,700,290. The Shire has assessed that the bridge should have been capitalised and this note deals with the effect of restating comparatives to record the construction of the bridge as an asset. The independent valuation of the bridge is valued at \$15,400,000 (total bridge valuation) with the Shire's portion of the bridge being 71.4% of the bridge total value, resulting in the value of the Shire's portion of the bridge amounting to \$10,995,600 as at 30 June 2018.

Statement of Financial Position (Extract)	30 June 2018 \$	Increase/ (Decrease) \$	30 June 2018 (Restated) \$	30 June 2017 \$	Increase/ (Decrease) \$	01 July 2017 (Restated) \$
Non Current Asset - Infrastructure	132,636,708	10,995,600	143,632,308	131,853,915	408,290	132,262,205
	132,636,708	10,995,600	143,632,308	131,853,915	408,290	132,262,205

Statement of Comprehensive Income (Extract)	2018 \$	Increase/ (Decrease) \$	2018 (Restated) \$
<i>Expenses by Nature or Type</i>			
Materials and contracts	(6,272,229)	2,292,000	(3,980,229)
<i>Expenses by Program</i>			
Governance	(1,099,659)	0	(1,099,659)
General purpose funding	(347,168)	0	(347,168)
Law, order, public safety	(1,238,928)	0	(1,238,928)
Health	(494,287)	0	(494,287)
Education and welfare	(867,186)	0	(867,186)
Community amenities	(2,011,018)	0	(2,011,018)
Recreation and culture	(6,987,847)	0	(6,987,847)
Transport	(7,969,988)	2,292,000	(5,677,988)
Economic services	(494,901)	0	(494,901)
Other property and services	(190,833)	0	(190,833)
Net result for the period	(94,218)	2,292,000	2,197,782
<b>Other Comprehensive Income (Extract)</b>			
Changes in Asset Revaluation Surplus	(676,032)	8,295,310	7,619,278
Total Other Comprehensive Income for the period	(676,032)	8,295,310	7,619,278

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2019

### 36. 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 regulatory 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.



## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2019

### 37. ACTIVITIES/PROGRAMS

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

PROGRAM NAME	OBJECTIVES	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of Council and the administration support available to Council for the provision of governance of the District. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific Council services.
GENERAL PURPOSE FUNDING	To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local-laws relating to the fire prevention, animal control and protection of the environment, and other aspects of public safety including emergency services.
HEALTH	To provide services to achieve community and environmental health.	Maternal and infant health facilities, immunisation, meat inspection services, inspection of food outlets, noise control and pest control services.
EDUCATION AND WELFARE	To provide services to children, youth, the elderly and disadvantaged persons.	Pre-school and other education services, child minding facilities, playgroups, senior citizens' centres, meals on wheels and home care services.
HOUSING	To provide and maintain staff housing and elderly residents' housing.	Provision and maintenance of staff housing and elderly residents' housing.
COMMUNITY AMENITIES	To provide services required by the community.	Rubbish collection services, operation of refuse site, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemeteries and public conveniences.
RECREATION AND CULTURE	To establish and effectively manage infrastructure and resources which help the social well being of the community.	Maintenance of halls, civic buildings, river banks, recreation centre and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library and other cultural facilities.
TRANSPORT	To promote safe, effective and efficient transport services to the community.	Construction and maintenance of streets, roads, bridges, footpaths, cycle ways, parking facilities, traffic control and depot. Cleaning of streets and maintenance of street trees, street lighting, etc.
ECONOMIC SERVICES	To help promote the shire and its economic wellbeing.	To help promote the shire and its economic wellbeing.
OTHER PROPERTY AND SERVICES	To monitor and control Council's overheads operating accounts.	Private works operations, plant repairs and operations costs, engineering operation costs.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

38. FINANCIAL RATIOS

	2019 Actual	2018 Actual Restated	2017 Actual
Current ratio	1.096	1.065	1.029
Asset consumption ratio	0.655	0.668	0.663
Asset renewal funding ratio	1.273	1.131	1.144
Asset sustainability ratio	0.930	1.632	2.090
Debt service cover ratio	8.499	5.639	7.913
Operating surplus ratio	-0.064	-0.113	-0.057
Own source revenue coverage ratio	0.851	0.815	0.832

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

**Please refer to Appendix ORD: 12.8B for the Auditor's Letter.**