



— Shire of —  
Donnybrook Balingup

**ANNUAL REPORT 2018/2019**

**SHIRE OF DONNYBROOK BALINGUP**



## VISION STATEMENT

"A proud community enjoying our rural lifestyle, cultural heritage and natural environment."



## Economic

A strong, diverse and resilient economy

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## Environment

Respect for our heritage, natural and built environment

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## Social

A healthy, safe and inclusive community

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## Leadership

Effective leadership and civic responsibility

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## ACKNOWLEDGMENT OF COUNTRY

In presenting this Annual Report, the Shire of Donnybrook Balingup acknowledges the Traditional Custodians of the land, the Noongar People, and pays its respects to its Elders; past present and emerging.

# Our Shire

Surrounded by stunning forests, winding rivers, rolling hills, vineyards and lush orchards, Donnybrook Balingup is a great place for residents and visitors alike.

The Shire of Donnybrook Balingup is 213 kilometres south-west of Perth and covers an area of 1,541 square kilometres. It is noted for its rolling hills, old-growth forests, lush orchards, vineyards and Donnybrook Stone which is used throughout the state.

The traditional owners, the Noongar people of the South West inhabited this county for some 40,000 years before European occupation. The area was known as 'Kaniyang'.

Europeans began to settle in the area in the mid - 1800s and an economy based on agriculture (including fruit), timber and stone steadily developed. After

World War II the population of Donnybrook grew to 2,500 and Balingup's population reached 1,340.

The apple industry blossomed in the late 1960s when over two million cartons of apples - primarily Granny Smiths - were exported to the UK and Europe. The development of new varieties (Pink Lady and Sundowner) strengthened the industry, which diversified to include pear, stone fruit, potatoes, nut production, sheep (meat and wool) and cattle (meat and dairy). Wine and tourism became important new industries and with the subdivision of large properties, hobby farming increased.

Donnybrook Balingup remains an important agricultural area, especially for fruit, vegetables and vineyards.

The picturesque scenery and proximity to Bunbury, the beaches of Geographe Bay, the Margaret River wine region and the tall timbers of Pemberton make it a popular destination for tourists.

A healthy economy, the benefit of several diverse industries nearby and its rich culture make Donnybrook Balingup an attractive place to live for both growing families and those making a lifestyle choice in later life.



## Tourist Attractions

Donnybrook Apple Fun Park

Golden Valley Tree Park

Boutique Food and Wine

Orchard Tours

Bibbulmun Track

Munda Biddi Trail

Glen Mervyn Dam

Walk Trails

Heritage - Donnybrook Stone

Scenic Drives

## Townsites and Localities

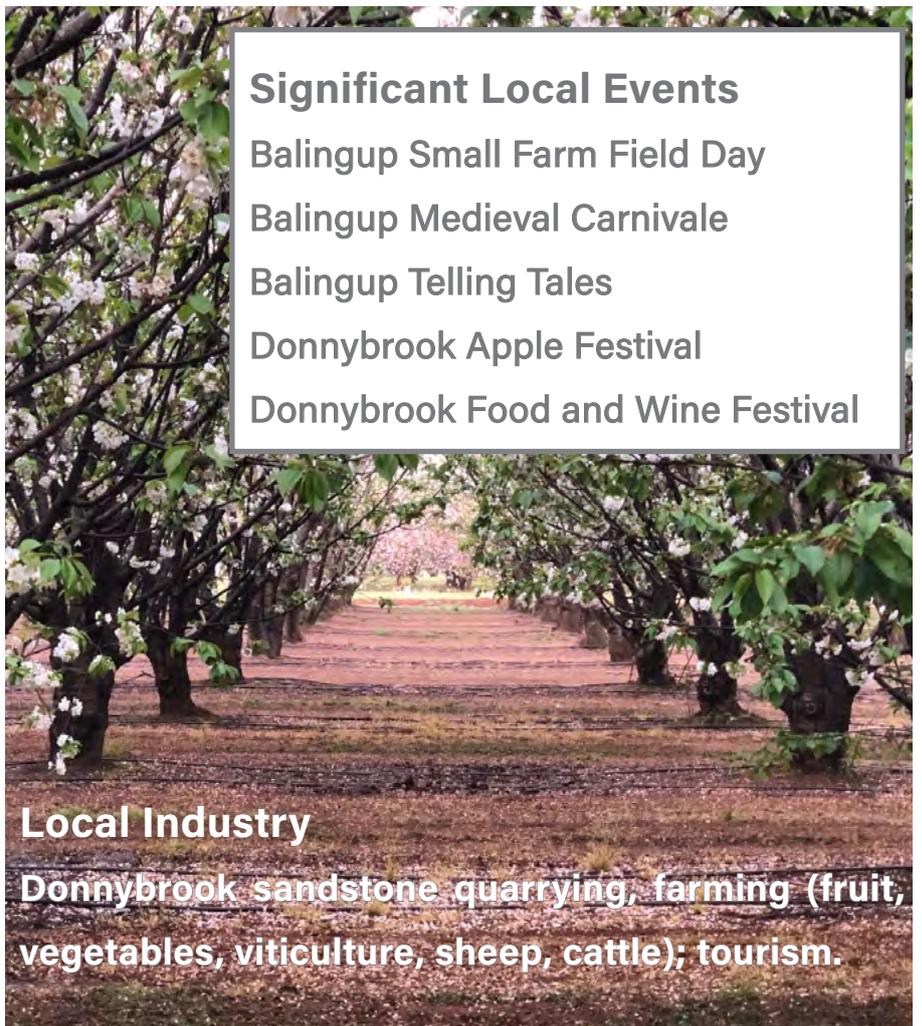
Argyle  
Balingup  
Beelerup  
Brazier  
Brookhampton  
Donnybrook  
Ferndale  
Glen Mervyn  
Grimwade  
Irishtown  
Kirup  
Lowden  
Mumballup  
Mullalyup  
Newlands  
Noggerup  
Preston  
Southampton  
Thomson Brook  
Upper Capel  
Yabberup



Area: 1541 square kilometres  
Distance from Perth: 213km  
Population: 6062  
Median Age: 47 years  
([www.abs.gov.au](http://www.abs.gov.au))

## Significant Local Events

Balingup Small Farm Field Day  
Balingup Medieval Carnivale  
Balingup Telling Tales  
Donnybrook Apple Festival  
Donnybrook Food and Wine Festival



## Local Industry

Donnybrook sandstone quarrying, farming (fruit, vegetables, viticulture, sheep, cattle); tourism.



# Message from the Shire President

Welcome to the Shire of Donnybrook Balingup Annual Report for 2018/2019.

My second year as Shire President was a time of stabilisation and consolidation for the Council, building on our natural assets, having gained a record \$7million plus of State and Federal Government funding for significant community projects since early 2017- Bridge Street Affordable Housing, Donnybrook Town Centre Revitalisation, Tuia Lodge Expansion, the Apple Fun Park Rejuvenation and the Balingup Community Hall Upgrade.

The Shire has received widespread commendation from the State Government and other civic minded bodies for the leadership shown in facilitating a "memorandum of understanding" with the Shire of Collie to develop the Glen Mervyn Dam precinct, adjacent to the Greater Wellington National Park footprint, into an iconic eco-tourism destination, similar to others in place on the headlands of the Wellington Dam.

Having been "homeless" for months following the conversion of the previous Chamber area to accommodate Shire employees, elected members and the community welcomed the opening of the now iconic and unique Council Chamber opened in 2018. This converted and refurbished 100-year old Methodist (Uniting) church built of Donnybrook stone, gained prominence as a finalist in the 2019 Statewide Keep Australia Beautiful Awards.

It is pleasing to see the keen interest and contribution shown by electors, ratepayers and community members to the affairs of the Shire with consistent gallery attendances at most meetings. As in previous years, Council meetings held in Kirup and Balingup were also well attended and provided forums to foster a high level of interactive and at times robust discussion and deliberation - the sign of an engaged community, and democracy at work!

As a further indication of the commitment to consult with the community, a Community Perception Survey was undertaken in May 2019 garnering 441 responses.

As a place to live Donnybrook Balingup was considered above the average for similar Councils within the State, and we were well received as a place to visit.



Our Executive Management Team will be focusing on those areas where we aspire to achieve continuous improvement and points of difference, in a rapidly increasing competitive environment across the 12 local governments that make up the South West footprint.

Our joining of the Warren Blackwood Alliance of Councils (Bridgetown, Nannup, Manjimup) is already delivering considerable benefit, particularly as we work together to optimise the benefits flowing from the recent significant investment made by Talison at their Greenbushes site. The Shire is ideally located to attract those who need to drive in and out of the Talison site on a daily basis.

While never underestimating the intrinsic and ongoing attraction of the Apple Fun Park, there is no doubt events like the Balingup Medieval Carnivale, the Small Farm Field Day, the Donnybrook Food and Wine Fair and the Easter Donnybrook Apple Festival are now clearly established on the Western Australian tourism calendar. All these events would not happen without committed groups of community volunteers, and in this context we remain eternally grateful for all our volunteers for whatever they do, to keep our rich and diverse communities together through protecting our environment and expanding populations throughout the Shire.

While history tells us five Irishmen together with four servants came to Irishtown in 1842, the town of Donnybrook was not proclaimed as a town until 1894, some 125 years ago, and 2020 marks another milestone in that it is the 120-year anniversary of WA's first Granny Smith Apple Tree being planted in Donnybrook. Another looming milestone is the

100 year anniversary of the opening of our Soldiers Memorial Hall. We have much to be proud of in terms of our inbuilt history and heritage.

While your Council will always take a prudent and considerate approach to financial and fiscal management, the real focus must be on those investments that deliver enhanced services and assets that “strengthen” our resilience and economic sustainability. The decision by Council in 2018-19 to raise rates by 6% was based on a combination of covering our operational costs and contributing to our depleting reserves.

In the final analysis as detailed in the year end accounts referred to in the Annual Report, an amount of \$308,000 was transferred to reserves. This outcome was considered by Council when setting the rate increase of only 1.9%, the second lowest in the South West for 2019-20. Rate payers can be assured that in setting the lower than usual 2019-20 rate increase, the prevailing economic circumstances and hardship being experienced by many families and businesses was a serious consideration. However, it is somewhat naive to believe that it is a viable proposition year on year for any progressive and growing local government authority to pitch their rates at a level equal to or below the CPI, in isolation of other key economic ratios and data. It is unfortunate that the benefit of the 2019-20 Council decision was more than offset in a negative way, with almost half of our property values being adjusted upwards by the State Valuer General. A process conducted totally independent of the Shire.

Given the demands on the Shire to deliver on significant State/Federal Government and own-source funded projects in 2019-21 (~\$10.5million), it is absolutely imperative that we engage and employ the appropriate set of skills and experience to firstly deliver current projects and secondly to maintain a proactive grant funding application capability, allowing us to strengthen our resolve to remain the “most affordable, liveable, lifestyle destination in the South West.”

The Shire is independently audited by the Office of the Auditor General. I am pleased to advise that the Auditor General has issued an unqualified Audit Report for 2018/19. I refer the community to the financial report that forms part of this Annual Report.

Council achieved the standard set by the Department of Local Government, Sport and Cultural Industries in five of the seven reportable financial ratios.

Two ratios fell below required standards. These being;

- Operating Surplus Ratio
- Asset Renewal Funding Ratio

The Shire has historically run an under-lying operating deficit. This is reflected by a negative Operating Surplus Ratio (minus 0.47 in 2018/19). 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. If a Local Government runs ongoing under-lying operating deficits, it needs to recognise the longer-term implications. Not addressing this deficit is likely to mean that future Councils will struggle to be able to accommodate asset renewal needs.

Council acknowledges improvement in the current ratio is a long-term objective that requires reform to funding commitments to asset renewal that is supported by informing asset management plans.

Council has made committed progress in identifying the Shire’s long-term asset renewal requirements. In addition to the progress made the previous year, the following new plans were developed and presented to Council in 2018/19.

- Asset Management Plan – Buildings
- Asset Management Plan – Park and Reserves
- Reserve Fund Plan

All plans developed will undergo an annual review process to ensure they remain a contemporary decision-making tool for Council.

I would like to take this opportunity on behalf of the community to thank our Councillors, Executive Management Team and all Shire employees for their dedication and persistence to deliver on actions, projects and day to day governance of the Shire to ensure we remain a vibrant, well-respected and revered high performing local government organisation, now and into the future.

**Brian Piesse**  
**Shire President**

# Our Council 2018/2019



**Cr Brian Piesse**  
President  
(2021)



**Cr Leanne Wringe**  
Deputy President  
(2021)



**Cr Fred Mills**  
(2019)



**Cr Mike King**  
(2019)



**Cr Ryan Van Der Heide**  
(2019)



**Cr Dawn Tan**  
(2019)



**Cr Anita Lindemann**  
(2021)



**Cr Anne Mitchell**  
(2021)



**Cr Shane Atherton**  
(2021)

\* (Year) denotes expiry

## Executive Staff Responsible for the Annual Report 2018/2019



**Benjamin Rose**  
**Chief Executive Officer**  
Executive Services  
Governance  
Councillor Liason  
Human Resources  
Occupational Safety and Health



**Steve Potter**  
**Executive Manager Operations**  
Works and Services  
Projects and Building  
Development and Environment  
Ranger Services



**Paul Breman**  
**Executive Manager Corporate and Community**  
Finance  
Community Development  
IT Services  
Aged Care

<b>ELECTED MEMBER REMUNERATION</b>	
Shire President Allowance	\$10,000
Deputy President Allowance	\$2,500
Councillor Annual Allowance \$7,612 x 8	\$60,896
Shire President Annual Allowance	\$12,000
Travelling Expenses (95.54 cents per/km)	\$7,500
Telephone/ICT Allowance (\$1,000 per member)	\$9,000
Provision of Uniform	\$900
Childcare	\$0
	<b>\$102,796</b>

<b>COUNCIL MEETING CYCLE FOR 2018/2019:</b>	
<b>Council Meeting</b>	<b>Special Council Meeting</b>
25/07/2018	09/08/2018
09/08/2018	30/08/2018
26/09/2018	12/09/2018
24/10/2018	16/10/2018
28/11/2018	18/12/2018 Electors Meeting
19/12/2018	22/07/2019
13/02/2019	21/08/2019
27/03/2019	21/10/2019
24/04/2019	19/11/2019
22/05/2019	
26/06/2019	

<b>COUNCIL MEETING ATTENDANCE FOR 2019/2020</b>			
<b>Councillor</b>	<b>No Meetings Attended</b>	<b>Leave of Absence</b>	<b>Apology</b>
Cr Piesse Shire President	11	0	0
Cr Wringe Deputy Shire President	10	1	0
Cr Lindemann	11	0	0
Cr Atherton	10	1	0
Cr King	11	0	0
Cr Mitchell	11	0	0
Cr Tan	9	2	0
Cr Van der Heide	8	2	1

# Message from the Chief Executive Officer

I am pleased to present the Chief Executive Officer's message for 2018/2019.

This was a year of transformation and innovation from an operational, structural and financial aspect, ensuring the ongoing sustainability and prosperity of Donnybrook Balingup Shire well into the future.

Realignment of the organisation structure, to a more contemporary, efficient and effective service delivery model was achieved within approved budget and headcount constraints. This realignment has seen the consolidation of two key portfolios within the organisation – being the Operations portfolio and the Corporate and Community portfolio. With the continual growth of the Shire and the large number of live projects and initiatives presently underway, matching the structure, capacity and capability of the organisation to these challenges (opportunities!) is an ongoing effort.

Whilst much organisational focus was inwards on contemporising systems, processes and structures, there has been much outward focus too. A greatly increased focus on external communication and engagement has been achieved, with, amongst many other initiatives, the introduction of the Shire to social media. Find the *Shire of Donnybrook Balingup* on Facebook, LinkedIn and Instagram via [@shireofdonnybrookbalingup](#).

In addition to 'reaching out' through social media, the Shire has adopted a much more active engagement strategy with local print and radio media, with many more articles and news stories promoting the Shire as a great place to live, work, play and invest.

Opening of Agenda Briefing Sessions to the public and advertising these as part of the Council Meeting process has enabled community members to gain a better understanding of the issues Council will be discussing and voting upon at upcoming meetings.

We have delivered a robust financial position for 2018/19, as outlined in the attached Financial Report - this will be continued into the forthcoming years.

With a major focus on attracting and leveraging State and Federal grant funding, the present portfolio of capital works projects will see the rejuvenation of many public spaces within the Shire.

Developing and maintaining relationships across the local government sector, in particular participating in shared services, has allowed the Shire to increase its reach and learnings across many areas, including Rangers and bushfire brigade volunteers.

In addition to collaboration across the local government sector, we have built strong, professional and constructive relationships with industry groups such as the local Chamber of Commerce and the Bunbury Geographe Tourism Partnership. Again, fostering professional and constructive relationships with our State and Federal representatives has ensured we keep abreast of upcoming opportunities for our Shire.

I would like to take this opportunity to thank the staff for their ongoing hard work and commitment to the communities across the Shire of Donnybrook Balingup.

**Benjamin (Ben) Rose**  
**Chief Executive Officer**



# Plan for the Future

The Strategic Community Plan 2017-2027 will undergo a major review during the 2019/20 year which will involve extensive consultation with Council and the Community to;

1. Ensure the Shire is working towards its strategic objectives and
2. Determine the direction set in 2017 is still where the community see Donnybrook Balingup in 10+ years.

Major projects include:

- Upgrade to the Donnybrook Apple Fun Park
- VC Mitchell Sporting Precinct Redevelopment
- Donnybrook Town Centre Revitalisation
- Tuia Lodge Expansion Upgrades

Outcomes from the Community Perception Survey highlighted tourism and communication from the Shire as key focus areas for the Shire to work upon. New initiatives and a drive towards uplifting tourism in Donnybrook Balingup will be a key focus moving forward.

It is an exciting time in the Shire and I look forward to sharing our successes with you in the future.



# Statutory Report

## Payment to Employees

Regulation 19B of the *Local Government (Administration) Regulations 1996* requires the Shire to include the following information in its Annual Report:

- The number of employees of the Shire entitled to an annual salary of \$100,000 or more; and
- The number of those employees with an annual salary entitlement that falls within each band of the \$10,000 over \$100,000.

Annual Salaries	No. of employees
\$100,000 - \$109,999	1
\$110,000 - \$119,999	4
\$120,000 - \$129,999	2
\$130,000 - \$139,999	1
\$180,000 - \$189,999	1

*Section 7A of the Salaries and Allowances Act 1975 requires the Salaries and Allowances Tribunal to determine the minimum and maximum amounts of remuneration, to be paid or provided to Chief Executive Officers of local governments.*

## Freedom of Information

In complying with the *Freedom of Information Act 1992*, the Shire processed a total of 3 Freedom of Information applications, with an average completion time of 15 days. All applications were completed within the legislative timeframe of 45 days.

## Public Interest Disclosure

*The Public Interest Disclosure Act 2003 (the PID Act)* enables people to make disclosures about wrongdoings within the State public sector, local government and public universities and offers protections for doing so. The PID Act aims to ensure openness and accountability in government by encouraging people to make disclosures by maintaining confidentiality and providing immunity from detrimental action. During the 2018/19 financial year, no Public Interest Disclosures were received by Council

## Record Keeping

The Shire of Donnybrook Balingup is committed to good record keeping practices and complies with required legislation, including the *State Records Act 2000*. Its records keeping system ensures all information created and received by the Shire is captured and maintained as evidence of its business transactions. The system is regularly reviewed to ensure proper standards are maintained and audits of the system, conducted on an ad hoc basis, have shown it to be fully compliant.

All new employees receive instruction about compliance with State Records Legislation and the Shire's Record Keeping Plan. Refresher training is available to ensure staff remain confident and capable of using the record keeping system appropriately.

Statistics for 2018/19:

5682 incoming,  
2836 outgoing, and  
402 internal documents were recorded.

As of 30 June 2019, there were a total of 109,760 documents captured in the Shire's electronic record keeping system.

## Compliance Audit Return

All local governments are required to carry out an annual compliance audit for the period 1 January to 31 December as required by the Department of Local Government, Sport and Cultural Industries.

The Return includes a range of compliance categories to be met by local governments. The categories are:

- Commercial Enterprises by Local Governments;
- Delegation of Power/Duty;
- Disclosure of Interest;
- Disposal of Property;
- Elections;
- Finance;
- Integrated Planning and Reporting;
- Local Government Employees;
- Official Conduct; and
- Tenders for Providing Goods and Services.

The Shire had no non-compliance issue for the 2018 year. The 2018 Compliance Audit Return was adopted by Council in March 2019 with a certified copy of the Return, along with the relevant section of the Council resolution, submitted to the Department of Local Government, Sport and Cultural Industries.

## Disability Access and Inclusion

The Shire of Donnybrook Balingup completed a review of its Disability Access and Inclusion Plan (DAIP) in 2017 and completed a DAIP for 2017-2022.

The DAIP 2017-2022 provides the broad outcome areas, strategies and background information to identify why change is required to a facility, service or information provided by the Shire. An accompanying Implementation Plan has also been developed which details the specific tasks to achieve the strategies and outcome areas and also includes a timeline and staff area of responsibility for completion.

The DAIP is available on the Shire website at [www.donnybrook-balingup.wa.gov.au](http://www.donnybrook-balingup.wa.gov.au). Copies can also be obtained at the Shire Office and by request in alternative formats.

The Shire has made good progress towards improving access and inclusion of its services, facilities and information through the ongoing development and implementation of its DAIP.

## Minor Complaints

Zero complaints (breaches), as defined under the *Local Government Act 1995*, were made during 2018/19.

# Economic

A strong, diverse and resilient economy

## **Outcome 1.1**

A diverse, prosperous economy, supporting local business and population growth

## **Outcome 1.2**

Available land for residential, industrial and commercial development

## **Outcome 1.3**

An attractive tourist destination

**Population Statistics: 6062  
an increase of 132 people to the  
Shire.**

**The Shire approved 79 planning  
applications.**

**The Shire approved 196 building  
projects representing an  
increase**



## Planning and Development

### Local Planning Strategy and Local Planning Scheme No 7

Last financial year the Shire embarked on a review of its Local Planning Strategy and Local Planning Scheme No 7. This process is required to occur every five years.

The Local Planning Strategy has a 10-15 year life span and sets out Council's broad vision for the Shire and the long term direction for land use and development.

The Local Planning Scheme No 7 focuses on the purpose and use of land and guides future development, for example, it identifies land set aside for reserves or zoned for particular purposes. It also covers the procedures for administration and how planning applications will be determined.

### Amendments to Local Planning Scheme No. 7

In 2018/19 a number of amendments were initiated and finalised to Local Planning Scheme No 7. These include the finalisation of Amendments 6, 9 and 10. Amendment 6 rezoned land on Hurst Road, Argyle to Rural Residential. Amendment 9 allowed a "Park Home Park" (Lifestyle) use to be considered at Kelly Road, Donnybrook. Amendment 10 introduced a number of minor text and mapping changes.

Amendments 11 and 12 have also been initiated. Amendment 11 seeks to rezone a parcel of land on Marshall Road, Argyle to "Rural Residential". Amendment 12 seeks to zone land "Residential" on Bentley Street, Donnybrook.

### Subdivision

The Shire supported subdivision of "Meldene West" which will create 85 residential lots ranging in size from 1000m<sup>2</sup> to 2781m<sup>2</sup> as well as public open space and local roads. The Shire also supported six other subdivision proposals for small scale development.



# Environment

Respect for our heritage, natural and built environment

**Outcome 2.1**

An attractive and maintained built environment

**Outcome 2.2**

Respected heritage assets

**Outcome 2.3**

A natural environment for the benefit of current and future generations

**Outcome 2.4**

Efficient and effective waste management

**Maintained health statutory management ratios.**

**Promoting patronage of natural attractions.**

**Compliance with waste management regulations.**





## Environmental

- General monitoring and planning for current/future management of over 124 nature reserves.
- Managing and controlling declared weeds with a specific focus on bridal creeper within road reserves.
- Monitoring rehabilitation projects such as the Brooke Street River which has been progressively rehabilitated over several years.
- Liased with various stakeholders about rabbit control methods within and surrounding townsites.
- Liased with stakeholders on minimizing and controlling the illegal collection of firewood from Shire managed reserves through education and awareness.
- Annual road side spray of weeds and vegetation was conducted.

## Birdlife Australia

The Shire became a partner of Birdlife Australia, an initiative that encourages people of all ages to get outside in nature to observe and document bird populations in their backyards. This is important citizen science for researchers. This is a great way to connect with birds in your backyard no matter where you live.

## Rehabilitation Projects

- Brooke Street River, Balingup
- Donnybrook Cemetery was revegetated using a mix of native plants

## Future Planning

- Develop reserve management plans
- Develop dieback management strategy
- Expand Street and Park Tree planting program
- Continued weed and pest control

## Racecourse Flora Reserve

The Shire installed 4 new bench seats to this reserve, located in North Balingup. This reserve is managed by a community group; Balingup Friends of the Forest. These newly installed seats will allow the community to sit back and enjoy the serenity. It is common to spot both Red Tailed and Baudins Cockatoo's here as well as a spectacular display of orchids in spring.



## Waste Management

Residents continued to participate in reducing waste. In the 2018/19 financial year the proportion of kerbside waste diverted from landfill reached 51 per cent this is an increase of 2% from last year.

The improvement can be attributed to the continued promotion and rollout of the organic bin service and the care taken by residents to separate their recyclables from other household waste.

The State Government has set a kerbside waste diversion target of 50 per cent for regional Council's by 2020 a target the Shire of Donnybrook Balingup achieved.



### Recycling

In 2018/19, 453 tonnes of recyclables were collected through the yellow-topped bins.

This Shire's recyclables are collected and stockpiled at a holding site in Picton. From there, it is transported in semi-trailers to the Suez Materials Recovery Facility (MRF) in Bibra Lake where it is sorted into material types including plastics, paper and aluminum. This is done by both hand and machine.

Recycled material types are then further graded. For example, PET plastics or mixed plastics, paper or cardboard. Once these materials are sorted, they are bundled together for transport and then sold to various buyers and manufacturers. Depending on the market, our recycled items could be shipped to destinations such as India and Asia. Some items, such as PET plastic, remain within Australia.

There is an increasing focus on high quality recyclables for markets therefore reaffirming the importance of ensuring that recycled material is not contaminated.

The most common contaminants in the yellow top bins include clothing, nappies, plastic bags and food waste. Contamination results in our recycled products becoming less suitable for future reuse.

### Organic Waste

Residents helped recover 670 tonnes of organic waste which would have otherwise gone to landfill.

The organics bin waste is turned into a high quality compost at the Bunbury-Harvey Regional Council facility in Dardanup. There is a high demand for the product which is sold for use on farms, gardens and parks.



### Waste to Landfill

A total of 1,067 tonnes of general waste collected from kerbside garbage bins was sent to landfill during 2018/19. The Shire is continuing to implement strategies to preserve the life of the landfill site in Donnybrook by diverting more waste away from landfill and increasing the compaction rates at the facility.

You can do your bit to help the Shire minimise this waste volume by:

- Recycling all packaging materials where appropriate;
- Selecting products with less packaging;
- Using containers to store and carry food instead of plastic wrap;
- Refusing plastic bags when shopping and bringing your own re-useable bags;
- Avoiding food waste by eating leftovers, using a shopping list and storing food correctly; and
- Donating clothes, unwanted furniture and toys to charity.



## Works Program and Maintenance

- Trevena Road - Bridge replacement works & realigned approaches to new Trevena Road Bridge
- Allnut Street, Donnybrook – new kerbing, drainage and asphalt road overlay
- Steere Street, Balingup – new kerbing, drainage, asphalt overlay and footpath
- Gravel re-sheeting works completed on sections of Tassone, Macquarie, Southampton and Farley Road.
- Resealing works - Station Street, Gardner Road, Newlands Road and Grimwade Road
- Brookhampton Road – shoulder renewal work and roadside vegetation pruning
- Upper Capel Road, Kirup end – road re-construction, widen and seal
- Sealing of Bridge Street laneway
- Spring Gully Road, Southampton – co-contribution seal section
- 33 Bridges - level 1 inspections and routine maintenance
- Townscape, Gardening & Landscaping
- Preston River Foreshore, Donnybrook – installation of solar light towers
- Bridge Street footpath – new pathway along Bridge Street from existing path to Smith Street intersection.
- Landscaping at Balingup Hall and Newlands Hall
- Victory Lane, Donnybrook – upgrade and sealing of carpark
- Balingup asphalt footpath repairs – Stage 1
- Donnybrook Suspension Bridge – reseal jarrah deck
- Balingup War Memorial – restoration works
- Expansion of internal roads Donnybrook Cemetery and native plantings

## Other information

- In 2018/19 the Shire Works team graded 651 kilometres of unsealed road during the summer and winter grading program. The Shire received 84 maintenance requests for gravel roads during 2018/19.
- A total of 584 maintenance requests were received during 2018/19. The Shire works team have actioned all 584 requests and completed 575 requests, representing a completion rate of 98.5%.
- 25-year service milestones certificates awarded to Dave Williams and Adam Harrison.
- Department of Transport grant funded 50% of design cost for Meldene Estate Pathway Link and announced grant funding totalling \$192,500 had been secured for construction of the path, staged over 19/20 and 20/21.
- The Rangers and Emergency Management Areas came into the Works and Services area following an organisation restructure



# Social

A healthy, safe and inclusive community

## **Outcome 3.1**

An engaged, supportive and inclusive community

## **Outcome 3.2**

Well supported community groups and facilities

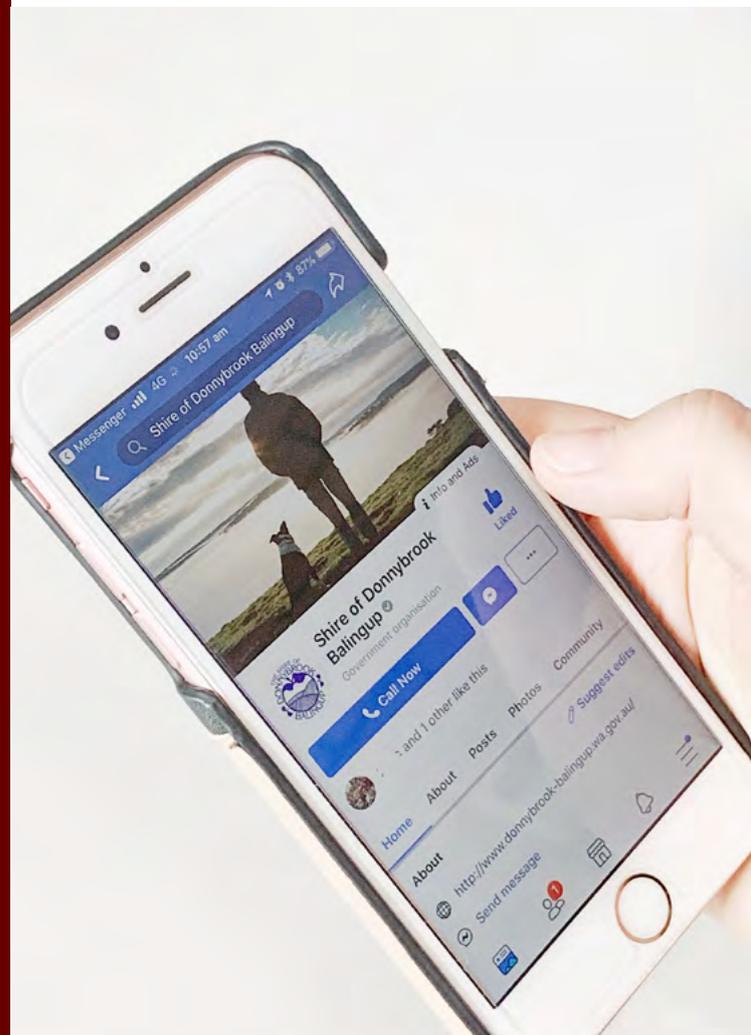
## **Outcome 3.3**

A safe and healthy community environment for all ages

**Introduction of Shire managed Facebook pages, increased activity with promotion of events and news on Facebook.**

**Continued growth in Community participation in activities and events.**

**Disability Access and Inclusion Plan completed and made available from the Shire and the website.**





## Community Development

### Events

#### *Australia Day Breakfasts*

The Shire was delighted to once again host a series of Australia Day BBQ Breakfasts in conjunction with community/service organisations in Donnybrook, Balingup and Kirup.

The Shire also presents to the community the winners of the Community Citizen of the Year, in 2019 it was Mrs Colleen Bandy. Mrs Bandy was nominated for the award in recognition of her continued efforts to the environment and community within the Shire.

#### *Outdoor Summer Film Season*

The Shire was once again fortunate to receive \$9,000 funding through Lotterywest to support the showing of four free outdoor films in Donnybrook and Balingup, and the annual Community Concert.

Early Man (pg), Three Summers (m) and Jumanji (pg) were screened to appreciative audiences of between 300 – 600 people at the Donnybrook Amphitheatre in January, February and March 2019. The Greatest Showman was enjoyed by about 250 people at the Balingup Village Green in February.

#### *Thank a Volunteer Day BBQ and Community Concert*

This annual event, held at the Donnybrook Amphitheatre in February, was an opportunity for Council to thank the large number of active volunteers in the Shire for their valuable contribution to our

community throughout the year.

The Donnybrook Lions Club catered for the crowd of just under 200 volunteers who attended the BBQ. This was followed by a presentation for the inaugural Donnybrook Community Bank Bruce Hearman Volunteer Award to Mr Andrew Scott from the Balingup Tennis Club. The Shire President also thanked our local volunteers.

At the Community Concert, children were entertained with a face painter, bouncy castle and roving magician. This was followed by local band (Bunbury) Wizards of Oz who entertained a crowd of about 450 people at the Thank a Volunteer barbecue and Community Concert.

#### *Festivals and Events*

The Shire supported a variety of community groups in organising events and festivals, including:

- Donnybrook Station Markets
- Balingup Night Markets
- Donnybrook Apple Festival – Harvest and Arts
- Balingup Small Farm Field Day
- Balingup Art and Craft Affair
- Balingup Medieval Carnivale
- Blooming Wild Festival
- Festival of Country Gardens/Open Gardens
- Springtime walks
- Donnybrook RSL – ANZAC Day ceremonies
- True Grit
- Numerous car rallies, off road/mountain biking events and road cycling events including the Tour of Margaret River.

## Community Grant Funding

Council supports community groups with grants for projects that require assistance. Grants are divided into seven categories -

- Minor Community Grants (up to \$500 with no matching cash contribution required);
- Minor Community Event Sponsorship (up to \$500 with no matching cash contribution required);
- Waiver of Fees and Non Cash Donations (up to \$500 with no matching cash contribution required);
- Cash Donations (up to \$200 with no matching cash contribution required);
- Major Community Grants (up to \$2000 with organisation funding requirements);
- Major Community Event Sponsorship (up to \$2000 with organisation funding requirements).

These grants have allowed numerous clubs and organisations to continue growing and to provide better sporting, social and recreational facilities.

In 2018/2019 Minor Grant recipients included Blackwood United Football Club, Donnybrook Arts & Craft Group, Yabberup Community Group, Kirup Progress Association, Donnybrook Community Resource Centre, Vintage Homes for Life, South West Show Horse Association, Balingup Progress Association, Golden Valley Tree Park, St Peters Anglican Community Group, Balingup Tennis Club, Donnybrook Returned Services League Branch, St Mary's School P & C and the Balingup and Districts Tourism Association.

In 2018/2019 Major grant recipients included Donnybrook Football & Sporting Club, Donnybrook Tennis Club, Balingup Historical Group, Donnybrook Scouts, Donnybrook Balingup Chamber of Commerce, Donnybrook Apple Festival, Donnybrook Food and Wine Festival and Promote Preston.

Council continued its support of the Donnybrook Visitor Centre and the Balingup and Districts Tourism Association by granting each organisation \$29,500 through the Community Grants Program.

The publication of the Preston Press was also supported through a \$4,000 grant to the Donnybrook Community Resource Centre.

### KidSport

KidSport is a Department of Local Government, Sports and Cultural Industries initiative managed by the Local Government. KidSport allows eligible

children and youth to receive financial assistance to contribute towards club fees. Applications are made through Council and the local sporting club. Council liaises with local clubs in assessing applications and administering the funding.

### Road Safety

As part of the Shire's commitment to road safety awareness, we teamed up with RoadWise and hosted two free child restraint/car seat fitting and checking stations at Donnybrook Apple FunPark. Families could drop in with their car, and have their child car restraints checked or refitted by a RoadWise Regional Road Safety Advisor.

### Community Calendar Photographic Competition

Once again the Shire invited entries into the Community Photographic Competition. The top twelve photos were featured in the 2019 Shire Calendar which was distributed free to residents and households in late December. The theme of the competition was 'Hidden Beauty' and a total of 102 photos were entered.

In addition, three overall winners were selected from the twelve winning entries, and each received a Donnybrook Bendigo Bank account; 1st place - \$500, 2nd place and 3rd place - \$100. The overall winner of the competition was Brian Vanallen with his photo titled 'Time to Reflect.' Second place was Ken Bartle with his photo titled 'Milky Way over Mullalyup,' and third place was taken out by Lilliana Lyon with her photo titled 'Spring has Sprung.'

### Australian Citizenship Pledges

In the 2018/2019 year a total of 16 residents attended the Shire Council Chambers and recited the pledge to become Australian Citizens.



## Recreation

2018/19 saw an expansion to the junior and youth offerings by the Recreation Centre, an area shown by analysis to be lacking in previous years. These include term time only programs such as the Learn to Swim, which grew from 12 lessons a week to 42 (350%). The Learn to Swim program also became an annual program covering all four school terms instead of the previous two summer terms. Our Kindy Gym program also underwent improvements, which offers a structured gymnastic class for 3-5 year olds with a qualified gymnastic teacher.

The introduction of several new junior programs at the Centre such as Badminton, Yoga and Home School Sports, all proved to be successful and well received by the local and wider districts.

Several local sporting associations have continued their support for the Centre with occasional hires, hydro-training sessions, player clinics and coaching clinics. South West Slammers have increased their hires especially. Donnybrook District High School held its Swimming Carnival and the Centre hosted 3 different primary school In term swimming lesson series as well as 3 Vacswim series.

Outside contractors have supported the Centre with Function Room hire such as Toastmasters, Kanga Training, NDIS, various association AGMs and group fit contractors.

Memberships have steadily grown and increased offering to the group fit timetable has also improved casual usage. Seniors usage has also shown growth with an increase in group fit classes and dedicated gym session for the demographic.

The Centre has helped mentor, train and develop four work experience students who have shown various interests in the Sport and Recreation Industry.

The Centre hosted the finish of the Black Dog Ride event, where over 300 motorcycles rode for the charity which ended its ride in the double car park.

Plant Room works has been carried out over a 3 month schedule which involved extensive staff training.



## Community Emergency Services Management

- \$163,320 Mitigation Activity Funding granted for 2019/20 financial year
- \$204,340 Local Government Grants Scheme – Operating Grant Funding awarded to the Shire of Donnybrook Balingup for 2019/20 financial year – increase of \$23,630 from 2018/19
- \$47,922 Local Government Grants Scheme Funding approved for capital works to Ferndale Stirling Park Station
- Blackwood Valley Zone Response Plan Operational Protocols developed. This agreement between the Shire of Donnybrook Balingup, Shire of Bridgetown-Greenbushes, Shire of Nannup, Forest Products Commission, Department of Biodiversity, Conservation and Attractions and the Department of Fire and Emergency Services (DFES) formally documents the agreed response protocols for the outbreak of fire in the Blackwood Valley.

- Enhanced Bushfire Response Zone agreement between DFES managed brigade (Donnybrook VFRS) and Local Government Managed Brigades signed for another 3 years. This response plan identifies areas outside of the gazetted townsites that are of a higher risk and require a specialised response during the outbreak of wildfire, such as asset protection combined with bushfire firefighting (Rural Urban Interface)

### Events

- Introduction to Firefighting course held in Donnybrook during February
- Structural Firefighting Course held in Balingup during May
- Plantation Firefighting Courses held in Balingup and Thomson Brook during June
- Lewana Post Incident Community Event held at Balingup Station
- Hosted DFES wellness visit at Donnybrook SES
- Coordinated Service Medal Presentations at Argyle Irishtown Bush Fire Brigade & Kirup Bush Fire Brigade



**22 New volunteers across 12 brigades and SES during 2018/19 financial year**

**Local Bush Fire Brigades have attended 68 reported incidents – including bushfires, structure fires, vehicle fires**

**27 Mitigation Activity Fund treatments delivered during financial year, including both mechanical works and prescribed burning.**



## Aged Care Services

2018/19 was an extremely busy year. With the Aged Care portfolio being consolidated in March 2018, we set about the challenges of upskilling, standardisation, improving customer service and community perception and overall continuous performance improvement.

The portfolio consists of four areas grouped as Residential Aged Care, Retirement Living, Well Aged Units and Cemeteries. There is also an Aged Care Strategic and Capital Projects area that is currently being managed under this portfolio.

Overseeing these areas are a Management team of Manager Clinical Care responsible for the Clinical Care aspects of Residents at Tuia Lodge and the Manager Aged Care Services, Coordinator Aged Care Support Services and Supervisor Hospitality Services that each have responsibilities that span across all four areas.

### Residential Aged Care

The facility at Tuia Lodge was a key focus of the year with the appointment of a Manager Clinical Care on April 14, 2019 after a period of 6 months without the position being filled and the expansion of our nursing resources.

The key takeout for this financial year should be the high acuity environment in which we now find ourselves operating. Residents are coming to Aged

care facilities at a much more advanced age. Whilst the facility experienced an average monthly occupancy rate of 97.25% including respite we recorded the deaths of 15 residents during the financial year which made maintaining occupancy rates and Aged Care Funding Instrument (ACFI) subsidies challenging for the clinical staff. Total resident turnover was 39%.

On the staff side we managed to consolidate and educate our core team as we transitioned from casuals to predominately all permanent part-time staff. With an 88.4% retention rate the staff became much more involved in the day to day decision making and divesting responsibilities down through the organisation was the key to us maintaining this high retention rate.

We also saw a marked increase in volunteer hours up from 32 hours per month in July 2018 and peaking at 83 hours a month late in the year. We hosted over 5,100 visitors to the facility and conducted 438 individual activities for the residents including 8 outings for the year.

The major achievements for Residential Care were:

- ISDN Telephone lines and direct in dialling have been installed
- A new ACROD standard path was constructed between the hospital and Tuia Lodge
- 2 x New Hyundai Tucson vehicles were purchased and branded
- New colour coded staff uniforms were introduced to aid our dementia residents specifically but also



to help families identify staff in various areas of responsibility.

- 100% of our 52 staff attended the St Johns AED training. We were the first facility in Western Australia to have all our staff trained in the use of this life saving device.
- An influenza outbreak occurred at Tuia Lodge on April 20, 2019. We were required to report any new ILI observed, and exclude non-essential staff from the facility. Essential staff were restricted from Tuia unless they were not ill, or had recovered from the illness and were asymptomatic. The Department of Health declared the restriction lifted on 13 May, after we were 7 days without new cases during these 3 weeks, we operated with admin staff off site, and a number of care staff off ill. Due to the nature of the outbreak, it was decided not to admit any new residents at that time, so as to not risk exposure with two residents succumbing to the virus and passing away in hospital.
- We received our 11th unannounced visit in 2 years from the Aged Care Quality and Safety Commission on May 13. The standards looked at were Standard 1 (1.4) Comments and Complaints, and Standard 2 (2.7) Medication Management. Tuia Lodge met all expected outcomes. A new Manager of Clinical Care was recruited in April 15.

### **Retirement Living**

Aged Care services added the management of the Preston Retirement Village to its portfolio. Preston Retirement Village consists of 13, 2 bedroom standalone units each leased from the shire on a 48 year lease with a guaranteed buyback.



The major achievements for Preston Village were:

- The implementation of a documented and auditable maintenance request system.
- The resolution of an issue regarding the replacement of external laundry doors which had been outstanding for 2 years.
- The commencement of a review into the Retirement Village Scheme setup in 2007.
- Successful meetings with residents and commencement of open communication.

### Well-Aged Units

Also in the first quarter the team took over all administrative processes in regards to Minninup Cottages and Langley Villas. All units were occupied at the time of the handover however the physical state of some of the units required major attention and was addressed with a pre-budget inspection by key staff.

The major achievements for the Well-Aged Units were:

- The repointing and repairs to the Units 1-4 block at Minninup Cottages.
- The complete strip out and renovation to unit 1 after a Council inspection giving the unit a new 20 year life span.
- The development, implementation and completion of an asset improvement plan in line with budget funds to address some of the maintenance issues.

### Strategic and Capital Projects

A key area for the year was to look at some of the larger, more strategic projects and opportunities that could be addressed in the portfolio. To this end the following projects were undertaken:

- An ACAR application for \$1.45million was submitted to construct a 10 bed dementia wing and palliative suite adding 11 new beds to our current service we were successful in the application and \$1.45million was granted to Tuia Lodge for this expansion. With a caretaker government in place the grant documentation was delayed and not signed until late into the financial year. The project has an acquittal date of March 2021.
- The management and coordination of the Aged Care Community Reference Group meetings was undertaken leading to the letting of a Request For Quote and the appointment of Ansell Strategic to undertake the project.
- The engagement of Allied Health Services was undertaken to conduct an onsite ACFI audit and assessment and provide ongoing ACFI facilitation and training program over 12 months to improve our ACFI claims and increase our funding. A total annual uplift of \$122,000 was achieved in this project.
- We responded to the establishment of The Aged Care Royal Commission which was established on 8 October, 2018, with a detailed written submission in relation to our Residential Aged Care Service.
- Lighthouse Advisory Services were engaged to help with the transition from the old Aged Care Standards to the new Standards. Their role was to guide the formulation and format of the new/ updated policies and procedures to ensure the requirements of the new standards are met first within the documentation and then in the staff and resident communication/education. The application of the new Aged Care Standards commenced on 1 July, 2019.
- A full communications strategy project was launched and the Tuia Lodge Website [www.tuialodge.com.au](http://www.tuialodge.com.au) went live in Quarter One. As part of this project monthly information pieces were placed in the Preston Press and our presence on Facebook was established on the 11 March, 2019.
- Following an unsuccessful attempt at funding for a fire suppression system through the ACCRI system a presentation was made to Council with a motion to install a Fire Suppression system in Tuia Lodge. The motion was resolved in the positive with the funding to come from a loan.



# Leadership

Effective leadership and civic responsibility

## **Outcome 4.1**

A strategically focussed, open and accountable local government

## **Outcome 4.2**

A respected, professional and trusted organisation





The Shire of Donnybrook Balingup is committed to providing high quality services to the community through the following programs:

*General Purpose Funding*

Management of general rate revenue, general purpose grants, interest on investment and other financing activities of local government.

*Governance*

Members of Council, Council governance, general governance and the administration and staffing of local government.

*Law, Order and Public Safety*

Supervision of local laws, fire prevention, animal control, Volunteer Bushfire Brigades and the State Emergency Service.

*Environmental Health*

Health inspections, administration and preventative services; the provision and maintenance of medical and dental surgery premises.

*Education and Welfare*

Frail aged hostel, well-aged housing, child health centre, community centres, youth support, including school holiday programs.

*Recreation and Culture*

Provision and maintenance of recreation centres, public halls, parks and reserves, sporting facilities, libraries and museum. Support to events, community education and awareness.

*Economic Services*

Promotion of tourism in the area, provision of caravan parks, building control, control of noxious weeds and pest plants, Department of Transport Licensing agency.

*Transport*

Construction and maintenance of roads, drainage, footpaths, parking facilities, private works, traffic signs, street cleaning and traffic management.

*Community Amenities*

Refuse and recycling collection services, operation of refuse disposal sites, town planning and regional development, cemeteries, townscaping activities, public conveniences, protection of the environment.

2018/2019 Financials  
and  
Auditor's Report

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

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**COMMUNITY VISION**

A proud community enjoying our rural lifestyle, cultural heritage and natural environment

Principal Place of Business:  
Corner Collins and Bentley Streets, Donnybrook WA 6239

**SHIRE OF DONNYBROOK BALINGUP  
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 Donnybrook-Balingup 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 Donnybrook-Balingup 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 10th day of February 2020



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Benjamin Rose  
Chief Executive Officer

**SHIRE OF DONNYBROOK BALINGUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
Rates	24(a)	4,893,202	4,898,169	4,562,806
Operating grants, subsidies and contributions	2(a)	5,385,553	3,776,221	4,639,183
Fees and charges	2(a)	3,034,598	2,966,558	2,770,434
Interest earnings	2(a)	378,433	268,872	304,497
Other revenue	2(a)	368,366	369,227	510,718
		14,060,152	12,279,047	12,787,638
<b>Expenses</b>				
Employee costs		(7,035,537)	(7,080,035)	(6,041,873)
Materials and contracts		(3,738,661)	(4,375,923)	(3,558,294)
Utility charges		(438,424)	(363,858)	(409,070)
Depreciation on non-current assets	10(b)	(5,598,300)	(5,788,427)	(5,504,520)
Interest expenses	2(b)	(11,005)	(11,443)	(13,504)
Insurance expenses		(318,890)	(312,590)	(316,992)
Other expenditure		(578,029)	(960,400)	(735,347)
		(17,718,846)	(18,892,676)	(16,579,600)
		(3,658,694)	(6,613,629)	(3,791,962)
Non-operating grants, subsidies and contributions	2(a)	2,927,314	6,231,625	2,559,756
Profit on asset disposals	10(a)	16,385	281,362	121,274
(Loss) on asset disposals	10(a)	(377,100)	(112,324)	(500,372)
		2,566,599	6,400,663	2,180,658
<b>Net result for the period</b>		<b>(1,092,095)</b>	<b>(212,966)</b>	<b>(1,611,304)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	0	0	3,022,340
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>3,022,340</b>
<b>Total comprehensive income for the period</b>		<b>(1,092,095)</b>	<b>(212,966)</b>	<b>1,411,036</b>

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

**SHIRE OF DONNYBROOK BALINGUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
Governance		97,785	15,466	47,504
General purpose funding		7,220,270	6,194,348	6,740,372
Law, order, public safety		736,708	458,488	404,811
Health		138,973	149,066	141,716
Education and welfare		3,788,625	3,450,648	3,536,292
Community amenities		1,228,802	1,221,297	1,141,847
Recreation and culture		262,676	323,426	250,162
Transport		254,039	188,581	212,006
Economic services		241,146	166,227	180,988
Other property and services		91,128	111,500	136,989
		<b>14,060,152</b>	<b>12,279,047</b>	<b>12,792,687</b>
<b>Expenses</b>				
Governance		(953,847)	(1,128,885)	(858,447)
General purpose funding		(267,063)	(245,653)	(186,102)
Law, order, public safety		(1,534,845)	(1,370,553)	(1,414,034)
Health		(191,333)	(233,673)	(226,229)
Education and welfare		(4,528,033)	(4,426,299)	(4,003,912)
Community amenities		(1,560,889)	(1,793,469)	(1,530,449)
Recreation and culture		(3,138,649)	(3,446,903)	(3,004,486)
Transport		(4,962,767)	(5,151,655)	(4,789,181)
Economic services		(439,953)	(952,354)	(406,110)
Other property and services		(130,462)	(131,789)	(152,195)
		<b>(17,707,841)</b>	<b>(18,881,233)</b>	<b>(16,571,145)</b>
<b>Finance Costs</b>				
	2(b)			
Health		(4,876)	(4,938)	(5,465)
Recreation and culture		(2,134)	(2,180)	(2,369)
Transport		0	(4,325)	(5,670)
Economic services		(3,995)	0	0
		<b>(11,005)</b>	<b>(11,443)</b>	<b>(13,504)</b>
		<b>(3,658,694)</b>	<b>(6,613,629)</b>	<b>(3,791,962)</b>
Non-operating grants, subsidies and contributions	2(a)	2,927,314	6,231,625	2,559,756
Profit on disposal of assets	10(a)	16,385	267,674	109,857
(Loss) on disposal of assets	10(a)	(377,100)	(98,636)	(488,955)
		<b>2,566,599</b>	<b>6,400,663</b>	<b>2,180,658</b>
<b>Net result for the period</b>		<b>(1,092,095)</b>	<b>(212,966)</b>	<b>(1,611,304)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	0	0	3,022,340
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>3,022,340</b>
<b>Total comprehensive income for the period</b>		<b>(1,092,095)</b>	<b>(212,966)</b>	<b>1,411,036</b>

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

**SHIRE OF DONNYBROOK BALINGUP**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 \$	2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	14,961,552	8,481,907
Trade receivables	5	948,755	673,199
Financial assets	7(a)	8,660	8,660
Inventories	6	191,921	225,720
<b>TOTAL CURRENT ASSETS</b>		<b>16,110,888</b>	<b>9,389,486</b>
<b>NON-CURRENT ASSETS</b>			
Trade receivables	5	976,646	818,548
Financial assets	7(b)	151,242	159,902
Property, plant and equipment	8(a)	36,188,322	37,498,171
Infrastructure	9(a)	130,114,652	131,240,496
<b>TOTAL NON-CURRENT ASSETS</b>		<b>167,430,862</b>	<b>169,717,117</b>
<b>TOTAL ASSETS</b>		<b>183,541,750</b>	<b>179,106,603</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	6,513,461	945,412
Borrowings	14(a)	32,213	30,795
Employee related provisions	15	754,241	796,571
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,299,915</b>	<b>1,772,778</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14(a)	4,382,322	4,414,535
Employee related provisions	15	139,735	107,417
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>4,522,057</b>	<b>4,521,952</b>
<b>TOTAL LIABILITIES</b>		<b>11,821,972</b>	<b>6,294,730</b>
<b>NET ASSETS</b>		<b>171,719,778</b>	<b>172,811,873</b>
<b>EQUITY</b>			
Retained surplus		30,099,137	33,908,340
Reserves - cash backed	4	9,041,443	6,324,335
Revaluation surplus	11	132,579,198	132,579,198
<b>TOTAL EQUITY</b>		<b>171,719,778</b>	<b>172,811,873</b>

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

**SHIRE OF DONNYBROOK BALINGUP  
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>		<b>36,137,497</b>	<b>5,706,482</b>	<b>129,556,859</b>	<b>171,400,838</b>
Comprehensive income					
Net result for the period		(1,611,304)	0	0	(1,611,304)
Other comprehensive income	11	0	0	3,022,340	3,022,340
Total comprehensive income		(1,611,304)	0	3,022,340	1,411,036
Transfers (from)/to reserves		(617,853)	617,853	0	0
<b>Balance as at 30 June 2018</b>		<b>33,908,340</b>	<b>6,324,335</b>	<b>132,579,198</b>	<b>172,811,873</b>
Comprehensive income					
Net result for the period		(1,092,095)	0	0	(1,092,095)
Other comprehensive income	11	0	0	0	0
Total comprehensive income		(1,092,095)	0	0	(1,092,095)
Transfers (from)/to reserves	4	(2,717,108)	2,717,108	0	0
<b>Balance as at 30 June 2019</b>		<b>30,099,137</b>	<b>9,041,443</b>	<b>132,579,198</b>	<b>171,719,778</b>

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

**SHIRE OF DONNYBROOK BALINGUP**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Rates	4,841,484	4,950,814	4,511,677
Operating grants, subsidies and contributions	5,361,559	3,777,968	4,572,748
Fees and charges	3,006,180	2,960,777	2,810,835
Interest received	376,882	268,872	306,838
Goods and services tax received	1,081,344	1,302,178	1,163,819
Other revenue	274,271	472,306	342,915
	<b>14,941,720</b>	<b>13,732,915</b>	<b>13,708,832</b>
<b>Payments</b>			
Employee costs	(7,066,702)	(7,089,804)	(5,802,207)
Materials and contracts	(3,469,807)	(4,588,773)	(3,405,109)
Utility charges	(441,441)	(363,858)	(424,048)
Interest expenses	(11,005)	(11,316)	(15,176)
Insurance paid	(318,890)	(312,590)	(316,643)
Goods and services tax paid	(1,092,350)	(1,300,000)	(1,123,086)
Other expenditure	(626,017)	(959,719)	(734,889)
	<b>(13,026,212)</b>	<b>(14,626,060)</b>	<b>(11,821,158)</b>
<b>Net cash provided by (used in) operating activities</b>	<b>16</b> 1,915,508	<b>(893,145)</b>	<b>1,887,674</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of property, plant & equipment	8(a) (1,189,946)	(5,091,252)	(2,250,911)
Payments for construction of infrastructure	9(a) (2,543,803)	(5,294,041)	(2,139,387)
Payments for repayment of fixed loans from Preston Retirement Village	0	(930,000)	(310,000)
Movement in Bonds and Deposits	5,341,087	0	0
Proceeds from self supporting loans	14(b) 8,660	8,660	8,427
Proceeds from sale of property, plant & equipment	10(a) 210,428	597,190	389,772
Proceeds from sale of infrastructure	10(a) 0	0	109,091
Proceeds from sale of long term lease of Buildings	0	930,000	310,000
Proceeds from sale of Land held for Resale	0	0	7,234
<b>Net cash provided by (used in) investment activities</b>	<b>1,826,426</b>	<b>(9,779,443)</b>	<b>(3,875,774)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings	14(b) (30,795)	(30,795)	(71,645)
Proceeds from new borrowings	14(c) 0	1,400,000	0
Non-operating grants, subsidies and contributions	2(a) 2,768,506	6,231,625	2,629,370
<b>Net cash provided by (used in) financing activities</b>	<b>2,737,711</b>	<b>7,600,830</b>	<b>2,557,725</b>
<b>Net increase (decrease) in cash held</b>	<b>6,479,645</b>	<b>(3,071,758)</b>	<b>569,625</b>
Cash at beginning of year	8,481,907	8,481,907	7,912,282
<b>Cash and cash equivalents at the end of the year</b>	<b>16</b> <b>14,961,552</b>	<b>5,410,149</b>	<b>8,481,907</b>

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

**SHIRE OF DONNYBROOK BALINGUP**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	25 (b)	1,565,218	1,522,166	2,060,451
		1,565,218	1,522,166	2,060,451
<b>Revenue from operating activities (excluding rates)</b>				
Governance		98,207	20,904	47,504
General purpose funding		2,324,297	1,296,179	2,177,567
Law, order, public safety		736,708	458,488	404,811
Health		138,973	149,066	141,716
Education and welfare		3,788,625	3,450,648	3,544,292
Community amenities		1,228,802	1,221,297	1,141,847
Recreation and culture		262,676	323,426	250,162
Transport		270,002	196,831	223,423
Economic services		241,146	433,901	282,845
Other property and services		91,128	111,500	136,987
		9,180,564	7,662,240	8,351,154
<b>Expenditure from operating activities</b>				
Governance		(980,801)	(1,141,847)	(858,447)
General purpose funding		(267,063)	(245,653)	(186,102)
Law, order, public safety		(1,545,375)	(1,379,243)	(1,557,689)
Health		(200,284)	(247,083)	(234,580)
Education and welfare		(4,619,253)	(4,426,299)	(4,003,912)
Community amenities		(1,572,854)	(1,805,119)	(1,547,668)
Recreation and culture		(3,287,930)	(3,449,083)	(3,261,568)
Transport		(5,043,892)	(5,222,205)	(4,871,081)
Economic services		(448,032)	(956,679)	(411,779)
Other property and services		(130,462)	(131,789)	(152,194)
		(18,095,946)	(19,005,000)	(17,085,020)
Non-cash amounts excluded from operating activities	25(a)	5,801,436	5,619,389	5,633,469
<b>Amount attributable to operating activities</b>		(1,548,728)	(4,201,205)	(1,039,946)
<b>INVESTING ACTIVITIES</b>				
Proceeds from disposal of assets	10(a)	210,428	597,190	498,864
Purchase of property, plant and equipment	8(a)	(1,189,946)	(5,091,252)	(2,186,043)
Purchase and construction of infrastructure	9(a)	(2,543,803)	(5,294,041)	(2,149,148)
<b>Amount attributable to investing activities</b>		(3,523,321)	(9,788,103)	(3,836,327)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	14(b)	(30,795)	(30,795)	(71,645)
Proceeds from borrowings	14(c)	0	1,400,000	0
Non-operating grants, subsidies and contributions	2(a)	2,927,314	6,231,625	2,559,756
Self-Supporting Loan Principal Income	14(b)	8,660	8,660	8,427
Transfers to reserves (restricted assets)	4	(4,194,185)	(643,251)	(1,543,714)
Transfers from reserves (restricted assets)	4	1,477,077	2,124,901	925,861
<b>Amount attributable to financing activities</b>		188,071	9,091,140	1,878,685
<b>Surplus/(deficit) before imposition of general rates</b>		(4,883,978)	(4,898,169)	(2,997,588)
<b>Total amount raised from general rates</b>	24(a)	4,895,973	4,898,169	4,562,806
<b>Surplus/(deficit) after imposition of general rates</b>	25(b)	<b>11,995</b>	<b>0</b>	<b>1,565,218</b>

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

**SHIRE OF DONNYBROOK BALINGUP**  
**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 27 to these financial statements.

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

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

**(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	17,767	0	1,000
General purpose funding	2,014,841	1,005,029	1,888,018
Law, order, public safety	663,924	325,382	338,679
Health	864	1,000	1,195
Education and welfare	2,446,860	2,180,400	2,280,565
Recreation and culture	47,806	86,500	40,061
Transport	155,242	92,131	88,057
Economic services	1,480	0	1,608
Other property and services	36,769	85,779	0
	5,385,553	3,776,221	4,639,183
<b>Non-operating grants, subsidies and contributions</b>			
Law, order, public safety	23,898	436,175	782,701
Education and welfare	600,000	1,555,000	0
Recreation and culture	210,374	206,000	200,000
Transport	2,093,042	4,034,450	1,577,055
	2,927,314	6,231,625	2,559,756
<b>Total grants, subsidies and contributions</b>	<b>8,312,867</b>	<b>10,007,846</b>	<b>7,198,939</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 23.

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.

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

**2. REVENUE AND EXPENSES**

<b>(a) Revenue (Continued)</b>	<b>2019 Actual</b>	<b>2019 Budget</b>	<b>2018 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Other revenue</b>			
Reimbursements and recoveries	243,728	242,332	324,809
Other	124,638	126,895	185,909
	<b>368,366</b>	<b>369,227</b>	<b>510,718</b>
<b>Fees and Charges</b>			
General purpose funding	48,152	47,150	40,027
Law, order, public safety	40,469	33,500	35,023
Health	138,110	146,666	135,166
Education and welfare	1,187,878	1,188,663	1,135,759
Community amenities	1,215,177	1,206,947	1,108,612
Recreation and culture	198,650	212,200	173,560
Transport	4,100	6,500	2,585
Economic services	202,062	124,932	139,702
	<b>3,034,598</b>	<b>2,966,558</b>	<b>2,770,434</b>
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
<b>Interest earnings</b>			
Reserve Funds	93,203	80,000	116,244
Other Funds	0	138,672	128,750
Rates instalment and penalty interest (refer Note 24e)	72,054	45,500	56,318
Other interest earnings	213,176	4,700	3,185
	<b>378,433</b>	<b>268,872</b>	<b>304,497</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Interest earnings**

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

**Interest earnings (Continued)**

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

**SHIRE OF DONNYBROOK BALINGUP**  
**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	24,000	15,900	15,900
Other services*	17,010	11,100	5,530
	41,010	27,000	21,430
* Other services for 2019 includes Financial Management Systems Review, Regulation 17 Review, Prudential Compliance Audit, Preston Village Operating Statement Audit and two acquittal audits relating to 2018.			
<b>Interest expenses (finance costs)</b>			
Borrowings (refer Note 14(b))	11,005	11,443	13,504
	11,005	11,443	13,504
<b>Rental charges</b>			
Operating leases	72,033	52,217	61,952
	72,033	52,217	61,952

**SHIRE OF DONNYBROOK BALINGUP**  
**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		14,961,552	8,481,907
		14,961,552	8,481,907
<b>Comprises:</b>			
Unrestricted cash and cash equivalents		5,920,109	2,089,564
Restricted cash and cash equivalents		9,041,443	6,392,343
		14,961,552	8,481,907
The following restrictions have been imposed by regulations or other externally imposed requirements:			
<b>Reserve accounts</b>			
Waste Management Reserve	4	1,469,228	1,372,381
Bushfire Control & Management Reserve	4	2,282	2,282
Aged Housing Reserve	4	1,155,955	1,319,602
Employee Entitlements Reserve	4	218,912	250,709
Arbuthnott Memorial Scholarship Reserve	4	3,885	3,685
Strategic Planning Studies Reserve	4	40,051	40,051
Land Development Reserve Fund	4	250,000	223,548
Vehicle Reserve	4	511,275	395,296
Roadworks Reserve	4	435,434	1,297,007
Revaluation Reserve	4	950	60,950
Central Business District Reserve	4	3,054	3,054
Buildings Reserve	4	853,366	890,446
Building Maintenance Reserve	4	0	237,121
Apple Funpark Reserve	4	99,521	101,506
Information Technology Reserve	4	119,522	126,697
Unspent Grants Reserve	4	1,837,875	0
Contribution To Works Reserve	4	328,641	0
Park and Reserves Reserve	4	75,276	0
Carried Forward Project Reserve	4	1,636,216	0
		9,041,443	6,324,335
<b>Other restricted cash and cash equivalents</b>			
Unspent grants/contributions		0	68,008
<b>Total restricted cash and cash equivalents</b>		9,041,443	6,392,343

**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.

**SHIRE OF DONNYBROOK BALINGUP**  
**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 Intra Reallocation	2019 Actual Transfer to	2019 Actual Transfer (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 Closing Balance
	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Waste Management Reserve	1,372,381	0	96,847	0	1,469,228	1,372,381	58,324	0	1,430,705	1,220,685	151,696	0	1,372,381
(b) Bushfire Control & Management Reserve	2,282	0	0	0	2,282	2,282	0	0	2,282	12,719	267	(10,704)	2,282
(c) Aged Housing Reserve	1,319,602	0	109,070	(272,717)	1,155,955	1,319,602	69,807	(472,850)	916,559	1,235,144	201,613	(117,155)	1,319,602
(d) Employee Entitlements Reserve	250,709	0	111,766	(143,563)	218,912	265,917	4,654	(37,344)	233,227	201,660	64,257	(15,208)	250,709
(e) Arbutnott Memorial Scholarship Reserve	3,685	0	400	(200)	3,885	3,685	0	(200)	3,485	3,805	80	(200)	3,685
(f) Strategic Planning Studies Reserve	40,051	0	0	0	40,051	40,051	0	0	40,051	39,228	823	0	40,051
(g) Land Development Reserve Fund	223,548	0	26,452	0	250,000	223,548	49,786	(266,500)	6,834	39,538	184,010	0	223,548
(h) Vehicle Reserve	395,296	0	495,836	(379,857)	511,275	395,296	350,000	(423,663)	321,633	503,576	276,565	(384,845)	395,296
(i) Roadworks Reserve	1,297,007	(676,732)	0	(184,841)	435,434	1,297,007	0	(250,841)	1,046,166	1,071,944	272,182	(47,119)	1,297,007
(j) Revaluation Reserve	60,950	0	0	(60,000)	950	60,950	0	(60,000)	950	59,697	1,253	0	60,950
(k) Central Business District Reserve	3,054	0	0	0	3,054	3,054	0	0	3,054	42,170	5,884	(45,000)	3,054
(l) Buildings Reserve	890,446	84,965	110,680	(232,725)	853,366	890,446	0	(436,000)	454,446	883,706	304,615	(297,875)	890,446
(m) Building Maintenance Reserve	237,121	(156,654)	0	(80,467)	0	237,121	110,680	(115,503)	232,298	183,271	53,850	0	237,121
(n) Apple Funpark Reserve	101,506	0	1,703	(3,688)	99,521	101,506	0	(20,000)	81,506	97,242	4,264	0	101,506
(o) Information Technology Reserve	126,697	0	0	(7,175)	119,522	126,698	0	(42,000)	84,698	112,097	22,355	(7,755)	126,697
(p) Unspent Grants Reserve *	0	66,000	1,820,435	(48,560)	1,837,875	0	0	0	0	0	0	0	0
(q) Contribution To Works Reserve *	0	326,641	2,000	0	328,641	0	0	0	0	0	0	0	0
(r) Park and Reserves Reserve *	0	0	75,276	0	75,276	0	0	0	0	0	0	0	0
(s) Carried Forward Project Reserve *	0	355,780	1,343,720	(63,284)	1,636,216	0	0	0	0	0	0	0	0
	6,324,335	0	4,194,185	(1,477,077)	9,041,443	6,339,544	643,251	(2,124,901)	4,857,894	5,706,482	1,543,714	(925,861)	6,324,335

\* New reserves approved by Council

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Waste Management Reserve	Ongoing	To receive funds collected from the Shire's Waste Management levy for the purpose of providing waste management facilities.
(b) Bushfire Control & Management Reserve	Ongoing	To receive funds collected from the Shire's Fire Protection Levy for the purpose of providing fire fighting equipment to meet the needs of the district.
(c) Aged Housing Reserve	Ongoing	Established to manage funds from aged housing schemes for the upgrade of Council managed aged housing facilities.
(d) Employee Entitlements Reserve	Ongoing	Established to provide funds for the payment of long service leave and grandfathered gratuity scheme entitlements.
(e) Arbutnott Memorial Scholarship Reserve	Ongoing	To fund the payment of the Arbutnott Scholarship.
(f) Strategic Planning Studies Reserve	Ongoing	Established to accumulate funds for engaging strategic studies / reports.
(g) Land Development Reserve Fund	Ongoing	To fund the purchase of land for future community purposes.
(h) Vehicle Reserve	Ongoing	To accumulate funds for the acquisition and replacement of Council's vehicle fleet.
(i) Roadworks Reserve	Ongoing	Established to accumulate funds for the construction, renewal and major maintenance of road infrastructure.
(j) Revaluation Reserve	Ongoing	Established to accumulate funds for asset revaluations and rates gross rental valuation - General revaluation.
(k) Central Business District Reserve	Ongoing	To fund future Central Business District projects.
(l) Buildings Reserve	Ongoing	To accumulate funds for the construction, renewal and major maintenance of Council buildings.
(n) Apple Funpark Reserve	Ongoing	To receive donations and to provide for the future capital upgrade and maintenance of equipment and facilities at the Apple Funpark in Collins Street, Donnybrook.
(o) Information Technology Reserve	Ongoing	To accumulate funds for the acquisition and replacement of information technology equipment and software.
(p) Unspent Grants Reserve *	2019/20	To hold unexpended grants to be utilised in future financial periods.
(q) Contribution To Works Reserve *	Ongoing	To hold contributions for future works.
(r) Park and Reserves Reserve *	Ongoing	Established to accumulate funds for the construction, renewal and major maintenance of parks & reserves infrastructure.
(s) Carried Forward Project Reserve *	Ongoing	Established to accumulate funds from projects carried into future financial years.

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

**5. TRADE RECEIVABLES**

**Current**

Rates receivable	441,645	378,602
Sundry receivables	263,533	87,919
GST receivable	53,184	42,178
Accrued income	187,300	158,722
Prepayments	3,093	5,778
	948,755	673,199

**Non-current**

Pensioner's rates and ESL deferred	161,612	158,875
Accrued Income	815,034	659,673
	976,646	818,548

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other receivables**

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

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

**Impairment and risk exposure**

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

**Classification and subsequent measurement**

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

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

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

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

**6. INVENTORIES**

**Current**

	2019	2018
	\$	\$
Fuel and materials	8,062	6,210
Land Held for Resale	163,670	151,676
Gravel Stockpiled	8,251	56,681
Work in Progress (Gravel)	10,284	10,084
Recreation Centre Kiosk Supplies	1,654	1,069
	191,921	225,720

The following movements in inventories occurred during the year:

<b>Carrying amount at 1 July</b>	225,720	181,176
Inventories expensed during the year	(288,796)	(178,596)
Additions to inventory	254,997	223,140
<b>Carrying amount at 30 June</b>	191,921	225,720

**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.

**Land held for resale**

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

**Land held for resale (Continued)**

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

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

**7. OTHER FINANCIAL ASSETS**

**(a) Current assets**

Self Supporting Loan Debtors

	2019	2018
	\$	\$
	8,660	8,660
	8,660	8,660
<b>(b) Non-current assets</b>		
Financial assets	86,867	86,867
Self Supporting Loans	64,375	73,035
	151,242	159,902
<b>Financial assets at fair value through profit and loss</b>		
Unlisted equity investments		
Bendigo Bank	25,000	25,000
Units in Local Government House Trust	61,867	61,867
	86,867	86,867

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

**Financial assets at fair value through profit and loss**

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

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

**Impairment and risk**

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

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

## 8. 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 - Vested in Council	Total Land	Buildings	Furniture and Equipment	Plant and Equipment	Work in Progress Movement	Total Property, Plant and Equipment
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	4,342,400	378,000	4,720,400	27,082,633	203,455	5,777,393	0	37,783,881
Additions	0	0	0	816,481	5,129	1,364,433	0	2,186,043
(Disposals)	(42,000)	0	(42,000)	(15,193)	0	(502,702)	0	(559,895)
Depreciation (expense)	0	0	0	(1,105,795)	(46,937)	(759,125)	0	(1,911,857)
<b>Carrying amount at 30 June 2018</b>	4,300,400	378,000	4,678,400	26,778,125	161,647	5,879,999	0	37,498,171
<b>Comprises:</b>								
Gross carrying amount at 30 June 2018	4,300,400	378,000	4,678,400	27,882,703	258,803	7,126,558	0	39,946,464
Accumulated depreciation at 30 June 2018	0	0	0	(1,104,578)	(97,156)	(1,246,559)	0	(2,448,293)
<b>Carrying amount at 30 June 2018</b>	4,300,400	378,000	4,678,400	26,778,125	161,647	5,879,999	0	37,498,171
Additions	0	0	0	489,757	11,965	588,270	99,954	1,189,946
Disposals	0	0	0	(18,867)	(75,513)	(385,692)	0	(480,072)
Depreciation (expense)	0	0	0	(1,130,872)	(40,624)	(848,227)	0	(2,019,723)
<b>Carrying amount at 30 June 2019</b>	4,300,400	378,000	4,678,400	26,118,143	57,475	5,234,350	99,954	36,188,322
<b>Comprises:</b>								
Gross carrying amount at 30 June 2019	4,300,400	378,000	4,678,400	28,350,163	144,012	7,114,493	99,954	40,387,022
Accumulated depreciation at 30 June 2019	0	0	0	(2,232,020)	(86,537)	(1,880,143)	0	(4,198,700)
<b>Carrying amount at 30 June 2019</b>	4,300,400	378,000	4,678,400	26,118,143	57,475	5,234,350	99,954	36,188,322

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

**8. 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 - Freehold</b>	2	Market approach using recent observable market data for similar properties/ income approach using discounted cashflow methodology	Independent Valuer	June 2017	Price per hectare, market borrowing rate, sales evidence
<b>Land - Vested in Council</b>	2	Market approach using recent observable market data for similar properties/ income approach using discounted cashflow methodology	Independent Valuer	June 2017	Price per hectare, market borrowing rate, sales evidence
<b>Buildings</b>	3	Cost approach using depreciated replacement cost	Independent Valuer	June 2017	Construction costs (Level 2) and current condition (Level 3), residual values and remaining useful life assessments (Level 3)
<b>Furniture and Equipment</b>	3	Market approach using recent observable market data for similar items	Independent Valuer	June 2016	Current condition, residual values and remaining useful life
<b>Plant and Equipment</b>	3	Market approach using recent observable market data for similar items	Independent Valuer	June 2016	Current condition, residual values and remaining useful life

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

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

**SHIRE OF DONNYBROOK BALINGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**9. 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 - Other	Infrastructure - Drainage	Infrastructure - Footpaths	Infrastructure - Bridges	Work in Progress Movement	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	81,478,843	5,685,892	5,102,684	2,070,372	35,634,710	0	129,979,735
Additions	1,877,402	179,490	0	87,136	5,120	0	2,149,148
(Disposals)	0	(256,739)	0	0	(54,093)	0	(318,066)
Revaluation increments / (decrements) transferred to revaluation surplus	(1,910,795)	1,501,458	14,148,882	461,513	(11,178,718)	0	3,022,340
Depreciation (expense)	(2,232,714)	(417,202)	(219,158)	(65,669)	(657,920)	0	(3,592,663)
<b>Carrying amount at 30 June 2018</b>	79,212,736	6,692,900	19,032,408	2,553,352	23,749,100	0	131,240,496
<b>Comprises:</b>							
Gross carrying amount at 30 June 2018	104,252,947	11,649,400	26,349,624	3,839,480	53,182,500	0	199,273,951
Accumulated depreciation at 30 June 2018	(25,040,211)	(4,956,500)	(7,317,216)	(1,286,128)	(29,433,400)	0	(68,033,455)
<b>Carrying amount at 30 June 2018</b>	79,212,736	6,692,900	19,032,408	2,553,352	23,749,100	0	131,240,496
Additions	2,121,287	39,126	0	89,769	266,347	27,274	2,543,803
Disposals	0	(91,070)	0	0	0	0	(91,070)
Depreciation (expense)	(1,939,105)	(406,323)	(316,195)	(54,137)	(862,817)	0	(3,578,577)
<b>Carrying amount at 30 June 2019</b>	79,394,918	6,234,633	18,716,213	2,588,984	23,152,630	27,274	130,114,652
<b>Comprises:</b>							
Gross carrying amount at 30 June 2019	106,374,234	11,438,726	26,349,624	3,929,249	53,448,847	27,274	201,567,954
Accumulated depreciation at 30 June 2019	(26,979,316)	(5,204,093)	(7,633,411)	(1,340,265)	(30,296,217)	0	(71,453,302)
<b>Carrying amount at 30 June 2019</b>	79,394,918	6,234,633	18,716,213	2,588,984	23,152,630	27,274	130,114,652

**SHIRE OF DONNYBROOK BALINGUP**  
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**9. INFRASTRUCTURE (Continued)**

**(b) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Infrastructure - Roads</b>	3	Cost approach using depreciated replacement cost	Independent Valuer	June 2018	Construction costs (Level 2) and current age (Level 3). Residual values and remaining useful life assessments (Level 3).
<b>Infrastructure - Other</b>	3	Cost approach using depreciated replacement cost	Independent Valuer	June 2018	Construction costs (Level 2) and current age (Level 3). Residual values and remaining useful life assessments (Level 3).
<b>Infrastructure - Drainage</b>	3	Cost approach using depreciated replacement cost	Independent Valuer	June 2018	Construction costs (Level 2) and current age (Level 3). Residual values and remaining useful life assessments (Level 3).
<b>Infrastructure - Footpaths</b>	3	Cost approach using depreciated replacement cost	Independent Valuer	June 2018	Construction costs (Level 2) and current age (Level 3). Residual values and remaining useful life assessments (Level 3).
<b>Infrastructure - Bridges</b>	3	Cost approach using depreciated replacement cost	Independent Valuer	June 2018	Construction costs (Level 2) and current age (Level 3). Residual values and remaining useful life assessments (Level 3).

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

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

**SHIRE OF DONNYBROOK BALINGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**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.

**SHIRE OF DONNYBROOK BALINGUP**  
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**10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)**

**(a) Disposals of Assets**

Asset by Class	2019	2019	2019	2019	2019	2019	2018	2018	2018
	Actual Net Book Value	Actual Sale Proceeds	Actual Profit / (Loss)	Budget Net Book Value	Budget Sale Proceeds	Budget Profit / (Loss)	Actual Net Book Value	Actual Sale Proceeds	Actual Profit / (Loss)
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - Freehold	0	0	0	152,326	420,000	267,674	42,000	50,000	8,000
Buildings	18,867	0	(18,867)	0	0	0	15,193	0	(15,193)
Furniture and Equipment	75,513	0	(75,513)	0	0	0	0	0	0
Plant and Equipment	385,692	210,428	(175,265)	275,826	177,190	(98,636)	502,702	339,772	(162,930)
Infrastructure - Other	91,070	0	(91,070)	0	0	0	256,739	0	(256,739)
Land Held for Resale	0	0	0	0	0	0	7,234	109,091	101,857
	571,142	210,428	(360,715)	428,152	597,190	169,038	877,961	498,863	(379,098)
<b>Summary</b>									
Profit on Asset Disposal			16,385			281,362			121,274
Loss on Asset Disposal			(377,100)			(112,324)			(500,372)
			(360,715)			169,038			(379,098)

**Change in Accounting Policy**

On 1 July 2018 Paragraph (5) of Regulation 17A was inserted into the Local Government (Financial Management) Regulations 1996.

The regulation stated that 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.

The adoption of the regulation constitutes a change in accounting policy.

Due to the effect on the financial statements not being material, the Shire did not retrospectively apply the changes in accounting policy arising from the new regulation and has not restated comparative figures.

During the year assets with a fair value at the date of acquisition of under \$5,000 and purchased prior to 1 July 2018, amounted to \$233,248 have been excluded from the assets of the Shire and written off in the Statement of Comprehensive Income.

	2019	2019	2019
	Actual Net Book Value	Actual Sale Proceeds	Actual Profit / (Loss)
	\$	\$	\$
<b>Buildings</b>			
Genuine disposal of assets	0	0	0
Disposal of assets under \$5,000 in value	18,867	0	(18,867)
	18,867	0	(18,867)
<b>Furniture and Equipment</b>			
Genuine disposal of assets	0	0	0
Disposal of assets under \$5,000 in value	75,513	0	(75,513)
	75,513	0	(75,513)
<b>Plant and Equipment</b>			
Genuine disposal of assets	337,894	210,428	(127,467)
Disposal of assets under \$5,000 in value	47,798	0	(47,798)
	385,692	210,428	(175,265)
<b>Infrastructure - Other</b>			
Genuine disposal of assets	0	0	0
Disposal of assets under \$5,000 in value	91,070	0	(91,070)
	91,070	0	(91,070)
	571,142	210,428	(360,715)

**SHIRE OF DONNYBROOK BALINGUP**  
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**10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)**

(b) Depreciation	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Buildings	1,130,872	1,142,337	1,105,795
Furniture and Equipment	40,624	40,281	46,937
Plant and Equipment	848,227	766,933	759,125
Infrastructure - Roads	1,939,105	2,263,418	2,232,714
Infrastructure - Other	406,323	467,500	417,202
Infrastructure - Drainage	316,195	219,158	219,158
Infrastructure - Footpaths	54,137	68,121	65,669
Infrastructure - Bridges	862,817	820,679	657,920
	5,598,300	5,788,427	5,504,520

**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	20 to 100 years
Office Furniture and Equipment	4 to 15 years
Computer Equipment	4 to 15 years
Plant and equipment	5 to 15 years

**Infrastructure**

Bridges	27 to 77 years
Road clearing and earthworks	not depreciated
Road Pavement	40 to 45 years
Road Seal	15 years
Car Parks	40 years
Cycleways	40 years
Footpaths - Concrete	25 to 71 years
Footpaths - Slabs	25 to 71 years
Storm Water Drainage	83 years
Other	4 to 80 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.

**SHIRE OF DONNYBROOK BALINGUP**  
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**11. REVALUATION SURPLUS**

	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	Total Movement on Revaluation	2018 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	3,010,439	0	0	0	3,010,439	3,010,439	0	0	0	3,010,439
Revaluation surplus - Buildings - non-specialised	13,377,810	0	0	0	13,377,810	13,377,810	0	0	0	13,377,810
Revaluation surplus - Furniture and equipment	20,001	0	0	0	20,001	20,001	0	0	0	20,001
Revaluation surplus - Plant and equipment	1,386,293	0	0	0	1,386,293	1,386,293	0	0	0	1,386,293
Revaluation surplus - Infrastructure - roads	70,312,456	0	0	0	70,312,456	72,223,251	0	(1,910,795)	(1,910,795)	70,312,456
Infrastructure - Bridges	17,408,375	0	0	0	17,408,375	28,587,093	0	(11,178,718)	(11,178,718)	17,408,375
Infrastructure - Road Drains	17,987,255	0	0	0	17,987,255	3,838,373	14,148,882	0	14,148,882	17,987,255
Infrastructure - Footpaths	1,623,969	0	0	0	1,623,969	1,162,456	461,513	0	461,513	1,623,969
Infrastructure - Other	7,452,600	0	0	0	7,452,600	5,951,141	1,501,458	0	1,501,458	7,452,600
	132,579,198	0	0	0	132,579,198	129,556,857	16,111,853	(13,089,513)	3,022,340	132,579,198

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.

**SHIRE OF DONNYBROOK BALINGUP**  
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**12. CONTINGENT LIABILITIES**

The Shire of Donnybrook Balingup has identified the following sites, in relation to land owned, vested or leased, that is known to be, or suspected of being contaminated. As at the date of this report the value and timing of remediation has not been ascertained.

<b>Location</b>	<b>Land Use</b>	<b>Nature of Potential Contamination</b>
A197 - Lot 13 Bentley Street, Donnybrook	Former Shire Depot	Hydrocarbon
A3418 - Res 30530 Boyup Brook Road, Lowden	Former Landfill Site	Putrescible Waste
A3420 - Res 30773 Boyup Brook Road, Mumballup	Former Landfill Site	Putrescible Waste
A3611 - F21 Valentines Road, Newlands	Former Waste Facility	Buried Waste
A4014 - Lot 597, Plan 38225, Donnybrook	Historic Station Loading Yard	Heavy Metals
A3605 - Lot 2928 F27 Gavins Road, Donnybrook	Landfill Site	Landfill Waste Material
A3444 - Lot 506, 39 Sandhills Road, Beelerup	Depot	Herbicides Mixed onsite

**SHIRE OF DONNYBROOK BALINGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**13. TRADE AND OTHER PAYABLES**

**Current**

	2019	2018
	\$	\$
Sundry creditors	693,008	461,007
Rates paid in advance	115,057	100,995
Accrued salaries and wages	181,501	160,432
ATO liabilities	109,802	99,337
Accrued Expenses Other	72,637	123,641
Payables - Other	369	0
Bonds - Refundable Aged Deposits - Tuia Lodge	5,116,067	0
Bonds - Extractive Industry	113,082	0
Bonds - Developer Retention	68,238	0
Bonds - Transportable Buildings	20,000	0
Bonds - Sundry	18,234	0
Deposits - BCITF & BRB	2,127	0
Deposits - Aged Care Residents Funds	3,339	0
	6,513,461	945,412

**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.

**SHIRE OF DONNYBROOK BALINGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**14. INFORMATION ON BORROWINGS**

	2019	2018
	\$	\$
Current	32,213	30,795
Non-current	4,382,322	4,414,535
	4,414,535	4,445,330

**(b) Borrowings**

Particulars	Debenture Number	Institution	Interest Rate	30 June 2019					30 June 2019					30 June 2018				
				Actual Principal 1 July 2018	Actual New Loans	Actual Principal repayments	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	Actual Interest repayments	Actual Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Health</b>																		
Dental Surgery Ext	74	WA Treasury Corporation	5.83%	87,265	0	10,423	4,876	76,842	87,265	0	10,423	4,938	76,842	97,106	0	9,841	5,465	87,265
<b>Education and welfare</b>																		
Retirement Village	N/A	WA Treasury Corporation	N/A	0	0	0	0	0	0	900,000	0	0	900,000	0	0	0	0	0
Tuia Lodge Fire Suppression	N/A	WA Treasury Corporation	N/A	0	0	0	0	0	0	500,000	0	0	500,000	0	0	0	0	0
Tuia Lodge RAD's Borrowings	N/A	Tuia Lodge RAD's Borrowings	N/A	187,229	0	0	0	187,229	187,229	0	0	0	187,229	187,229	0	0	0	187,229
Preston Village Lease Liability	N/A	N/A	N/A	4,022,000	0	0	0	4,022,000	4,022,000	0	0	0	4,022,000	4,022,000	0	0	0	4,022,000
<b>Economic services</b>																		
Transit Park	77	WA Treasury Corporation	6.73%	0	0	0	0	0	0	0	0	0	0	42,415	0	42,415	916	0
Collins St Storage Units	80	WA Treasury Corporation	6.73%	67,141	0	11,712	3,995	55,429	67,141	0	11,712	4,325	55,429	78,103	0	10,962	4,754	67,141
				4,363,635	0	22,135	8,871	4,341,500	4,363,635	1,400,000	22,135	9,263	5,741,500	4,426,853	0	63,218	11,135	4,363,635
<b>Self Supporting Loans</b>																		
<b>Recreation and culture</b>																		
Donnybrook Country Club	90	WA Treasury Corporation	2.74%	81,695	0	8,660	2,134	73,035	81,695	0	8,660	2,180	73,035	90,122	0	8,427	2,369	81,695
				81,695	0	8,660	2,134	73,035	81,695	0	8,660	2,180	73,035	90,122	0	8,427	2,369	81,695
				4,445,330	0	30,795	11,005	4,414,535	4,445,330	1,400,000	30,795	11,443	5,814,535	4,516,975	0	71,645	13,504	4,445,330

**Self Supporting Loans**

Self supporting loans are financed by payments from third parties. These are shown in Note 7 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

**Preston Village Lease Liability**

Preston Village Lease Liability detailed above represents monies paid by the ingoing leasees of the Preston Retirement Village, Sharp Street Donnybrook under a life tenancy lease arrangement.

The proceeds received from the life tenancies are initially classified as a non-current liability as the Shire is only required to repay these funds to a vacating leasee, or their estate, in the event that the Shire is unable to attract a subsequent leasee within the 3-year time period, as specified in the lease agreement.

The lease liability in respect to each unit leased will remain unchanged unless the Shire is required to refund any lease amount in which case the lease liability will be reduced when refunded.

Where a leasee has vacated a property prior to balance date, the loan liability to the leasee has been classified as non-current as the Shire will not be required to repay the leasee until the property is re-leased. In the event that the property will be re-leased within the next 12 months, the existing liability will be replaced with a new non current liability with no net impact on the Shire's Statement of Financial Position.

In the event that Council elects not to market a vacated unit, or the unit will have been vacant for a period of three years at a date falling within the next 12 months, any loan liability on the property will be classified as current.

The respective cost of land and buildings to which the leases relate are recorded at cost within the Shire's property, plant and equipment (Note 8a).

**Tuia Lodge RAD's Borrowings**

2005/06 Borrowings against Refundable Accommodation Deposits - Tuia Lodge extensions.

**SHIRE OF DONNYBROOK BALINGUP**  
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**14. INFORMATION ON BORROWINGS (Continued)**

**(c) New Borrowings - 2018/19**

Particulars/Purpose	Institution	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
		2019 Actual	2019 Budget	2019 Actual	2019 Budget		
Retirement Village	WA Treasury Corporation	0	900,000	0	0	0	0
Tuia Lodge Fire Suppression	WA Treasury Corporation	0	500,000	0	0	0	0

**(d) Undrawn Borrowing Facilities**

**Credit Standby Arrangements**

	2019	2018
Credit card limit	9,000	9,000
Credit Card Balance at Balance Date	(1,740)	(1,842)

Bank Overdraft Limit - Municipal Fund	100,000	100,000
Bank Overdraft at Balance Date	0	0

Bank Overdraft Limit - Dept of Transport Licensing Trust A/C	10,000	10,000
Bank Overdraft at Balance Date	0	0

**Total amount of credit unused** 7,260      7,158

**Borrowings facilities**

Borrowings facilities - current	32,213	30,795
Borrowings facilities - non-current	4,382,322	4,414,535
<b>Total facilities in use at balance date</b>	<b>4,414,535</b>	<b>4,445,330</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 26.

**SHIRE OF DONNYBROOK BALINGUP**  
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**15. EMPLOYEE RELATED PROVISIONS**

**Employee Related Provisions**

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
<b>Opening balance at 1 July 2018</b>			
Current provisions	448,309	348,262	796,571
Non-current provisions	0	107,417	107,417
	448,309	455,679	903,988
Additional provision	310,489	73,538	384,027
Amounts used	(323,130)	(70,909)	(394,039)
<b>Balance at 30 June 2019</b>	435,668	458,308	893,976
<b>Comprises</b>			
Current	435,668	318,573	754,241
Non-current	0	139,735	139,735
	435,668	458,308	893,976

**Amounts are expected to be settled on the following basis:**

	2019	2018
	\$	\$
Less than 12 months after the reporting date	754,241	796,571
More than 12 months from reporting date	139,735	107,417
	893,976	903,988

**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.

**SHIRE OF DONNYBROOK BALINGUP**  
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**16. 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>
	\$	\$	\$
Cash and cash equivalents	14,961,552	5,410,149	8,481,907

**Reconciliation of Net Cash Provided By  
Operating Activities to Net Result**

Net result	(1,092,095)	(212,966)	(1,611,304)
Non-cash flows in Net result:			
Depreciation	5,598,300	5,788,427	5,504,520
(Profit)/loss on sale of asset	360,715	(169,038)	379,098
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(433,654)	54,399	71,771
(Increase)/decrease in other assets	0	101,905	(189,198)
(Increase)/decrease in other liabilities	0	(12,190)	122,568
(Increase)/decrease in inventories	33,799	(195,413)	(51,778)
Increase/(decrease) in payables	226,961	(16,644)	175,312
Increase/(decrease) in provisions	(10,012)	0	116,054
Grants contributions for the development of assets	(2,768,506)	(6,231,625)	(2,629,369)
Net cash from operating activities	1,915,508	(893,145)	1,887,674

**SHIRE OF DONNYBROOK BALINGUP**  
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**17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Governance	16,752,764	1,777,897
General purpose funding	714,571	2,418,512
Law, order, public safety	4,167,667	4,433,693
Health	1,361,859	1,395,750
Education and welfare	11,101,112	12,662,630
Housing	753,000	753,000
Community amenities	716,327	2,195,116
Recreation and culture	19,097,104	19,991,500
Transport	124,991,485	129,664,635
Economic services	1,566,111	1,591,061
Other property and services	2,319,750	91,068
Unallocated	0	2,131,741
	<b>183,541,750</b>	<b>179,106,603</b>

**SHIRE OF DONNYBROOK BALINGUP**  
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**18. CAPITAL AND LEASING COMMITMENTS**

**(a) Capital Expenditure Commitments**

The Shire of Donnybrook Balingup has the following capital expenditure commitments contracted for as at 30 June 2019 which have not been recognised as a liability in the Statement of Financial Position.

	2019	2018
	\$	\$
<b>Contracted for:</b>		
Kirup Bush Fire Brigade Shed Extension	114,454	0
Collins Street Road upgrade	0	129,181
	114,454	129,181
<b>Payable:</b>		
- not later than one year	114,454	129,181
- later than one year but not later than five years	0	0
	114,454	129,181

**(b) Operating Lease Commitments**

Non-cancellable operating leases contracted for but not capitalised in the accounts.

	2019	2018
	\$	\$
<b>Payable:</b>		
- not later than one year	59,893	27,149
- later than one year but not later than five years	66,180	115,009
	126,073	142,158

**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.

**SHIRE OF DONNYBROOK BALINGUP**  
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**19. 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	72,896	72,896	72,801
President's allowance	10,000	10,000	9,973
Deputy President's allowance	2,500	2,500	2,500
Travelling expenses	8,195	7,500	9,539
Telecommunications allowance	9,066	9,000	8,739
Uniform	0	900	0
	102,657	102,796	103,552

**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	304,810	667,765
Post-employment benefits	39,616	57,712
Other long-term benefits	31,042	13,151
Termination benefits	59,485	0
	434,953	738,628

*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 annual and long service benefits accruing during the year.

*Termination benefits*

These amounts represent termination benefits paid to KMP.

**SHIRE OF DONNYBROOK BALINGUP**  
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**19. 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
	\$	\$
Purchase of goods and services	46,211	17,823

**Related Parties**

**The Shire's main related parties are as follows:**

*i. Key management personnel*

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

*ii. Other Related Parties*

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

*iii. Entities subject to significant influence by the Shire*

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

**SHIRE OF DONNYBROOK BALINGUP**  
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**20. JOINT ARRANGEMENTS**

- (a) The Shire has a 50% Equity in the Donnybrook Community Library situated on Education Department Land (Reserve 24032 Bentley Street, Donnybrook). Operational and maintenance costs are apportioned between the Shire and the Education Department based on estimated usage patterns.

	2019	2018
	\$	\$
<b>Share in Joint Operations</b>		
The assets and liabilities associated with this joint operation are:		
Council Equity - Assets	517,417	517,417
<b>Total Assets</b>	<b>517,417</b>	<b>517,417</b>
Nil	0	0
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>
The income and expenses associated with this joint operation are:		
Statement of Comprehensive Income		
Operating Revenue	9,961	4,937
Operating Expenditure	(312,243)	(319,237)
Net Result for the Period	(302,282)	(314,300)
<b>Other Comprehensive Income</b>		
Items that will not be reclassified subsequently to profit or loss		
Changes in Asset Revaluation Surplus	0	0
Total Other Comprehensive Income for the Period	0	0
<b>Total Comprehensive Income for the Period</b>	<b>(302,282)</b>	<b>(314,300)</b>

- (b) Arrangements with Homeswest relate to four sets of Well Aged housing complexes located on South Western Highway, Donnybrook. The Shire is required to recognise any trading surplus from the operation of these units as Restricted Assets, and is further required to maintain a Contingency Reserve for future major maintenance.

Minninup Cottages, Units 5-8 (lot 486) built in 1982/83  
Council Equity - 34.48%  
Homeswest Equity - 65.52%

Minninup Cottages, Units 9-12 (lot 479) built in 1992/93  
Council Equity - 15.2%  
Homeswest Equity - 84.8%

Langley Villas, Units 1-6 (lot 100) built in 1994/95  
Council Equity - 20.8%  
Homeswest Equity - 79.2%

Langley Villas, Units 7-9 (lot 100) built in 2001/02  
Council Equity - 35.98%  
Homeswest Equity - 64.02%

	2019	2018
	\$	\$
<b>Share in Joint Operations</b>		
The assets and liabilities associated with this joint operation are:		
Council Equity - Assets	820,311	799,982
<b>Total Assets</b>	<b>820,311</b>	<b>799,982</b>
Nil	0	0
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>
The income and expenses associated with this joint operation are:		
Statement of Comprehensive Income		
Operating Revenue	163,110	161,977
Operating Expenditure	(80,700)	(67,872)
Net Result for the Period	82,410	94,105
<b>Other Comprehensive Income</b>		
Items that will not be reclassified subsequently to profit or loss		
Changes in Asset Revaluation Surplus	0	0
Total Other Comprehensive Income for the Period	0	0
<b>Total Comprehensive Income for the Period</b>	<b>82,410</b>	<b>94,105</b>

**SHIRE OF DONNYBROOK BALINGUP**  
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**21. MAJOR LAND TRANSACTIONS**

The Shire was not involved in any major land transactions during the 2018/2019 year.

**22. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire was not involved in any Trading Undertakings or Major Trading Undertakings during the 2018/19 year.

**SHIRE OF DONNYBROOK BALINGUP**  
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**23. CONDITIONS OVER GRANTS/CONTRIBUTIONS**

Grant/Contribution	Opening Balance <sup>(1)</sup> 1/07/17	Received <sup>(2)</sup> 2017/18	Expended <sup>(3)</sup> 2017/18	Closing Balance <sup>(1)</sup> 30/06/18	Received <sup>(2)</sup> 2018/19	Expended <sup>(3)</sup> 2018/19	Closing Balance 30/06/19
	\$	\$	\$	\$	\$	\$	\$
<b>General purpose funding</b>							
Financial Assistance General Grant	0	0	0	0	1,047,559	0	1,047,559
<b>Law, order, public safety</b>							
Dept Fire & Emergency Services (LGGS 16/17)	36,166	51,794	(36,166)	51,794	61,016	(51,794)	61,016
FESA Aware Grant - Recovery Review	0	0	0	0	7,500	0	7,500
<b>Education and welfare</b>							
Preston Retirement Village (maintenance fees)	11,867	43,800	(44,179)	11,488	0	(11,488)	0
Bridge Street Affordable Housing	0	0	0	0	600,000	(73,369)	526,631
<b>Community amenities</b>							
Department of Agriculture (LCDC Unspent Funds)	6,226	0	(1,500)	4,726	0	(4,726)	0
<b>Recreation and culture</b>							
Department of Primary Industries and Regional Development (RfR Regional headworks and Infrastructure Funds - Balingup Town Hall)	0	200,000	0	200,000	0	(200,000)	0
Donnybrook Town Centre Revitalisation	0	0	0	0	200,000	(22,271)	177,729
R4R GLGF 2012/13	220,911	915	(221,826)	0			0
<b>Transport</b>							
Grants for Bridgeworks (MRWA)	49,389	0	0	49,389	0	(49,389)	0
Grants for Bridgeworks (WALGGC)	0	66,000	0	66,000	0	(48,560)	17,440
Grants for State Blackspot Projects (MRWA)	0	160,000	(135,984)	24,016	0	(24,016)	0
Various contributions from Developers for upgrading of specific roads	307,125	0	0	307,125	0	(307,125)	0
South West Development Commission ( Pathway to Preston River)	63,284	0	0	63,284	0	(63,284)	0
SWDC - Mungullup Road	47,119	0	(47,119)	0	0	0	0
<b>Other property and services</b>							
Contributions to Works	0	0	0	0	328,641	0	328,641
<b>Total</b>	<b>742,087</b>	<b>522,509</b>	<b>(486,774)</b>	<b>777,822</b>	<b>2,244,716</b>	<b>(856,022)</b>	<b>2,166,516</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.

**SHIRE OF DONNYBROOK BALINGUP**  
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**24. 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>Differential general rate / general rate</b>												
<b>Gross rental valuations</b>	0.080170	1,138	21,003,505	1,684,169	10,611	3,269	1,698,049	1,684,169	11,000	1,500	1,696,669	1,610,955
<b>Unimproved valuations</b>	0.005274	786	325,522,943	1,716,808	7,424	0	1,724,232	1,716,808	11,000	1,500	1,729,308	1,630,619
<b>Sub-Total</b>		1,924	346,526,448	3,400,977	18,035	3,269	3,422,281	3,400,977	22,000	3,000	3,425,977	3,241,574
<b>Minimum payment</b>												
<b>Gross rental valuations</b>	1,031	827	8,835,601	852,637	0	0	852,637	852,637	0	0	852,637	756,653
<b>Unimproved valuations</b>	1,115	557	78,837,565	621,055	0	0	621,055	621,055	0	0	621,055	581,204
<b>Sub-Total</b>		1,384	87,673,166	1,473,692	0	0	1,473,692	1,473,692	0	0	1,473,692	1,337,857
		3,308	434,199,614	4,874,669	18,035	3,269	4,895,973	4,874,669	22,000	3,000	4,899,669	4,579,431
Discounts/concessions (refer Note 24(d))							0				0	0
<b>Total amount raised from general rate</b>							4,895,973				4,899,669	4,579,431
Specified Area Rate (refer Note 24(b))							0				0	0
Ex-gratia rates							0				0	(13,186)
Less Rates Written Off (refer Note 24(d))							(2,771)				(1,500)	(3,439)
<b>Totals</b>							4,893,202				4,898,169	4,562,806

**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.

**SHIRE OF DONNYBROOK BALINGUP**  
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**24. RATING INFORMATION (Continued)**

**(b) Specified Area Rate**

No Specified Area Rate was levied in 2018/19.

**(c) Service Charges**

No Service charges was levied in 2018/19.

**(d) Discounts, Incentives, Concessions, & Write-offs**

**Rates Discounts**

No rating discounts were made in 2018/19.

**Waivers or Concessions**

**Rate or Fee and Charge to which the Waiver or Concession is Granted**

	Type	Discount %	Discount \$	2019 Actual \$	2019 Budget \$	2018 Actual \$
Rates small balances	Write off	N/A	N/A	2,711	1,500	3,469
				2,711	1,500	3,469

**Incentives**

The Shire offered three early rate payment incentive schemes to encourage payment of rates by the due date.

All three incentive prizes are sponsored by the Donnybrook Capel Districts Financial Services Ltd (Bendigo Bank) The prizes consist of a Bendigo Bank Savings account to the following value.

- a) The first drawn ratepayer satisfying conditions of entry will receive a \$500 Bendigo Bank savings account.
- b) The second drawn ratepayer satisfying conditions of entry will receive a \$300 Bendigo Bank savings account.
- c) The third drawn ratepayer satisfying conditions of entry will receive a \$200 Bendigo Bank savings account.

All three prizes are donated to the Shire enabling the incentives to be provided to ratepayers at no cost.

The following terms and conditions apply to the 2018/2019 year early rate payment incentive prize.

- 1. To be eligible for the draw all outstanding rates must be received on or before the due date on the single payment option.
- 2. Entry is open to each individual assessment.
- 3. Councillors and Shire staff are ineligible for entry.

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**24. RATING INFORMATION (Continued)**

**(e) Interest Charges & Instalments**

<b>Instalment Options</b>	<b>Date Due</b>	<b>Instalment Plan Admin Charge</b> \$	<b>Instalment Plan Interest Rate</b> %	<b>Unpaid Rates Interest Rate</b> %
<b>Option One</b>				
Payment in full	19 October 2018	Nil	Nil	11.00%
<b>Option Two</b>				
<b>Payment by two equal instalments</b>		\$10 / instalment	5.50%	11.00%
1st Instalment due	19 October 2018			
2nd Instalment due	22 February 2019			
<b>Option Three</b>				
<b>Payment in four equal instalments</b>		\$10 / instalment	5.50%	11.00%
1st Instalment due	19 October 2018			
2nd Instalment due	21 December 2018			
3rd Instalment due	22 February 2019			
4th Instalment due	26 April 2019			

	<b>2019 Actual</b> \$	<b>2019 Budget</b> \$	<b>2018 Actual</b> \$
Interest on unpaid rates	53,997	30,000	41,026
Interest on instalment plan	18,057	15,500	15,292
Charges on instalment plan	20,810	20,000	17,192
	<b>92,864</b>	<b>65,500</b>	<b>73,510</b>

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

**25. RATE SETTING STATEMENT INFORMATION**

	2018/19 (30 June 2019 Carried Forward)	2018/19 Budget (30 June 2019 Carried Forward)	2018/19 (1 July 2018 Brought Forward)
Note	\$	\$	\$
<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	10(a) (16,385)	(281,362)	(121,274)
Less: Movement in liabilities associated with restricted cash	15 (31,798)	0	49,049
Movement in pensioner deferred rates (non-current)	5 (2,737)	0	(24,759)
Movement in inventory (non-current)	0	0	(29,835)
Movement in Provision for Employee Benefits (non current)	15 32,317	0	(237,369)
Movement in Accrued Income (non-current)	5 (155,361)	0	0
Adjust Current Asset - Land Held for Resale	0	0	(7,235)
Add: Loss on disposal of assets	10(a) 377,100	112,324	500,372
Add: Depreciation on assets	10(b) 5,598,300	5,788,427	5,504,520
<b>Non cash amounts excluded from operating activities</b>	5,801,436	5,619,389	5,633,469
<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	4 (9,041,443)	(4,857,894)	(6,324,335)
Add: Leave Provisions (Cash backed)	4 218,912	265,917	250,710
Less: Self-Supporting Loan Income	14(b) (8,660)	(8,899)	(8,660)
Add: Borrowings	14(a) 32,213	75,314	30,795
<b>Total adjustments to net current assets</b>	(8,798,978)	(4,525,562)	(6,051,490)
<b>Net current assets used in the Rate Setting Statement</b>			
Total current assets	16,110,888	6,315,446	9,380,826
Less: Total current liabilities	(7,299,915)	(1,789,884)	(1,491,273)
Less: Total adjustments to net current assets	(8,798,978)	(4,525,562)	(6,324,335)
<b>Net current assets used in the Rate Setting Statement</b>	11,995	0	1,565,218

**SHIRE OF DONNYBROOK BALINGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**26. FINANCIAL RISK MANAGEMENT**

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

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
<b>Market risk - interest rate</b>	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial assets and	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
<b>Liquidity risk</b>	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.

	<b>Weighted Average Interest Rate</b>	<b>Carrying Amounts</b>	<b>Fixed Interest Rate</b>	<b>Variable Interest Rate</b>	<b>Non Interest Bearing</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2019</b>					
Cash and cash equivalents	0.33%	14,961,552	13,312,239	1,650,602	2,160
<b>2018</b>					
Cash and cash equivalents	0.30%	8,481,907	6,390,183	2,089,564	2,160

The total of interest and non interest bearing cash and cash equivalents held in financial institutions differ to the carrying amount due to transaction timing differences at reporting date.

**Sensitivity**

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

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% movement in interest rates on profit and loss and equity*	16,506	20,895

\* 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 14(b).

**SHIRE OF DONNYBROOK BALINGUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**26. 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. The loss allowance calculated was deemed immaterial.

	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					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount	202,695	92,011	44,258	102,681	441,645
Loss allowance	0	0	0	0	0

**01 July 2018**

Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00
Gross carrying amount	4,458	152,237	65,964	155,943	378,602
Loss allowance	0	0	0	0	0

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					
Expected credit loss	0.00%	0.00%	0.00%	0.87%	0.87%
Gross carrying amount	246,498	8,978	0	8,057	263,533
Loss allowance	0	0	0	701	701

**01 July 2018**

Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	3.10%	3.10%
Gross carrying amount	62,757	11,662	12,904	596	87,919
Loss allowance	0	0	0	18	18

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

**26. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Liquidity risk**

**Payables and borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that 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 14(d).

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><u>2019</u></b>					
Payables	6,513,461	0	0	6,513,461	6,513,461
Borrowings	52,237	227,803	4,177,033	4,457,073	4,414,535
	<u>6,565,698</u>	<u>227,803</u>	<u>4,177,033</u>	<u>10,970,534</u>	<u>10,927,996</u>
<b><u>2018</u></b>					
Payables	945,412	0	0	945,412	945,412
Borrowings	42,237	168,948	4,277,888	4,489,073	4,445,330
	<u>987,649</u>	<u>168,948</u>	<u>4,277,888</u>	<u>5,434,485</u>	<u>5,390,742</u>

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

**27. 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	Reclassified to Municipal Fund	30 June 2019
	\$	\$	\$	\$	\$
Aged Housing Ingoing Fees	4,775,016	0	0	(4,775,016)	0
Hall / Liquor Bonds	4,800	0	0	(4,800)	0
General Deposits	18,513	0	0	(18,513)	0
Extractive Industry Bonds	99,324	0	0	(99,324)	0
BCITF Levy	388	0	0	(388)	0
Roadworks / Subdivisional Bonds	70,621	0	0	(70,621)	0
Chemical Steering Committee	2,764	0	0	(2,764)	0
Key Deposits	200	0	0	(200)	0
Builders Reg. Board Levy	1,028	0	0	(1,028)	0
Community Bus Hire Deposit	200	0	0	(200)	0
Youth Advisory Council	1,500	0	0	(1,500)	0
Marathon Committee Donations	361	0	0	(361)	0
Upper Preston Cemetery Board	3,374	0	0	(3,374)	0
Preston Retirement Village Bonds	200	0	0	(200)	0
House Transport Bond	30,000	0	0	(30,000)	0
Shire Staff Social Club	212	0	0	(212)	0
Donnybrook Waste - Performance Bond	43,311	0	0	(43,311)	0
Balingup Skatepark Fundraising	2,000	0	0	(2,000)	0
Tuia Lodge Resident's Funds	3,144	10,859	(10,665)	(3,338)	0
Public Open Space	80,407	1,669	(6,007)	0	76,069
Redden Tree Planting	1,499	0	0	0	1,499
Donnybrook-Balingup Aged Homes (a)	260,795	5,630	0	0	266,425
	5,399,657	18,158	(16,672)	(5,057,150)	343,993

In previous years, bonds and deposits were held as Trust monies. These are now included in Restricted Cash at Note 3 and shown as Current Liabilities at Note 13.

**Note:**

- (a) During 2015/16, funds formerly held in various bank accounts under the name of "Donnybrook Balingup Aged Homes" were transferred to Shire's trust account. The respective balance of the funds held in trust as at 30 June 2019 is \$266,425 including interest.

Initial advice provided from Council's solicitors is that the funds are those of a Charitable Trust and should therefore continue to be held in Trust. The matter has however been referred to the State Solicitor's Office to provide direction in regard to the future administration of these funds.

As at 30 June 2019, the Shire continues to hold in trust funds, which remain the subject of an unresolved issue with respect to Tuia Lodge, being whether or not the funds held by the Shire are the subject of a charitable trust and if that be the case, who is the proposed trustee for the charitable trust.

The Shire was at 30 June 2019 and thereafter until presently, seeking to resolve the issue of trusteeship of the funds, more particularly the choice of trustees and more recently has been considering an application of those funds for the purposes of Tuia Lodge to discharge them.

This matter is ongoing and unresolved and the Shire will have to continue to attempt to resolve it.

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

**28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS**

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

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. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

**(a) Classification and measurement**

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.

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB 139	New measurement category under AASB 9	Carrying amount under AASB 139	Carrying amount under AASB 9
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost	8,481,907	8,481,907
Receivables	Loans and receivables	Financial assets at amortised cost	1,491,747	1,491,747
Trade and other payables	Loans and receivables	Financial assets at amortised cost	945,412	945,412

The change in classification has not resulted in any remeasurement at 1 July 2018.

**(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, the Shire did not recognise any additional impairment on the Shire's trade receivables. Refer assessment Note 26(b).

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

**29. 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 currently assessing the impact of adopting of the new standard but believe the adoption of the new standard will not have a material impact on the financial report.

**(b) Leases**

AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 *Leases*. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The Shire is currently assessing the impact of adopting of the new standard but believe the adoption of the new standard will not have a material impact on the financial report.

**(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.

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

**30. OTHER SIGNIFICANT ACCOUNTING POLICIES**

**a) Goods and services tax (GST)**

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

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

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

**b) Current and non-current classification**

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

**c) Rounding off figures**

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

**d) Comparative figures**

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

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

**e) Budget comparative figures**

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

**f) Superannuation**

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

**g) Fair value of assets and liabilities**

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

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

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

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

**h) Fair value hierarchy**

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

**Valuation techniques**

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

**Market approach**

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

**Income approach**

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

**Cost approach**

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

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

**i) Impairment of assets**

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

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

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

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

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

**31. FINANCIAL RATIOS**

	2019 Actual	2018 Actual	2017 Actual
Current ratio	1.00	1.97	2.65
Asset consumption ratio	0.68	0.65	0.65
Asset renewal funding ratio	N/A	N/A	N/A
Asset sustainability ratio	0.63	0.55	0.54
Debt service cover ratio	38.04	15.81	4.01
Operating surplus ratio	(0.47)	(0.50)	(0.38)
Own source revenue coverage ratio	0.47	0.49	0.48

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



# Auditor General

## INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Donnybrook-Balingup

Report on the Audit of the Financial Report

### **Opinion**

I have audited the annual financial report of the Shire of Donnybrook-Balingup which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Donnybrook-Balingup:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

### **Basis for Opinion**

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

### **Emphasis of Matter – Basis of Accounting**

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

### **Responsibilities of the Chief Executive Officer and Council for the Financial Report**

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

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

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

***Auditor's Responsibility for the Audit of the Financial Report***

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

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the annual 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 my 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 CEO.
- Conclude on the appropriateness of the CEO'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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the annual financial report, including the disclosures, and whether the annual financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

## Report on Other Legal and Regulatory Requirements

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

- (i) In our opinion, the following matters indicate significant adverse trends in the financial position of the Shire of Donnybrook-Balingup:
  - a. The asset sustainability ratio as reported in Note 31 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the last three years; and
  - b. The operating surplus ratio as reported in Note 31 of the financial report is below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the last three years.
- (ii) The following material matter indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law was identified during the course of our audit:
  - a. The Shire has not reported the Asset Renewal Funding Ratio for 2019, 2018 and 2017 in the annual financial report as required by section 50(1) of the Local Government (Financial Management) Regulations 1996, as there is not a current long-term financial plan and asset management plan.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In our opinion, the asset consumption ratio included in the annual financial report was supported by verifiable information and reasonable assumptions.

### Other Matter

The annual financial report of the Shire for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2017 and 2018 in Note 31 of the audited annual financial report were included in the supplementary information and/or audited annual financial report for those years.

### Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Donnybrook-Balingup for the year ended 30 June 2019 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



DON CUNNINGHAME  
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
11 February 2020



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