

Heart of the Stirlings



SHIRE OF GNOWANGERUP

2018-2019



► SHIRE OF GNOWANGERUP

ANNUAL REPORT

CONTENTS

THE DISTRICT AT A GLANCE	1
OUR VISION	2
OUR MISSION	2
OUR VALUES	2
OUR HISTORY	3
OUR COUNCIL	4
SHIRE PRESIDENT’S REPORT	4
OUR COUNCILLORS	7
COUNCIL MEETINGS	10
ANNUAL MEETING OF ELECTORS	10
COUNCIL ELECTIONS	10
COUNCIL DELEGATES TO COMMITTEES	11
COMPLAINTS	12
OTHER MATTERS OF GOVERNANCE	12
PUBLIC INTEREST DISCLOSURES (PIDs)	12
NATIONAL COMPETITION POLICY (NCP)	12
RECORD KEEPING PLAN	13
FREEDOM OF INFORMATION (FOI)	14
DISABILITY ACCESS AND INCLUSION PLAN (DAIP)	15
ELECTED MEMBERS ATTENDANCE AT MEETINGS	16
CEO’S MESSAGE 2018-2019	18
SHIRE’S ORGANISATIONAL CHART	21
EMPLOYEE REMUNERATION	22
SHIRE FACILITIES	23
REPORT AGAINST THE PROGRESS OF THE STRATEGIC COMMUNITY PLAN AND THE CORPORATE BUSINESS PLAN	24
INTRODUCTION	24
SUSTAINABLE BUSINESS GROWTH	25
MAJOR ITEMS COMPLETED 2018/2019	25
THE NATURAL ENVIRONMENT	28
MAJOR ITEMS COMPLETED 2018/2019	28

OUR COMMUNITY	30
MAJOR ITEMS COMPLETED 2018/2019	31
A SUSTAINABLE AND CAPABLE COUNCIL	36
MAJOR ITEMS COMPLETED 2018/19	37
FINANCIAL SUSTAINABILITY	39
MAJOR ITEMS COMPLETED 2018/2019	40
QUALITY BUILT FORM	44
MAJOR ITEMS COMPLETED 2018/2019	45
OUR FINANCES	47
AUDITED ANNUAL FINANCIAL STATEMENTS	59



THE DISTRICT AT A GLANCE

Population:	1,215 (2016 Census Data)
Area:	4,268 km ²
Number of Electors:	759 (2019 WA Electoral Commission)
Towns:	Borden, Gnowangerup, Ongerup
Postcodes:	6338, 6335, 6336
Libraries:	Gnowangerup, Ongerup
Primary Schools (K-6):	Borden, Gnowangerup, Ongerup
Secondary Schools:	Gnowangerup District High School Woodthorpe (Private)
Doctor:	Gnowangerup Shire Medical Practice
Hospitals:	Gnowangerup District Hospital & Health Service (A&E)
Aged Care:	Mallee Springs Aged Care Facility, Gnowangerup Homes for the Aged Residential Units, Gnowangerup
Length of sealed roads:	226km
Length of unsealed roads:	838km
Rates levied (2018/2019):	\$3,797,536
Total revenue (2018/2019):	\$8,807,428

OUR VISION

A progressive, inclusive and prosperous community built on opportunity.

OUR MISSION

To demonstrate leadership in the provision of facilities, infrastructure and services that meet the needs of our community.

OUR VALUES

Honesty through integrity, ethical behaviour and trustworthiness.

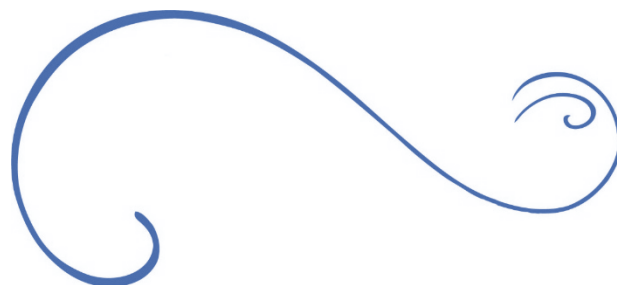
Responsibility through accountability, transparency and ownership.

Respect of diversity and opinion through understanding and inclusiveness of all community groups.

Excellence through consistency and the pursuit of continual excellence.

Fairness through justice and equality.

Teamwork through collaboration, partnerships and a willingness to work together.



OUR HISTORY

The Gnowangerup District Road Board (as the Shire was initially known) was constituted on 26 January 1912, after years of tireless lobbying from the Gnowangerup Progress Association for its formation.

The Road Boards of Tambellup and Broomehill, under whose jurisdiction the land was previously governed, agreed to sever their eastern portions to form this new entity.

Within four months of the new entity, the first Gnowangerup District Road Board was elected. Of the 256 ratepayers in the district, only 74 cast a vote for the 13 candidates who were vying for the seven board positions.

Initially the board had no accommodation of its own. In 1915, a block of land was purchased in the Gnowangerup town site. The old premises of the Bank of Australasia was also purchased and shifted to the new site to accommodate the board. The administration buildings of the current Shire of Gnowangerup have occupied this location ever since.

For many years, the District extended all the way to the coast (Bremer Bay) in the east and past Bluff Knoll in the Stirling Ranges to the south.

After World War 2, the rapid pace of settlement in the area resulted in the Gnowangerup Road Board also encompassing the new localities of Jerramungup, Gairdner River, Boxwood Hills, Jacup and Bremer Bay.

In 1961, all Road Boards in Western Australia became known as Shire council districts and the Shire of Gnowangerup, as it then became known, continued to flourish.

In 1982, the eastern section of the Shire was rescinded to form what is now known as the Shire of Jerramungup.

The Shire of Gnowangerup now consists of three towns, Gnowangerup (gazetted in 1908), Ongerup (1912) and Borden (1916).

OUR COUNCIL

SHIRE PRESIDENT'S REPORT

It is with great pleasure that I provide a report on the 2018/2019 Financial Year as the President of the Shire for that reporting year.



At the start of the period, the shadow of amalgamation had all but disappeared but was closely followed by the commencement of the review of the Local Government Act 1995, which, although it had served the sector well for many years, was no longer in tune with changes in community expectations and the desire for more open and accountable local governance.

The changes to the Act, foreshadowed early in the period under review, have now been all but completed and include mandatory training for Councillors and a range of new reporting regimes for local governments to the State and their communities. Higher standards of behaviour from elected members and candidates in elections are being finalised and will come into force during this next financial year.

Widely publicised poor financial performance, and even misconduct from some local governments have made headlines which tarnish the reputation of a sector which provides, on the whole, great service to its communities and sound financial stewardship. This Shire's financial performance for the period under review is excellent, and follows on from many years of prudent management by preceding Councillors. The Audit this year was the first under the oversight of the Office of Auditor General, and despite this additional lens on our performance the results demonstrate responsible decision making by Councillors and sound management by the Administration.

I am pleased to say that the Shire has now completed all of the works required to repair the damage to roads and transport infrastructure caused by floods. It has now embarked on the Great Southern Housing Initiative infrastructure project for the benefit of the Shire with two houses being built on the Landcorp development on the corner of Whitehead Rd for key worker accommodation. Additionally, Ongerup Community Development Inc. is also constructing two houses in Ongerup as part of the same project.

Other significant infrastructure projects included:

- State CCTV Strategy Infrastructure Fund – funds used for network of CCTV cameras in Gnowangerup town centre.
- Undertook major renewal activities in relation to the Ongerup Effluent System.
- Replaced obsolete electrical switchboards in Council buildings.

The Shire's long serving CEO, Shelley Pike, retired shortly after the end of the review period, and I take this opportunity to thank her for her service and to wish her well. The new CEO, Bob Jarvis, has commenced and we welcome him to the team.

Looking to the future the Shire has a number of challenges to face including water resources and water security, waste management, and the issue of asset management in a climate of reducing funding and increased expectations and demands on local governments.

The Council has requested the development of a comprehensive water strategy covering: storage, access, water harvesting, and water security. The final strategy should be completed by the end of next calendar year but is expected to be advanced enough to have in place some shovel-ready projects for the next budget, and for advertised funding rounds from the Federal government in the middle of 2020.

Whilst the Shire made significant progress in Asset Management Planning in the year under review, it is planned to take it to a level as close to best practice as possible as determined by the Department of Local Government and other external sources. It is vital that modern local governments not only keep track of all of their physical assets and their condition, but sensibly plan for repair,

renewal and replacement as required. The Shire has responsibility for millions of dollars of physical assets including the road network, drainage, buildings, and plant and equipment, and these need to be managed in a responsible manner to ensure best value for the community for the rates levied by the Shire.

In closing I wish to thank my fellow Councillors for their support, and the staff of the Shire for their commitment and dedicated service during my time as President. I would also like to wish the new Council under the leadership of Councillor Fiona Gaze all the best for this next Financial Year.

Cr Keith House
Shire President



Shire President Keith House presents the 2019 Community Award 'Active Citizenship – Group or Event' to the Ongerup Branch Women in Farming Enterprises.

OUR COUNCILLORS



Cr Keith House JP - Shire President 2017 - 2021

Cr House was first elected to Council in 2009 and held the position of Deputy President in 2012/2013. Cr House was elected President of the Shire of Gnowangerup in October 2015. A life-long member of the Gnowangerup community, Cr House operates a family farming enterprise and holds a Bachelor of Agricultural Science from UWA. Cr House is a Justice of the Peace and has been actively involved with a number of community organisations including the Gnowangerup Hospital Advisory Board.



Cr Fiona Gaze - Deputy Shire President 2015 - 2019

A Councillor since 2008, Cr Gaze has served as Deputy President from 2009 – 2011 and again from 2013. Cr Gaze holds a Bachelor of Education and a Masters of Education Management from UWA. Since 1986, Cr Gaze has been employed in a variety of teaching and senior administration roles, including Principal at Gnowangerup District High School. As a member of the Great Southern Development Commission board, Cr Gaze offers first-hand knowledge of regional development and the Shire's role in the region's progress. Cr Gaze is also involved in the running of her family farm and has a passion for the local community via her work with families, children and youth.



Cr Chris Thomas 2017 – 2021

Elected to Council in 2017, Cr Thomas has a long standing connection to the Shire through family living in Ongerup. Following a career as Project Manager in Heavy Construction, Cr Thomas settled into the Shire and now owns the Bluff Knoll Cafe with his wife Jacqui. Cr Thomas promises to be a strong voice in Council with a high regard for Community Representation.



Shelley Hmeljak 2015 - 2019

First elected to Council in 2003, Cr Shelley Hmeljak has lived and worked in Gnowangerup all her life. Actively involved in many local committees, Cr Hmeljak served on inaugural committees for sports like water polo and T-ball, which were not previously provided for in the community. Cr Hmeljak is currently a pharmacy assistant and qualified swimming instructor and her involvement in both translates into a passion for the welfare of the Shire's youth and elderly populations.



Cr Frank Hmeljak 2017- 2021

With more than 17 years' prior experience working for the Shire, Cr Frank Hmeljak has extensive knowledge of the organisation's buildings and road infrastructure. Born and bred in Gnowangerup, Cr Hmeljak is a qualified carpenter and joiner. He is passionate about creating greater opportunities for the Shire's youth both during and after their school years and is also interested in supporting opportunities for further small business creation within the Shire.



Cr Richard House 2017 –2021

Cr Richard House combines the operation of his family's broadacre farming enterprise with keen involvement in the Merino sheep industry, and the development and ownership of a commercial pellet mill business. Cr House has held many positions across a number of local organisations, including the Gnowangerup Sporting Complex Committee during a time of facility redevelopment and expansion. As a past State President of the WA Merino Breeders Association, Cr House brings invaluable governance experience to Council.



Cr Greg Stewart 2017 - 2021

Cr Stewart previously served on Council from 1986-1994 and was re-elected in 2017. A life-long community member, he is passionate about issues involving projects that will be for the betterment of the Shire. Cr Stewart has a passion for farming and is still actively involved on the family farm. Cr Stewart has held many positions with local organisations including that of Chairman of the Indoor Recreation Centre in the early 80s, and member of the Ag School Board and the State Ag Advisory Trust. He has been awarded the 20 Year Service Medal for Bushfire Brigade volunteers and, in 2000, also received the Australia Sports Medal for services to sport in the Shire of Gnowangerup. Cr Stewart has been an active JP and wants to improve facilities and provide opportunities for new businesses in the Shire.



Cr Lex Martin 2015 - 2019

Past experience in Local Government, qualifications in Agriculture and Conservation and Land Management, plus a farming background combined with years of service in community organisations such as Junior Farmers, Apex, Rotary and Southern AgCare, equip Cr Martin with a solid blend of experience and enthusiasm as a Shire Councillor. Prior to his move to Gnowangerup in 2001 Cr Martin farmed in Gingin for 28 years, clocking up 25 years as a Fire Control Officer. Recently he has worked as a wool classer and a vocational lecturer with Curtin and Charles Darwin Universities. Cr Martin maintains an avid interest in community well-being and progress and is a strong advocate for formal vocational training.



Cr Ben Moore 2015 - 2019

Cr Moore was newly elected to Council in October 2015. Moving to Gnowangerup approximately 12 years ago, Cr Moore is a qualified boiler maker by trade. Cr Moore has since started a Hay Contracting Business which he runs in-between working for local business Auspan. Cr Moore has a strong belief that small communities need to support small business to keep these communities vibrant.

COUNCIL MEETINGS

Ordinary Council Meetings are generally held on the fourth Wednesday of each month (except January) in the Council Chambers at the Shire administration office, 28 Yougenup Rd, Gnowangerup from 3:30pm. All meetings are open to the public.

Special Meetings of Council are held as and when required. In this reporting period, Special Meetings were held on the following dates

- 13th August 2018 Adoption of the Annual Budget for 2018/2019
- 22nd May 2019 Confirmation & Approval of CEO Review
Committee Meeting 15th May 2019
- 30th May 2019 Endorsement of the new CEO Appointment
- 4th June 2019 Workplace investigation

Minutes of the meetings are available on the Shire's website:
<http://www.gnowangerup.wa.gov.au/our-council/>.

ANNUAL MEETING OF ELECTORS

An Annual Meeting of Electors is held each financial year, usually in February, in accordance with Part 3 of the *Local Government (Administration) Regulations 1996* and the *Local Government Act 1995* Part 5, Division 2, Subdivision 4, section 5.27. The purpose of the meeting is to, firstly, present the Annual Report (including the Auditor's Report) to electors, and then to discuss any other general business. Under section 5.33, all decisions made at an elector's meeting are to be considered at the next ordinary meeting of Council.

COUNCIL ELECTIONS

Councillors are elected for four-year terms with Council elections held every two years on the third Saturday in October.

The next Council elections will be held on 20th October 2019.

COUNCIL DELEGATES TO COMMITTEES

Committee	Representative
Great Southern Recreational Advisory Group	Cr Richard House
WALGA Great Southern Zone	Cr Keith House Cr Lex Martin
Great Southern Joint Development Assessment Panel	Cr Keith House Cr Fiona Gaze
Great Southern Development Commission	Cr Fiona Gaze
Regional Road Group	Cr Frank Hmeljak
North Stirling Pallinup Natural Resources Inc.	Cr Lex Martin
Yongergnow	Cr Ben Moore
Borden Pavilion Committee	Cr Fiona Gaze
Gnowangerup Sporting Complex Committee	Cr Richard House
Ongerup Sporting Complex Committee	Cr Keith House
Great Southern Treasures	Cr Chris Thomas
Audit Committee	All Councillors
CEO Review Committee	All Councillors
Local Emergency Management Committee (LEMC)	Cr Keith House Cr Lex Martin
Bushfire Advisory Committee	Cr Greg Stewart

Councillors participate in two types of committee. The first type are the committees of Council i.e. the Audit Committee and the Chief Executive Officer Performance Review Committee. The second type of committee is where Councillors are invited to participate on committees of Community grants external to the Shire of Gnowangerup organisation.

COMPLAINTS

No complaints were made against Councillors under Section 5.121 of the *Local Government Act 1995* during the reporting period.

OTHER MATTERS OF GOVERNANCE

PUBLIC INTEREST DISCLOSURES (PIDs)

The Shire completed the Public Sector Commission's Integrity & Conduct Survey in 2018. This covered the annual reporting responsibilities under the *Public Interest Disclosure Act 2003*. The survey assists the PSC in monitoring ethical trends and building capacity through strengthening organizational structure, leadership and systems, and policies and processes, as part of its oversight of minor misconduct functions under the *Corruption, Crime and Misconduct Act 2003*.

The Shire of Gnowangerup did not receive any public interest disclosures during 2018/2019.

NATIONAL COMPETITION POLICY (NCP)

The Competition Principles Agreement (CPA) is a contractual agreement between Federal Government and all State and Territory Governments which aims to ensure that all public enterprises operate in a transparent manner in the best interests of the public. Under the CPA, public enterprises are required to review their operations to ensure they have no competitive advantage or disadvantage as a result of their public status. The Shire has no examples of any competitive advantage or disadvantage as a result of its operations.

RECORD KEEPING PLAN

The State Records Act 2000 requires all local government authorities to develop and maintain a Recordkeeping Plan. This plan must be endorsed by the State Records Commission and reviewed at least every five years.

During the 2018/2019 financial year the Shire of Gnowangerup continued to contract Records Archivist Kim Boulton. In addition to his continuing work implementing recommendations from the Records Management Review, Kim has also been assisting with the development of a new Recordkeeping Plan.

The draft Records Keeping Plan and Procedures were submitted to the State Records Office, and feedback and comments have been provided for our consideration. Staff are working closely with Kim to address the SRO's suggestions before making a final submission to the State Records Office in late 2019.

In May 2019 the Shire employed a casual officer 2 days a week to assist with implementation of specific areas as outlined in the Records Management Review.

As part of this role, informal training (in-house) and information is provided to staff on an as needs basis. This can include practical training on how to navigate the Central Records Module of Synergysoft or information distributed to staff via emails or procedures.

New employees receive informal face-to-face training and/or formal training through IT Vision.

In addition, the Shire has also initiated informal Records Management meetings. These meetings are attended by relevant employees who input or access to records as part of their role. The meetings provide a forum to self-check, ensuring everyone is aware of current issues and allowing for collaboration when creating or re-writing procedures.

FREEDOM OF INFORMATION (FOI)

In 2018/2019, the Shire published its annual FOI statement in accordance with the requirements of the *Freedom of Information Act 1992*. A copy of the current statement is available on our website www.gnowangerup.wa.gov.au . We confirm that the Shire complies with the relevant legislation and welcomes FOI enquiries.

The Shire of Gnowangerup received the following FOI applications during 2018/2019:

FOI REF.	APPLICANT NAME	APPLICANT'S REPRESENTATIVE	SUBJECT	DARE REQUEST RECEIVED	DATE RESPONSE DUE (45 CALENDAR DAYS)	DATE RESPONSE SENT	DATE INFORMATION SENT
2018/1	Ryan Kelly	Havilah Legal	Vegetation removal	13/07/2018	27/08/2018	27/07/2018	31/07/2018
2019/1	Phil Vardy	Nil	Complaints about newsagency and demand letters for outstanding rates	27/03/2019 Adjusted request received: 07/06/2019	11/05/2019	01/04/2019 Adjusted Request send: 18/06/2019	18/06/2019

DISABILITY ACCESS AND INCLUSION PLAN (DAIP)

Part 5, sections 27, 28 & 29 of the Disability Services Act 1993 requires Local Governments to have and implement a Disability and Access Inclusion Plan and to report on the implementation of its Plan. The Shire of Gnowangerup Disability Access and Inclusion Plan 2017-2021 contains a number of strategies to address each of the desired outcomes of the Disabilities Services Act 1993.

The seven outcomes are:

- People with disability have the same opportunities as other people to access the services of, and any events organised by, a public authority.
- People with disability have the same opportunities as other people to access the buildings and other facilities of a public authority.
- People with disability receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it.
- People with disability receive the same level and quality of service from the staff of a public authority as other people receive from the staff of that public authority.
- People with disability have the same opportunities as other people to make complaints to a public authority.
- People with disability have the same opportunities as other people to participate in public consultation by a public authority.
- People with disability have the same opportunities as other people to obtain and maintain employment with a public authority.

In 2018/2019, the Shire provided an annual progress report on the DAIP to the Department of Communities. The main achievement for the year was implementing E-Resources at the Gnowangerup and Ongerup Library. Library members now have access to Kanopy, BorrowBox, RBDigital Magazines, and Emagazines from their computer, mobile or tablet device. Having this resource allows people with a disability to access the Library service from their home.

ELECTED MEMBERS ATTENDANCE AT MEETINGS

Councillors	House	Cr K	Gaze	Cr F Hmejiak	Moore	Cr B	Martin	Cr L	Stewart	Cr G	House	Cr R	Thomas	Cr C	Hmejiak	Cr S
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July 2018	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O
August 2018	O	O	O	O	X	X	O	O	O	O	O	O	O	O	O	O
September 2018	O	O	O	O	X	O	O	O	O	O	O	X	O	O	O	O
October 2018	O	O	O	O	O	X	O	O	O	O	O	O	O	O	O	O
November 2018	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O
December 2018	O	X	O	O	O	X	O	O	O	O	O	O	O	O	O	O
February 2019	O	O	X	X	O	O	O	X	O	O	X	O	O	O	X	X
March 2019	X	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O
April 2019	O	O	X	X	O	O	O	O	O	O	O	O	O	O	O	O
May 2019	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O
June 2019	O	O	O	X	X	O	O	O	O	O	O	O	O	O	O	O
SPECIAL COUNCIL MEETING 13/8/18	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O	O
SPECIAL COUNCIL MEETING 22/5/19	O	O	X	O	O	O	O	O	O	O	O	O	O	O	X	X
SPECIAL COUNCIL MEETING 30/5/19	O	O	O	O	O	O	X	O	O	O	O	O	O	O	O	O
SPECIAL COUNCIL MEETING 4/6/19	O	O	O	X	O	O	O	O	O	O	O	O	O	O	O	O
ANNUAL ELECTORS MEETING 13/2/19	O	O	X	X	O	O	O	X	O	O	X	O	O	O	X	X

CEO REVIEW COMMITTEE MEETING 10/10/18	O	O	O	X	O	O	O	O	O
CEO REVIEW COMMITTEE MEETING 13/3/19	O	O	O	O	X	O	O	O	O
CEO REVIEW COMMITTEE MEETING 10/4/19	O	O	X	O	O	O	O	O	O
CEO REVIEW COMMITTEE MEETING 15/5/19	O	O	O	X	O	O	O	O	O
AUDIT COMMITTEE MEETING 27/9/18	O	O	O	X	O	O	O	X	O
AUDIT COMMITTEE MEETING 28/11/18	O	O	O	O	X	O	O	O	O
AUDIT COMMITTEE MEETING 27/3/19	X	O	O	O	O	O	O	O	O
AUDIT COMMITTEE MEETING 26/6/19	O	O	O	X	X	O	O	O	X

Councillors	House	Cr K	Gaze	Cr F	Hmeljak	Cr F	Moore	Cr B	Martin	Cr L	Stewart	Cr G	House	Cr R	Thoma	Cr C	Hmeljak	Cr S
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Attendance: **O**
Apology: **X**

CEO's MESSAGE 2018-2019



It gives me great pleasure to present the Shire of Gnowangerup's Annual Report for 2018/2019. This has been a special year for me, on both a personal and professional level, as it marks my last year as Chief Executive Officer at the Shire. Over the last seven years, I've experienced the passion of those who live in our Shire; understanding the issues that matter most to them and their families.

2018/2019 was another busy year for the Shire of Gnowangerup. Our Annual Report allows us to share our achievements and list our objectives for the future of our Shire.

At the Shire of Gnowangerup, planning is central to every decision we make. We are constantly looking to the future to ensure we can continue to provide exceptional services in a time of economic restraint. Infrastructure and services are at the core of our planning for the years ahead. Maintaining and improving existing facilities and roads will always remain a priority for our Shire, as we continue to deliver the services expected by our community. It has been an immense privilege to lead a team of people who work so hard to improve the lives of others and I would like to extend my sincere thanks to my executive team and all Shire staff for their ongoing hard work, diligence and commitment to making the Shire of Gnowangerup the very best it can be. I also thank our Council for their leadership and dedication, to both the Shire and the community who live here.

The Shire had a number of notable achievements in 2018/2019. With the assistance of a WA Police grant, a network of CCTV cameras was installed around the town centre of Gnowangerup. The imagery is fed back into a system that is accessible by both the Shire and Police. It is hoped that this will have a positive effect on the crime rate in this town.

The Old Gnowangerup Telecentre and Childcare Centre buildings were located on a Shire-managed Crown Reserve on Aylmore Street. During the year, the Shire handed over the management of these buildings to the Gnowangerup CRC

and Gnowangerup Family Support Association Inc respectively. This will provide those bodies with security of tenure into the future.

A major upgrade of cemetery records was completed during 2018/2019. Shire staff, led by our Finance Officer, Sharon Minter, spent many hours checking physical graves against old paper records and have now converted it all to electronic format. This will make it easier for members of the public to identify exactly where family members are buried. In addition, relevant signage has been updated and installed at the cemetery.

Council resolved to donate Lot 169 John Street, Ongerup to Ongerup Community Development Inc. The purpose of this transfer was to provide OCD with a block of land on which the group can construct a 4x2 house for community worker accommodation. OCD was able to obtain Commonwealth funding to assist with this project.

The Ongerup library was relocated from its old location in the Ongerup Town Hall to its bright new premises at the Yongergnow building. Yongergnow-Ongerup CRC staff are now managing the library and patrons have the added benefit of being able to grab a tea or coffee from the Yongergnow Café when they borrow or return library books.

The “Gnowangerup Star” property in Yougenup Road, including contents, was gifted to the Shire in 2018/2019 by the Walker family. This family operated the local newspaper from these premises for many years. The premises of the “Gnowangerup Star” are unique in that it is believed that there is not another complete hot-metal press newspaper site remaining in Australia. The site has potential as a tourist attraction as well as providing for workshop experiences.

Over the last year, the rehabilitation of the Ongerup Effluent System continued with the clearing of the last two ponds and the installation of new interconnecting piping. With the completion of this year’s work, the project is now 95% complete with only some minor earthworks and fencing planned for 2019/2020. This \$250,000, four-year renewal project has ensured Ongerup town site has an efficient and safe effluent system now and into the future.

The 2018/2019 capital works program was completed with major works being the Ongerup Pingrup Road widening and resealing, 14km of gravel re-sheeting and over 27km of bitumen resealing. All flood damage work was completed by May 2019 with over \$10 million of rehabilitation work across the Shire.

The 2019/2020 financial year will see the completion of the shoulder widening and resealing on Ongerup Pingrup road through to the Shire of Kent boundary and the continuation of gravel re-sheeting and bitumen sealing across the shire road network. New street kerbing will be undertaken in both Gnowangerup and Borden towns.

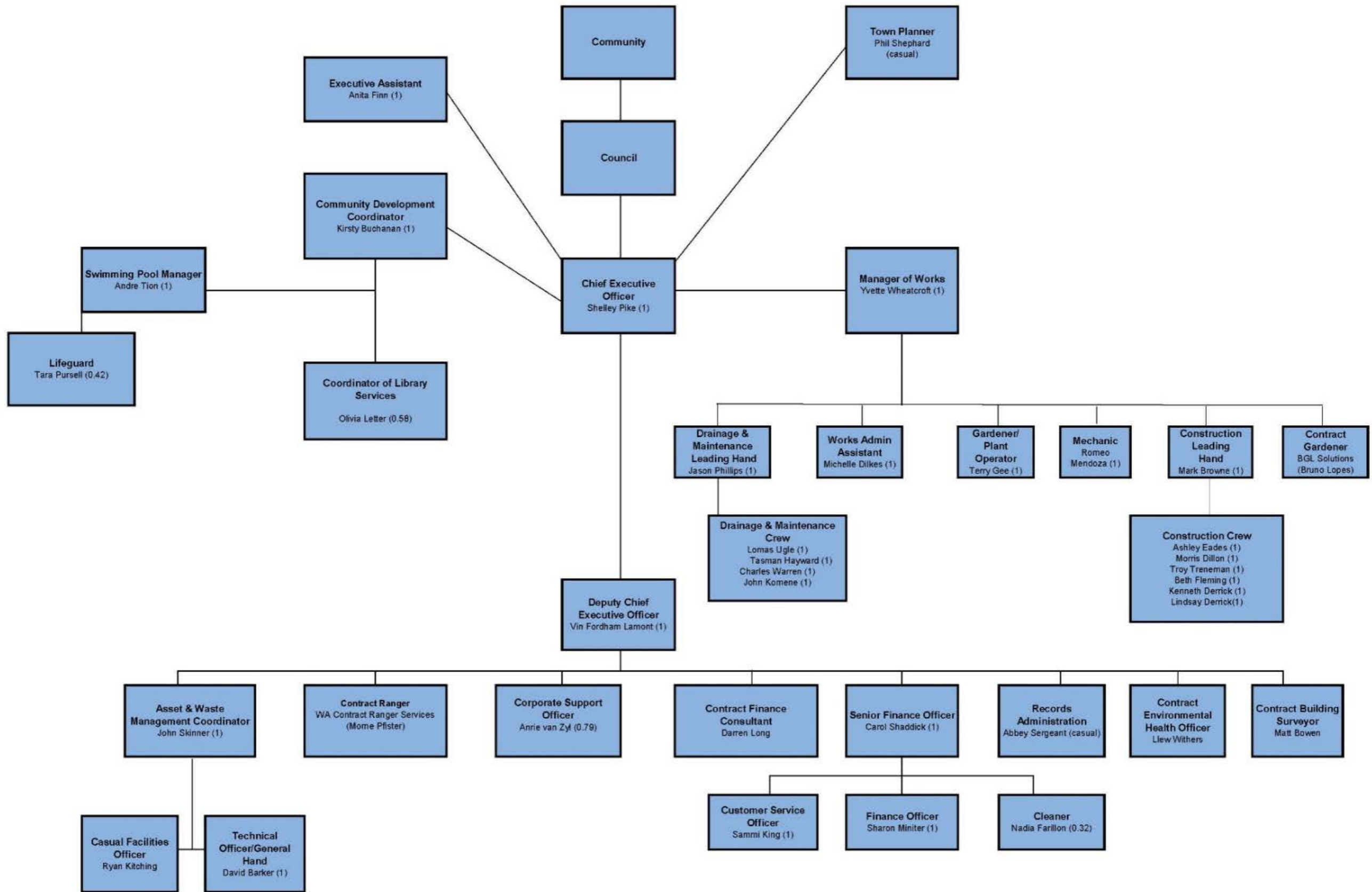
I wish Council, staff and community members in the Shire of Gnowangerup all the best for the future and encourage you to actively participate in continuing to make the district a wonderful place to live.

Shelley Pike

Chief Executive Officer



SHIRE'S ORGANISATIONAL CHART



EMPLOYEE REMUNERATION

Salary Range	15/16	16/17	17/18	18/19
\$100,000 - \$109,999	1			
\$110,000 - \$119,999		1	1	1
\$120,000 - \$129,999				
\$130,000 - \$139,999				
\$140,000 - \$149,999				
\$150,000 - \$159,999	1	1	1	1
\$160,000 - \$169,999				



SHIRE FACILITIES

Libraries:

Gnowangerup

Yougenup Centre

47 Yougenup Rd, Gnowangerup, WA, 6335

P: 08 9827 1635

E: library@gnowangerup.wa.gov.au

Ongerup

c/-Yongerknow-Ongerup CRC

Lot 260 Jaekel St, Ongerup, WA, 6336

P: 08 9828 2325

E: library@gnowangerup.wa.gov.au



Recreation Centres:

Borden Pavilion

51 Stone St, Borden, WA, 6338

P: 08 9828 1116

Ongerup Sporting Complex

Jaekel St, Ongerup, WA 6336

P: 08 9828 2013

Gnowangerup Sporting Complex

Strathaven Road, Gnowangerup, WA, 6335

P: 08 9827 1386

Swimming Pool:

Strathaven Road, Gnowangerup, WA, 6335

P: 08 9827 1741



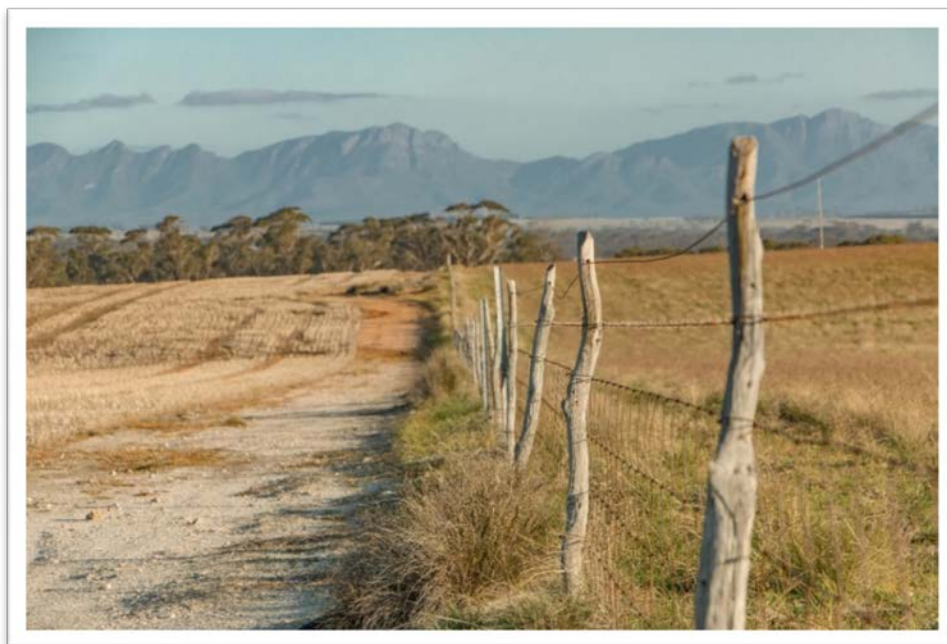
REPORT AGAINST THE PROGRESS OF THE STRATEGIC COMMUNITY PLAN AND THE CORPORATE BUSINESS PLAN

INTRODUCTION

The Shire, with its communities, developed a new Strategic Community Plan in 2017/18 that has themes and objectives to be reported against for the next ten years.

The Shire reports against the Strategic Community Plan/Corporate Business Plan as follows:

1. An overview for key strategies or actions.
2. A description regarding those actions that are completed.
3. Whether an action of strategy has another action against it i.e. cancelled/deferred.
4. Listing key strategies/actions that are planned for 2018/2019.



SUSTAINABLE BUSINESS GROWTH

OPERATIONAL IMPLEMENTATION				
ACTIONS		RESPONSIBILITY	DELIVERY TIMELINE	
			FY 18/19	FY 19/20
A1.1.1	Develop and implement an Economic Development Strategy/ Plan to guide and drive economic development in the Shire.	CEO	•	
A1.1.2	Develop a Digital Workplan to position the Shire as a “Smart Shire” and to maximise the benefits of digital communication technology and initiatives within the Shire for local businesses and the community.	DCEO	•	
A1.1.3	Implement the Digital Workplan.	DCEO	•	•
A1.2.1	Identify a community project to facilitate, that encourages business growth i.e. Business Development Group.	CEO	•	•
A1.3.1	Monitor progress on infrastructure plans.	TOWN PLANNER	•	•
A1.4.1	Work with Landcorp to release the industrial lots in Quinn Street.	CEO / TOWN PLANNER	•	•
A1.4.2	Monitor development rates and ensure future supply of industrial land for subdivision and development.	TOWN PLANNER	•	•
A1.4.3	Progress Cuneo Close commercial development	MW	•	
A1.5.1	Hold annual Business Forum.	CEO		•
A2.1.1	Work with external partners to provide an improved internet service within the District.	DCEO	•	•
A3.1.1	Work with the community to attract a Major Event/Festival or Attraction to the Shire	CDC	•	•
A3.2.1	Complete Gnowangerup Heritage Trail Project.	CDC		
A3.2.2	Develop Tourism Strategy.	CEO	•	
A3.2.3	Develop Management Plan for the Gnowangerup Star.	CEO	•	•

MAJOR ITEMS COMPLETED 2018/2019

A1.1.2 Develop Digital Workplan

Council requested Shire officers to develop a Digital Workplan to position the organisation as a “Smart Shire” and to maximise the benefits of digital communication technology and initiatives within the District for local businesses and the community. The completed plan was presented to Council in September 2018.

NOT COMPLETED

A1.1.3 Implement Digital Workplan

Officers have sourced funding from the Commonwealth to develop a digital awareness training course for community members. A local person has been

appointed as the project manager and three other community members have signed on to deliver the training at Borden, Ongerup and Gnowangerup.

The training sessions will be delivered in 2019/2020 and it is hoped that they will increase the awareness of digital technology and its applications in today's world, within our local communities.

A1.4.1 Work with Landcorp to release the industrial lots in Quinn Street.

Awaiting a determination from Landcorp as to whether they plan to proceed.

A1.4.3 Cuneo Close Commercial Development

The lot created for Landmark has been finalised and they are now developing their plans for the development of the property.

A1.5.1 Hold Annual Business Forum.

The Business community has suggested annually is too frequent and propose every two years.

A2.1.1 Fixed Wireless Internet Service

Superloop was one of the successful applicants for the Department of Primary Industry and Regional Development's (DPIRD's) Smart Farms grants program. Its project involves constructing a fixed wireless network from the Gnowangerup district to Narrogin. It is hoped that this will provide our communities with a much improved internet service. The project is waiting on agreement between DPIRD and Superloop on the scope of the project.

A3.2.2 & A1.1.1 Development Tourism & Economic Development Strategy/Plan

A Draft Marketing Strategy Plan has been developed by Wheatbelt Business Network which will form a future Economic Development & Tourism Strategy/Plan.

A3.2.3 Develop Management Plan for the Gnowangerup Star

In March 2019 printing experts Geoff Moore, Claire & David Bolton and Ann Ong visited the Gnowangerup Star building to start taking the inventory of the contents in the building. The process of systematically cataloguing the contents will continue in 2019/2020. The visitors quoted the Gnowangerup Star Newspaper building and contents as 'unique'.



DEFERRED/CANCELLED

A3.1.1 Work with the community to attract a Major Event/Festival or attraction to the Shire

Still a work in progress.

MAJOR ITEMS PLANNED FOR 2019/2020

The following actions are planned for 2019/2020:

- **A1.1.3** Implement Digital Workplan
- **A2.1.1** Progress Fixed Wireless Internet Service
- **A3.2.1** First stages of the Gnowangerup Heritage Trail extension (war memorial to Aylmore Springs)



THE NATURAL ENVIRONMENT

OPERATIONAL IMPLEMENTATION				
	ACTIONS	RESPONSIBILITY	DELIVERY TIMELINE	
			FY 18/19	FY 19/20
B1.1.1	Facilitate active involvement from the community in preserving and enhancing the natural environment by using all available resources such as The West Australian Waste Authority's CIE Grants, which are available each year.	AWMC	•	•
B1.1.2	Take management order over Borden Community Dam reserve.	DCEO	•	
B1.2.1	Design and cost the installation of recycling stations at each landfill. Trial at Gnowangerup in Feb 2018.	AWMC	•	
B1.2.2	Roll out the recycling stations to the Borden and Ongerup landfills.	AWMC	•	
B1.2.3	Investigate Recycling and waste management Education and Awareness Activities such as the West Australian Waste Authority's CIE Grants, which have been used to fund projects of this type.	AWMC	•	•
B2.1.1	Investigate alternative sources of power for Shire owned buildings.	AWMC		
B2.1.2	Install solar systems at the Shire's Administration and Depot buildings.	AWMC		
B2.1.3	Formulate a plan to help reduce power consumption at the new pool site.	AWMC		
B2.1.4	Implement pool power plan.	AWMC	•	
B2.1.5	Investigate large-scale power generation opportunities.	AWMC		
B2.1.6	Participate in State Risk Project.	DCEO	•	
B3.1.1	Continue to maintain Parks & Reserves to a high standard.	MW	•	•
B3.2.1	Continue to preserve the conservation road side areas and support local conservation groups.	MW / CEO	•	•

MAJOR ITEMS COMPLETED 2018/2019

Nil.

NOT COMPLETED

B1.1.2 Take Management Order over Borden Community Dam Reserve

The Water Corporation offered the management of this reserve to the Shire. All parties are presently waiting on the Department of Planning, Lands and Heritage to issue a management order in favour of the Shire.

DEFERRED/CANCELLED

B1.1.1 Facilitate active involvement from the community in preserving and enhancing the natural environment by using all available resources such as the West Australian Waste Authority's CIE Grants, which are available each year
Deferred until 2019/2020.

B1.2.2 Roll out the recycling stations to the Borden and Ongerup landfills
Commenced but deferred to 2019/2020 to utilise available funding under the "Regional and Strategic Waste Management Project".

B2.1.3 Formulate a Plan to help Reduce Power Consumption at the new Pool Site
Deferred until 2019/2020.

B2.1.4 Implement pool power plan
Deferred until 2019/2020.

MAJOR ITEMS PLANNED FOR 2019/2020

The following actions are planned for 2019/2020:

- **B1.1.2** Take Management Order over Borden Community Dam Reserve.
- Completion of the recycling stations at the three landfills as part of the Regional and Strategic Waste Project.

OUR COMMUNITY

OPERATIONAL IMPLEMENTATION				
	ACTIONS	RESPONSIBILITY	DELIVERY TIMELINE	
			FY 18/19	FY 19/20
C1.1.1	Support annual funds to local arts and culture groups.	COUNCIL / CEO	•	•
C1.1.2	Identify opportunities to strengthen the relationship between our three communities.	CDC	•	•
C1.1.3	Promote and support the needs of disadvantaged people within the community.	CDC	•	•
C1.2.1	Work with the indigenous community to celebrate NAIDOC week.	CDC	•	•
C1.2.2	Implement the DAIP to guide Shire operations and services to ensure they are inclusive of all members of the community.	CEO	•	•
C2.1.1	Actively engage the community and event promoters to host iconic, cultural and sporting events within the Shire in partnership with other community organisations e.g. Australia Day, NAIDOC Week, National Youth Week, Mental Health Week, Thank a Volunteer Day / Volunteer Week.	CDC	•	•
C2.1.3	Prepare a Community Development Plan to guide the provision of community based services delivered or facilitated by the Shire.	CDC		
C2.1.4	Support annual funds to local community groups & individuals to assist in delivering local passive recreational activities.	CDC	•	•
C2.2.1	Increase Ongerup Library membership and introduce library activities to be delivered to the community.	CDC		
C2.2.2	Investigate needs associated with staffing the Gnowangerup Community Swimming Pool to maintain optimal operations.	CEO	•	
C2.2.3	Relocate Ongerup Library to Yongergnow-Ongerup CRC.	CEO	•	
C3.1.1	Work in partnership with other Shires and community organisations to facilitate the development of local leaders through skills development opportunities and capacity building activities e.g. Regional Passive Recreation Development Project, Governance Training, Training and Skills Development Project and Community Leadership Project.	CEO and CDC	•	•
C3.2.1	Promote the sustainable management of local organisations and community groups.	CDC		
C3.2.2	Facilitate and promote partnerships between volunteer organisations, NGO's, Local Businesses and Local Government Organisations.	CDC	•	•
C3.2.3	Develop a community asset map to facilitate a sustainable volunteer base and reduce volunteer burnout.	CDC		
C4.1.1	Conduct environmental health initiatives in the community, including inspections and assessments relating to: food, water, noise, disease, pest control and safety.	EHO & CEO	•	•
C4.1.2	Continue to monitor the Ongerup Sewerage Scheme.	EHO	•	•
C4.2.1	Shire remain an Act-Belong-Commit Partner Site.	CDC	•	•
C4.2.2	Support community driven preventative health initiatives and support the provision of services for community members impacted by mental health issues.	CDC	•	•

MAJOR ITEMS COMPLETED 2018/2019

C1.1.1 Support annual funds to local arts and culture groups

ARTGN Gnowangerup Art Exhibition Opening Night was funded and supported by the Shire of Gnowangerup.

C2.1.1 Actively Engage the Community and Event Promoters to Host Iconic Cultural and Sporting Events.

The Wirrpanda Sports Carnival held during NAIDOC week was funded and supported locally. Also refer to C1.2.1 Work with the Indigenous community to celebrate NAIDOC week.

C2.2.1 Increase Ongerup Library membership and introduce library activities to be delivered to the community.

In its new location, the Ongerup Library has commenced Storytime once a week. Also, by circulating items between Gnowangerup and Ongerup libraries we have been able to offer a wider selection to patrons.

C2.2.3 Relocate Ongerup Library to Yongergnow-Ongerup CRC.

Ongerup Library has successfully relocated to Yongergnow-Ongerup CRC. The Library is now open to the public five days per week instead of only one, thereby increasing borrowers. Inter Library Loans have also been utilised more frequently.



NOT COMPLETED

C1.1.2 Identify opportunities to strengthen the relationship between our three towns.

A marketing strategy is in the process of being developed; this will be identified within the plan.

C2.1.3 Prepare a Community Development Plan

The relevant officer commenced her job mid-year.

C3.2.1 Promote the sustainable management of local organisations and community groups.

The relevant officer commenced her job mid-year.

DEFERRED/CANCELLED

C2.1.2 Subscribe to and Develop Locally Based Statistical Service Programme

Data not available for all our small towns.

MAJOR ITEMS PLANNED FOR 2019/2020

The following actions are planned for 2019/2020:

- **C1.2.1** Work with the Aboriginal community to host an event for NAIDOC Week.
- **C3.1.1** Engage with local Elders and the Aboriginal community to implement the first stages of the Gnowangerup Heritage Trail extension.
- **C3.2.3** Develop a community asset map to facilitate a sustainable volunteer base and reduce volunteer burnout.



2019 Community 'Young Citizen of the Year Award' Recipient Anthony Swalwell



2019 Community 'Citizen of the Year Award' Winner Shelley Hmeljak with her husband Frank

PUBLIC HEALTH ACT OF WESTERN AUSTRALIA 2016 - MANDATORY REPORTING REQUIREMENTS					
PUBLIC HEALTH PLAN – KPI'S					
SHIRE OF GNOWANGERUP					
Reporting period is from 1 July 2018 to 30 June 2019					
	No.	2018		2019	
	Premises	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
Air Quality					
No. of odour complaints		0	0		
No. of asbestos complaints		0	0		
No. of dust complaints		0	0		
No. of warning letters issued (air quality)		0	0		
Built Environment					
No. planning applications					
No. planning applications with environmental health impact assessment					
% planning application with environmental health assessment					
No. building licence applications		2	3		
No. of building permits issued		2	3		
No. demolition permits applications		1	1		
No. of demolition permits issued		1	1		
No. building licence applications with environmental health assessment		0	0		
% building licence applications with environmental health assessment					
Caravan Parks and Camping Grounds					
No. of caravan parks in the Shire	3				
No. of inspections caravan parks		3	4		
Complaints					
No. of complaints about residential properties		2	2		
No. of complaints about non-residential properties		0	0		
Contaminated Land					
No. of known contaminated sites in the Shire	4				
No. contaminated sites owned or vested in the Council	4				
Drinking Water Quality					
No. of food premises/public buildings not connected to scheme water	4				
No. drinking water samples taken for examination		15	17		
No. drinking water samples non-compliant with potable water standards		2	0		
Effluent Re-use Scheme					
No. of effluent reuse schemes in the Shire	0				
No. of water samples taken for examination as per licence requirements					
No. of water samples non-compliant with re-use water standards					
Annual Report on effluent reuse scheme submitted to DoH of WA*					
*DoH of WA is Department of Health of Western Australia					
Environment					
No. of complaints about the environment in the Shire		0	0	0	0
Food Safety					
Do you have a formal enforcement policy	No				
No. complaints about food premises		0	0		
No. complaints about food products		0	0		
No. food premises total	20				
No. high risk food premises	0				
No. medium risk food premises	20				
No. low risk food premises	0				
No. of very low or exempt premises	0				
No. of inspections high risk food premises					
No. of inspections medium risk food premises		15	13		
No. of inspections low risk food premises					
No. of infringement notices issued		0	0		

Reporting period is from 1 July 2018 to 30 June 2019	No.	2018		2019	
	Premises	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun
Food Safety - continued					
No. of improvement notices issued		0	0	0	0
No. of prohibition notices issued		0	0	0	0
No. of food premises prosecuted		0	0	0	0
No. of food samples taken		0	0	0	0
No. of food samples non compliant as % of samples		0	0	0	0
No. of warning letters issued (food)		0	0	1	2
No. of mandatory food reports submitted to the DoH of WA*		1	0	0	0
No. food premises/public buildings not connected to scheme water	5				
No. of water samples taken for examination		4	15		
No. of water samples non-compliant with potable water standards		0	1		
*DoH of WA is Department of Health of Western Australia					
Hairdressers/Skin Penetration					
No. of hairdressers in the Shire					
No. of inspections of hairdressers		0	0		
No. of skin penetration premises	0				
No. of inspections of skin penetration premises					
Legal					
Health Act Notices issued.		0	0		
Health Act Notices complied with		0	0		
Local Government Act Notices issued		0	0		
Local Government Act Notices complied with		0	0		
Liquor licences					
No. of new liquor licence applications		0	0		
No. of Section 39 (Health) certificates issued		0	0		
No. of Section 40 (Planning) certificates issued		0	0		
Lodging Houses/ Bed and Breakfast					
No. of lodging houses	1				
No. of inspections lodging houses	0	0	1		
No. of bed and breakfast	1				
No. of inspections of bed and breakfast	0	0	0	0	0
Noise					
No. noise complaints not including dogs		0	1		
No. noise complaints air conditioners		0	0		
No. noise complaints from industry/commercial premises		0	0		
No. noise complaints music/parties		0	0		
No. noise management plans approved		0	0		
No. non complying noise events		0	0		
No. warning letters issued (noise)		0	1		
No. infringement notices issued (noise)		0	0		
		0	0		
Offensive Trades					
No. offensive Trades	0				
On-Site Effluent Disposal					
No. on site effluent disposal systems approved		0	0		
No. on site effluent disposal systems installed (septic tanks)		0	0		
No. on site effluent disposal systems installed (nutrient retentive)		0	0		
No. on site effluent disposal systems installed (ATUs)		0	0		
No. on site effluent disposal systems installed (Greywater)		0	0		
No. of site inspections/inspections of on-site effluent disposal systems		0	0		

Reporting period is from 1 July 2018 to 30 June 2019		No.	2018		2019	
	Premises	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	
Public Buildings						
No. of public buildings	0					
No. of high risk public buildings	0					
No. of medium risk public buildings	4					
No. of low risk public buildings	1					
No. of inspections high risk public buildings						
No. of inspections medium risk public buildings		0	2	1	1	
No. of inspections low risk public buildings		1	1	0	0	
No. of public events less than 1000 people		0	0	0	0	
No. of public events 1000 to 5000 people		0	0	0	0	
No. of public events more than 5000 people		0	0	0	0	
Private Swimming Pools						
No. of private swimming pools in the Shire	10	6 other pools not due for inspection				
No. of mandatory inspections of private swimming pools		5	0	1		
No. of private swimming pools compliant with Building Act 2011		3	0	1		
No. of private swimming pools non-compliant with Building Act 2011		2	2	2		
No. of mandatory inspections of private swimming pools over-due		0	0	0		
Public Swimming Pools - Water Quality						
No. of semi-public swimming pools in the Shire	2					
No. of swimming pool water samples taken for examination		0	22			
No. of water samples non-compliant with recreational water standards		0	0			
Sewerage Scheme (Ongerup)						
No. of premises registered with the DWER in the Shire	1					
No. of inspections of licenced premises in the Shire		4	5			
Annual Data Report on licenced premises submitted to ERA*		1	0			
Annual Audit Compliance Returns submitted to ERA		1	0			
Tri-Annual Audit of licenced sewerage system		0	1			
Post Audit Implementation plan received/submitted from/to the ERA		0	0			
*ERA is the Economic Regulation Authority						
Vectors & Pests						
No. complaints – mosquitoes		0	0			
No. complaints – rodents		0	1			
No. complaints - other (not mosquitoes or rodents)		0	1			
Waste Management						
No. of registered premises in the Shire	3					
No. of licenced premises in the Shire	1					
No. of inspections of registered sites in the Shire		3	3			
No. of inspections of licenced sites in the Shire		2	2			
Annual Environmental Report submitted to DWER*		0	0			
Annual Audit Compliance Return submitted to DWER		0	0			
Annual licence renewal application submitted to DWER		1	0			
No. of complaints about waste disposal sites in the Shire		0	0			
No. of complaints illegal tipping		0	0			
No. of complaints illegal tipping - asbestos		0	0			
*DWER is Department Water & Environmental Regulation						

A SUSTAINABLE AND CAPABLE COUNCIL

	ACTIONS	RESPONSIBILITY	DELIVERY TIMELINE	
			FY 18/19	FY 19/20
D1.1.1	Annually review the Shire's Policy Manual and develop new policies as required.	DCEO	●	●
D1.1.2	Major re-development of Policy Manual.	DCEO	●	
D1.2.1	Develop a seamless suite of plans aligning the strategic direction with operational actions and projects.	CEO		
D1.2.2	Develop the Asset Management Framework which includes policy, strategy and plans.	AWMC		
D1.2.3	Develop a Workforce Plan.	CEO / DCEO		
D1.2.4	Review the Long Term Financial Plan.	DCEO	●	●
D1.3.1	Ensure the Annual Report includes all the information that is required by legislation and in a format easily understandable by the community.	CEO / DCEO	●	●
D1.4.1	Develop a community engagement / consultation strategy.	CDC		
D1.4.2	Establish and manage a Strategic Community Reference Group from a wide demographic to provide advice to Council on matters of significant community interest.	CEO		
D1.4.3	Prepare and publish all Agendas and Minutes of Council in accordance with legislation and make them accessible to the public.	CEO	●	●
D2.1.1	Manage election process and ensure new councillors receive relevant documentation.	CEO		●
D2.1.2	Develop an Induction Manual for elected members.	CEO	●	
D2.1.3	Develop an annual elected members training calendar.	EA	●	
D3.1.1	Implement the outcomes of the Better Practice Review.	CEO / DCEO		
D3.1.3	Implement new ALTUS Financial Reporting system to provide a more efficient monthly financial reporting process.	DCEO	●	
D3.1.4	Conduct five yearly review of Recordkeeping Plan.	DCEO	●	
D3.1.5	Conduct two-yearly Reg 17 Audit Review.	DCEO		●
D3.1.6	Implement recommendations from Records Management review including records disaster recovery plan, records policies and procedures, completion of archiving program and medical practice files.	DCEO	●	
D3.1.7	Annually conduct a review of local laws with a major review to be done eight-yearly. (Last major review was 2016).	DCEO	●	●
D3.1.8	Complete an annual Compliance Audit Return to demonstrate compliance with legislation.	DCEO	●	●
D3.1.9	Design and adopt new industry standard Chart of Accounts to provide improved reporting.	DCEO		●
D3.2.1	Conduct a bi-annual survey of residents to measure customer satisfaction with services.	CEO	●	
D3.2.2	Review the Shire's Customer Service Charter to inform and enhance service outcomes.	DCEO	●	●
D3.3.1	Ensure staff training opportunities are identified during performance management process.	DCEO	●	●
D4.1.1	Continue representation on external Boards and committees such as the GSDC, WALGA Zone, School Boards, Hidden Treasures and others to influence positive local and regional outcomes.	CEO / DCEO / COUNCILLORS	●	●
D4.1.2	Participate in State policy development processes affecting local government where appropriate.	CEO / SHIRE PRESIDENT/DCEO	●	●

MAJOR ITEMS COMPLETED 2018/19

D1.2.2 Asset Management Framework

Completed

D3.1.3 Implement new ALTUS Financial Reporting system to provide a more efficient monthly financial reporting process

IT Vision provides the corporate software package, Synergysoft, to local government. Support staff from IT Vision have worked with the Shire's financial team to provide an alternative system for presenting financial data. Whilst the Board system was fully implemented, the Shire has been advised that there will be a free migration to Power BI so additional training will be required.

D3.2.2 Review of Customer Service Charter

The Shire of Gnowangerup is committed to providing the highest standard of service to all of its customers. Customers have the right to expect excellent service from all areas of the organisation. Each year the Shire reviews its Customer Service Charter. No significant changes were made as a result of the September 2018/2019 review.

NOT COMPLETED

D1.1.1 Major re-development of the Policy Manual.

One of the roles of Council is to determine the local government's policies. Officers worked diligently to update and expand Council's Policy Manual, based on recent audit feedback. The new manual will be adopted by Council in 2019/2020.

D3.1.6 Records Management Review

A Records Management Review was conducted in 2017/2018 by an external consultant. A number of recommendations were made, including the update of the Shire's Recordkeeping Plan. The Shire is required, pursuant to the *State Records Act 2000*, to review its recordkeeping plan every five years. Implementation of most recommendations from the Records Management review were implemented in 2018/2019. The major exception was the new Recordkeeping Plan, which has been submitted to the State Records Commission but is subject to feedback from the SRC in 2019/2020.

DEFERRED/CANCELLED

Nil

MAJOR ITEMS PLANNED FOR 2019/2020

The following actions are planned for 2019/2020:

- **D1.1.1** Major re-development of the Policy Manual
- **D3.1.6** Records Management Review – continue implementation
- **D3.1.7** Replace the existing Bush fire Brigades Local Law



FINANCIAL SUSTAINABILITY

ACTIONS		RESPONSIBILITY	DELIVERY TIMELINE	
			FY 18/19	FY 19/20
E1.1.1	Embrace outcomes from the local government reform process that allow for alternative means of raising revenue and innovative partnership opportunities.	CEO / DCEO / TOWN PLANNER	●	
E1.2.1	Monitor State Government media releases and take action when appropriate.	CEO	●	●
E2.1.2	Develop an ITC Strategy.	DCEO	●	
E2.1.3	Update medical practice IT hardware and connect to Shire server.	DCEO		
E2.1.4	Convert CEO & Mechanic houses from Reserve to freehold and separate into 2 lots.	DCEO		
E2.1.5	Convert Police OIC and Doctor houses from Reserve to freehold and separate into 2 lots.	DCEO	●	
E2.1.6	Convert to freehold and on-sell the Old Ongerup Police Station.	DCEO	●	
E2.1.7	Reserve 14184: Divide into three - Old Telecentre, Childcare Centre, Old Police Station & Gaol with the Shire to retain management over the Old Police Station & Gaol portion.	DCEO	●	
E2.1.8	Acquire vacant block at 25 Yougenup Rd, Gnowangerup for the purpose of creating a park.	DCEO	●	
E2.2.1	Complete and maintain Asset Management Plans.	AWMC		
E2.2.2	Review Asset Management Plan.	AWMC	●	●
E2.3.1	Take part in regional collaboration opportunities related to community services such as sharing of regional resources, hosting of regional community development activities and support for regional activities taking place in other communities across the Great Southern.	CEO / DCEO	●	●
E3.1.1	Implement Capital Works Program as detailed in the Capital Works Program 2017-2018.	MW	●	●
E3.1.2	Major Road Construction Program, continue to update road asset information and develop construction/maintenance program that optimises funding opportunities for future road asset sustainability. Gravel re-sheeting a minimum of 8km per year to be reassessed post WANDRRA.	MW	●	●
E4.1.1	Roads to Recovery funding to focus on preservation and resealing of single seal bitumen roads – Ongerup Pingrup Rd, Sandalwood Rd, Nightwell Rd, Old Ongerup Rd, Salt River Rd, Gleeson Rd and Laurier Rd. Urban towns as required by condition assessment.	MW	●	●
E4.1.2	Submit funding for Regional Road Group funds. Focus on preservation resealing of single seal bitumen roads – Borden Bremer Bay Rd, Tieline Rd, Tambellup Rd, Kwobrup Rd. Complete widening and resealing of Ongerup Pingrup Rd.	MW	●	●
E4.1.3	Maximise WANDRRA funding opportunities by reviewing and incorporating works completed by WANDRRA and adjust works program accordingly.	MW	●	●

MAJOR ITEMS COMPLETED 2018/2019

E2.1.6 Old Ongerup Police Station

As part of Council's strategy to rationalise the number of building assets it owns, we completed the process of converting the above property from Crown Reserve to freehold land in October 2017. The property was sold by the Shire in 2018/2019.

E2.1.7 Reserve 14184

Subdivided into three reserves - Old Telecentre, Childcare Centre, Old Police Station & Gaol, and the Shire retains management over the Old Police Station & Gaol portion. The Childcare Centre portion is now managed by Gnowangerup Family Support and the Old Telecentre portion by the Gnowangerup CRC.

E2.2.1 Complete and Maintain Asset Management Plans

The Roads, Footpaths, Sewer and Airport Asset Management Plans were completed.



E3.1.1 Capital Works Program

The 2018/2019 Works Program was completed as follows:

Road Name	Described Works and Funding Source
Ongerup Pingrup Road	<ul style="list-style-type: none"> ▪ Continue to rebuild shoulders, widen pavement and reconstruct drains for a further 6.6km. ▪ Reseal new shoulder 0.5m each side then reseal entire width of road to 6.4m. ▪ Total cost \$357,765 – Regional Road Group funded \$238,510, Shire contribution \$119,255.
Borden Bremer Bay Road	<ul style="list-style-type: none"> ▪ Reseal 6km of Borden Bremer Bay Road. ▪ Total project cost \$120,000 – Regional Road Group funded \$80,000 and Council funds \$40,000. ▪ Council spent a further \$59,509 on shoulder rehabilitation.
Tieline Road	<ul style="list-style-type: none"> ▪ Widen and reseal a further 6 km. Total cost \$138,000. Regional Road Group funds \$92,000 Council funds \$46,000. ▪ Council spent a further \$90,347 to widen shoulders.
Nightwell Road	<ul style="list-style-type: none"> ▪ Widen culverts and headwalls. ▪ Total project cost \$45,509. ▪ Fully Council funded.
Sandalwood Road	<ul style="list-style-type: none"> ▪ Reseal 3.6km to protect pavement integrity. ▪ Total project cost \$88,582 fully Council funded.
Salt River Road	<ul style="list-style-type: none"> ▪ Reseal 5.8km. ▪ Total project cost \$133,000. Fully funded by Roads To Recovery.
Rabbit Proof Fence Road	<ul style="list-style-type: none"> ▪ Form up and gravel re-sheet sections of road. ▪ Total project cost \$55,143. ▪ Fully funded by Roads To Recovery.
Gleeson Road	<ul style="list-style-type: none"> ▪ Form up and gravel re-sheet 4km. ▪ Total project cost \$88,029. ▪ Fully funded by Road To Recovery.
Highdenup Road	<ul style="list-style-type: none"> ▪ Form up and gravel sheet sections of road. ▪ Total project cost \$91,482. ▪ Fully funded by Council.
Road maintenance	<ul style="list-style-type: none"> ▪ Routine road maintenance program consists of: maintenance grading, tree pruning, road verge spraying and shoulder grading. ▪ Total funds spent on road maintenance: \$1,290,438.

E.4.1.3 Western Australian Natural Disaster Relief Recovery Arrangements (WANDRRA)

Flood damage restoration work for AGRN743 continued throughout the 2018/2019 year and all work was finalised by 30th June 2019. Reimbursement for 2018/2019 was \$2,534,527. Total reimbursement for AGRN743 over the two years was \$10,145,164. This does not include Council's own contribution for opening up works.

NOT COMPLETED

E2.1.5 Convert Police OIC and Doctor houses from Reserve to freehold and separate into 2 lots

Properties were separated into two lots in 2018/2019, and the Doctor's house is in the process of being converted to freehold land in the name of the Shire.

DEFERRED/CANCELLED

E2.1.2 Develop an ITC Strategy

Deferred to align with expiry of current IT support contract.

E2.1.8 Vacant block at 25 Yougenup Rd, Gnowangerup

Council previously resolved to acquire this property for the purpose of creating a park. Due to some deceased estate issues, this matter has been deferred for three years.

MAJOR ITEMS PLANNED FOR 2019/20

The following actions are planned for 2018/2019:

- E2.1.5 Convert Doctor's house from Reserve to freehold
- E2.1.2 Develop an ITC Strategy
- E3.1.1 Capital Works Program for 2019/2020:
 - The capital works program for 2019/2020 will continue with the preservation of ageing bitumen roads by resealing the single (prime seal) roads. These roads include Borden Bremer Bay Road, Old Ongerup Road, Boxwood Hill Ongerup Road, Tieline Road and Hinkley Road.
 - Ongerup Pingrup Road widening and resealing project has received Regional Road Group funding for 2019/2020 and this will see the completion of this road to the Shire of Kent boundary.
 - Gravel sheeting will be carried out on Tieline Road and Rabbit Proof Fence Road.
 - Council will fund the resealing of Lamont Street in Ongerup, Moir Street and Stone Street in Borden and Bell Street in Gnowangerup.
 - New kerbing will be installed in Bell Street in Gnowangerup and Moir Street in Borden as well as a small section on John Street near the Borden Primary School.

QUALITY BUILT FORM

ACTIONS		RESPONSIBILITY	DELIVERY TIMELINE	
			FY 18/19	FY 19/20
F1.1.1	Design Stage 1 of residential subdivision in Quinn Street.	TOWN PLANNER	●	●
F1.2.1	Ensure environmental consideration is reflected in Town Planning and Building Approvals.	TOWN PLANNER / BUILDING SURVEYOR	●	●
F1.3.1	Facilitate the redevelopment of Aylmore Springs. Stage 1: Community Consultation. Stage 2: Design & Implementation.	CEO / TOWN PLANNER	●	●
F1.3.2	Review and ensure the Shire Planning Scheme & Policies reflect Council's strategic initiative and community values.	TOWN PLANNER	●	●
F2.1.1	Support Landcorp release of residential blocks.	CEO	●	●
F2.1.3	Purchase grouped housing block from Landcorp.	CEO		
F2.1.4	Construct two houses on grouped housing block.	DCEO / AWMC	●	●
F2.2.1	Encourage better use of existing underutilised community spaces across the Shire.	CEO / TOWN PLANNER	●	●
F2.2.2	Support projects that improve community spaces and that incorporate the sustainable management of community assets into the future e.g. Community Garden.	CEO	●	●
F4.1.1	Develop a long-term approach to significant facility upgrades and improvements.	AWMC	●	●
F4.1.2	Develop an Asset Management Strategy 2018-2028 to guide the Shire's approach to managing its assets.	AWMC		
F4.1.3	Maintain and protect heritage building and places.	CEO	●	●
F4.1.4	Complete planned shade facility and niche wall at Gnowangerup Cemetery.	MW / COUNCIL	●	●
F4.1.5	Update mapping of plots and number grave sites at Gnowangerup Cemetery.	DCEO	●	
F4.1.6	Continue to work with GSDC and the Gnowangerup Aboriginal Corporation in progressing the business case for the agricultural training facility.	CEO		
F4.1.7	Update Municipal Heritage Inventory.	CDC	●	
F4.1.8	Construct new plant and equipment shed at Depot.	MW / AWMC	●	
F4.1.9	Infrastructure upgrades to Ongerup Waste Water Ponds.	AWMC	●	

MAJOR ITEMS COMPLETED 2018/2019

F1.1.1 Design Stage 1 of residential subdivision in Quinn Street

Subdivision design completed for whole lot and Stage 1 accordingly.

F1.2.1 Ensure environmental consideration is reflected in Town Planning and Building Approvals.

Ongoing.

F1.3.2 Review and ensure the Shire Planning Scheme & Policies reflect Council's strategic initiative and community values.

Ongoing.

F4.1.1 Develop a long-term approach to significant facility upgrades.

Ongoing throughout 2018/2019.

F4.1.2 Develop an Asset Management Strategy

Completed.

F4.1.5 Update Maps and Signs for Gnowangerup Cemetery

Shire officers finalised a major project by digitising existing cemetery records and then using these new electronic records to develop maps for the cemetery. This will help all interested parties more easily locate the graves of loved ones.

New section identification signs will be installed at the cemetery in 2019/2020.

F4.4.8 Construct new Depot Shed.

Completed.

F4.1.9 Upgrades to the Ongerup Waste Water Ponds.

Completed.

NOT COMPLETED

F2.2.1 Encourage better use of existing underutilised community spaces across the Shire.

Will be reviewed as part of D1.4.2 in 2019/2020.

DEFERRED/CANCELLED

Nil

MAJOR ITEMS PLANNED FOR 2019/2020

The following actions are planned for 2019/2020:

- F2.1.4 Construct Two Houses on Grouped Housing Block



OUR FINANCES

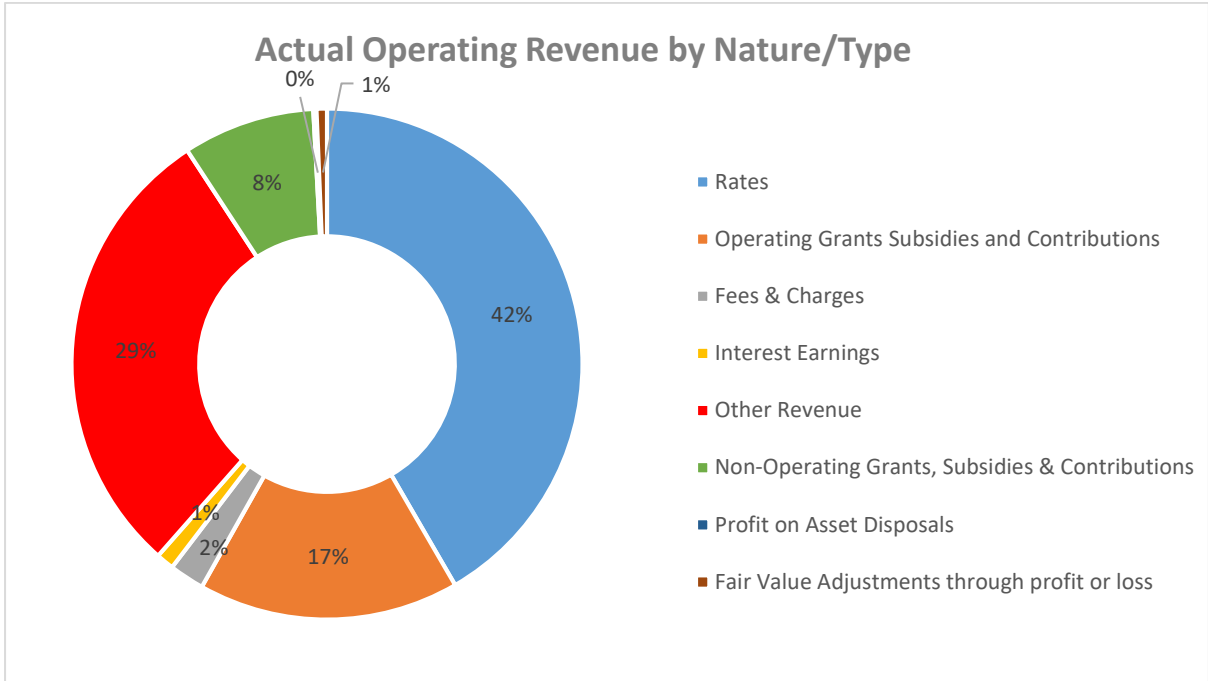
Financial Health Overview

2018/19 RESULTS OVERVIEW	2017/18 ACTUAL \$	2018/19 ACTUAL \$	VARIANCE TO 2017/18
Total Operating Revenue	14,246,391	9,701,697	(32%)
Total Operating Expenses	14,875,044	10,291,035	(31%)
Net Result from Operations	(628,653)	(589,338)	6%
Total Assets	125,292,271	124,059,492	(1%)
Total Liabilities	2,576,003	1,477,602	(43%)
Net Assets	122,716,268	122,581,890	(0.1%)
Total Cash & Investments	2,579,916	3,401,475	32%

Operating Revenue

The Shire's revenue is derived from various sources including rates, fees and charges, interest earnings, other revenue, operating grants and contributions, non-operating grants; a breakdown is shown below:

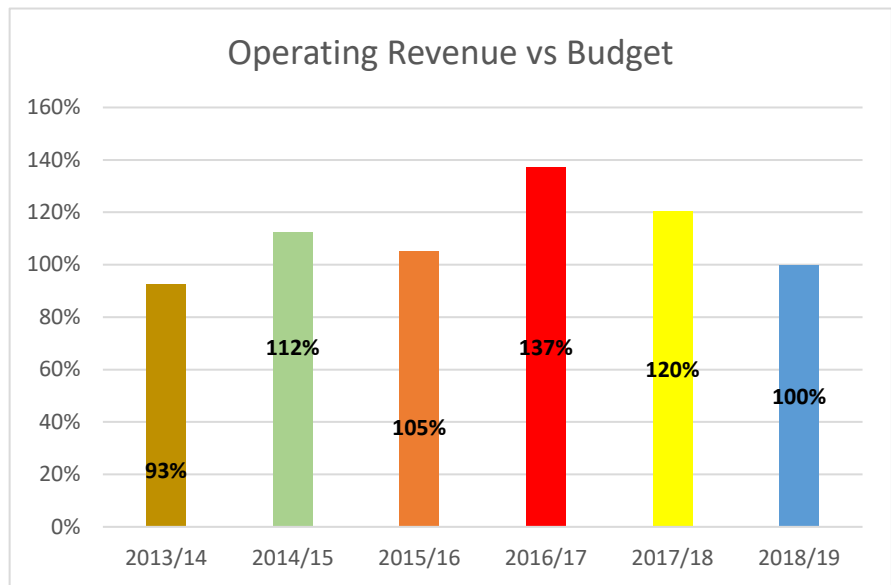
Operating Revenue By Nature	2016/17 \$	2017/18 \$	2018/19 \$
Rates	3,724,132	3,858,184	4,039,331
Operating Grants, Subsidies & Contributions	2,195,338	1,466,396	1,602,206
Fees & Charges	211,038	223,463	215,564
Interest Earnings	109,837	102,785	109,367
Other Revenue	2,011,003	7,941,351	2,840,960
Non-Operating Grants, Subsidies, Contributions	1,258,389	654,212	810,852
Profit on Asset Disposals	0	0	19,535
Fair value adjustments through profit or loss	0	0	63,882
Total	9,509,737	14,246,391	9,701,697



Actual vs Budget	2016/17 \$	2017/18 \$	2018/19 \$
Total Actual Revenue	9,509,737	14,246,391	9,701,697
Total Budget Revenue	6,932,513	11,843,103	9,714,873

The graph on the right illustrates actual revenue against estimated budget revenue.

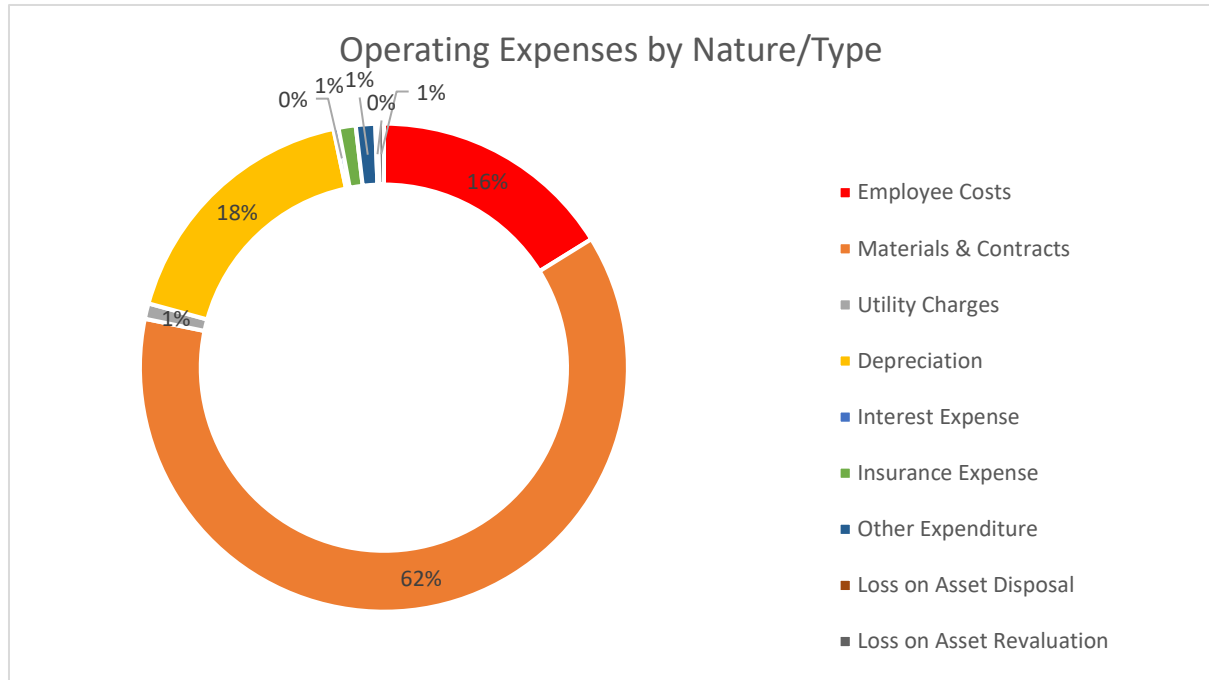
Significant contributors to Revenue are Rates income, which generated \$4.03 million, and Other Revenue \$2.84 million from WANDRRA flood damage reimbursements.



Operating Expense

Operating expenses consist of employee costs, borrowing costs, materials and contracts, utilities, depreciation, interest expense and insurance, a breakdown of which is shown below.

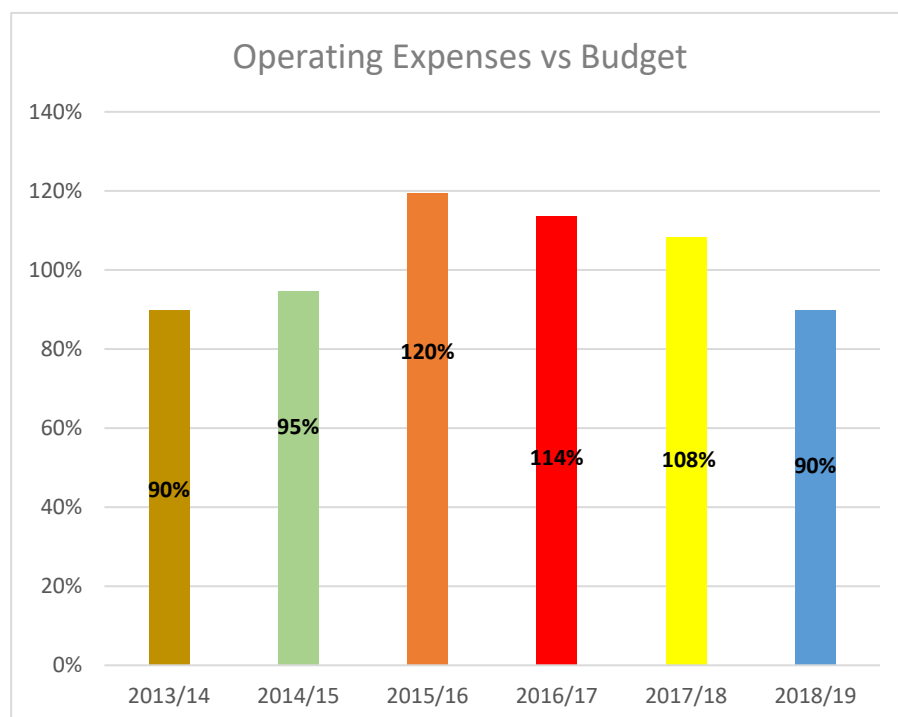
Operating Expenses By Nature	2016/17 \$	2017/18 \$	2018/19 \$
Employee Costs	2,182,154	2,405,761	2,333,010
Materials & Contracts	3,242,984	9,228,386	3,993,665
Utility Charges	142,256	152,816	151,422
Depreciation	2,461,460	2,594,679	2,168,243
Interest Expense	63,490	49,491	46,526
Insurance Expense	158,494	169,375	183,191
Other Expenses	217,596	191,101	254,093
Loss on Asset Disposal	67,171	25,074	1,160,885
Loss on Asset Revaluation	0	58,361	0
Total	8,535,605	14,875,044	10,291,035



Actual vs Budget	2016/17 \$	2017/18 \$	2018/19 \$
Total Actual Expenses	8,535,605	14,875,044	10,291,035
Total Budget Expenses	7,506,425	13,735,907	11,459,159

The graph on the right illustrates how effective the Shire's budget development and management practice are by comparing how close actuals align to budget estimates.

When comparing 2018/19 actual spend to the budget, Materials & Contract costs decreased due to less expenses for flood damage reinstatement works. Depreciation expenses decreased due to rate adjustments. Loss on disposal of assets increased due to the disposal of several properties at values below carrying cost.



Net Result from Operations

When considering financial sustainability one of the key measures referred to is the Net Result from Operations, which is calculated by subtracting Operating Expenses from Operating Revenues. The Shire recognises the importance of budgeting towards and achieving long term financial sustainability in this regard and as such, the table below refers to past years' results.

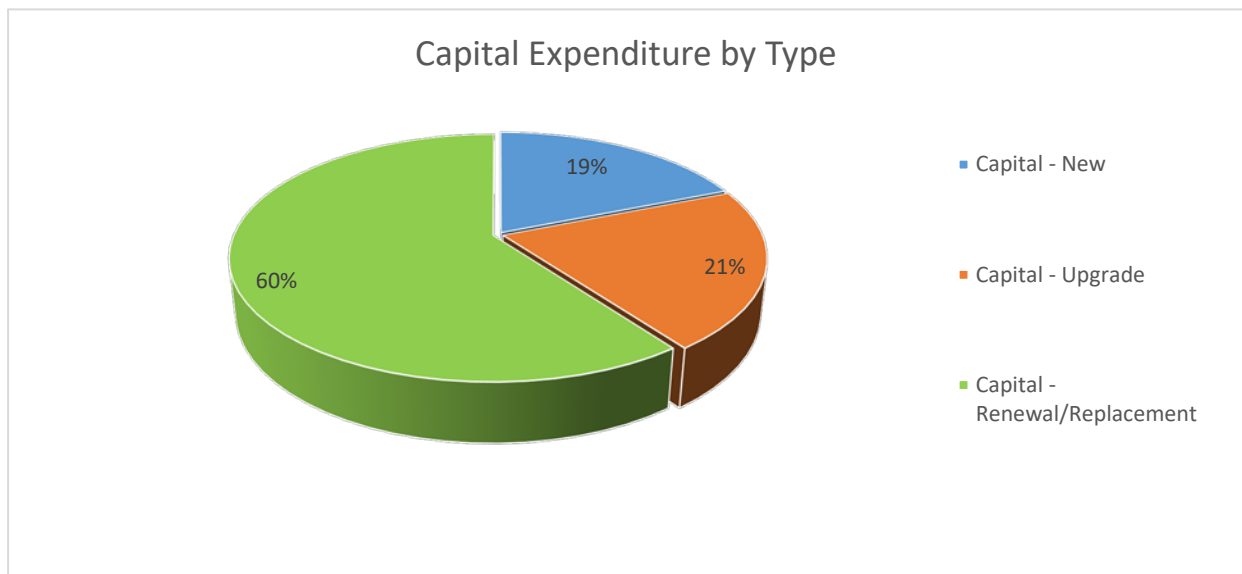
Description	2016/17 \$	2017/18 \$	2018/19 \$
Net Result from operations	974,132	(628,653)	(589,338)

The figure for 2018/2019 shows a negative result, which is attributable to the recorded loss on disposal of assets of \$1.16 million.

Capital Expenditure

Effectively implementing capital projects is essential to achieve the Shire's vision. A total of \$2,795,846 of capital projects was delivered during 2018/2019. A summary of projects is shown by Function below:

Operating Expenses By Nature	2018/19 Original Budget \$	2018/19 Revised Budget \$	2018/19 Actual \$
Law, Order & Public Safety	0	130,000	124,555
Housing	747,000	378,500	7,191
Community Amenities	560,000	564,000	495,239
Recreation & Culture	138,888	205,408	111,447
Transport	2,110,381	2,121,016	1,986,451
Economic Services	8,000	8,000	8,990
Other Property & Services	14,500	70,744	61,973
Total	3,579,169	3,477,668	2,795,846



Actual Performance Against Budget

The Shire's budget is regularly reviewed, where necessary. A statutory mid-year review is undertaken and presented to Council. The analysis below is based on the mid-year budget review for 2018/2019.

Total Operating Revenue	2018/19 Actual \$	2018/19 Revised Budget \$	Variance \$	Variance %
Rates	4,039,331	4,005,106	34,225	0.9%
Operating Grants, Subsidies & Contributions	1,602,206	849,355	752,851	88.6%
Fees & Charges	215,564	341,354	(125,790)	(36.9%)
Interest Earnings	109,367	75,714	33,653	44.4%
Other Revenue	2,840,960	3,475,705	(634,745)	(18.3%)
Non-Operating Grants, Subsidies, Contributions	810,852	853,172	(42,320)	(5.0%)
Profit on Asset Disposals	19,535	0	19,535	N/A
Fair Value Adjustments through profit or loss	63,882	0	63,882	N/A
Total	9,701,697	9,600,406	101,291	1.1%

Total Operating Expenses	2018/19 Actual \$	2018/19 Revised Budget \$	Variance \$	Variance %
Employee Costs	2,333,010	2,100,874	232,136	11.0%
Materials & Contracts	3,993,665	5,539,476	(1,545,811)	(27.9%)
Utility Charges	151,422	173,915	(22,493)	(12.9%)
Depreciation	2,168,243	2,373,988	(205,745)	(8.7%)
Interest Expense	46,526	55,606	(9,080)	(16.3%)
Insurance Expense	183,191	212,311	(29,120)	(13.7%)
Other Expenses	254,093	368,278	(114,185)	(31.0%)
Loss on Disposal of Assets	1,160,885	30,185	1,130,700	3745.9%
Loss on Asset Revaluation	0	0	0	0.0%
Total	10,291,035	10,854,633	(563,598)	(5.2%)

Total Capital Expenditure	2018/19 Actual \$	2018/19 Revised Budget \$	Variance \$	Variance %
Total	2,795,846	3,477,668	681,822	19.6%

Financial Position

Assets	2016/17 \$	2017/18 \$	2018/19 \$
Cash & Cash Equivalents	3,074,039	2,579,916	3,401,475
Trade & Other Receivables	1,157,888	2,576,454	898,597
WA Local Govt House Unit Trust	6,186	6,186	70,068
Other Financial Assets	0	116,667	89,235
Inventories	27,389	29,548	20,994
Property, Plant & Equipment	30,606,092	30,246,527	29,808,487
Infrastructure	127,087,536	89,736,973	89,770,636
Total	161,959,130	125,292,271	124,059,492

Total assets for 2018/2019 decreased by (\$1,232,779) compared to 2017/2018 due to reduction in outstanding receivables (\$1.7M), and increased consumption of property plant and equipment assets (\$0.43M) when compared to investment in asset renewal.

Liabilities	2016/17 \$	2017/18 \$	2018/19 \$
Trade & Other Payables	224,247	233,001	226,039
Current Provisions	316,537	324,814	447,391
Non-Current Provisions	44,370	104,800	54,321
Long Term Borrowings	1,076,497	1,913,388	749,851
Total	1,661,651	2,576,003	1,477,602

Total liabilities for 2018/19 decreased by 43% compared to 2017/2018, with the decrease in loan borrowings being the largest contributor. This was attributable to the repayment of the \$1 million loan drawn down in 2017/2018 to assist with cash flow relating to flood damage works.

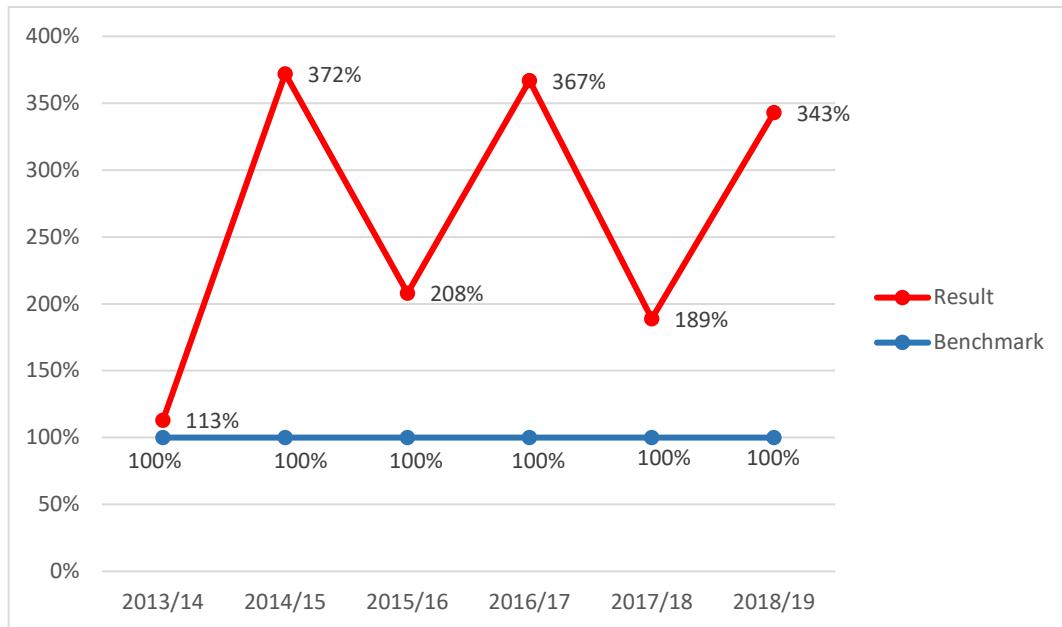
Net Community Assets	2016/17 \$	2017/18 \$	2018/19 \$
Total	160,297,479	122,716,268	122,581,890

Community Equity	2016/17 \$	2017/18 \$	2018/19 \$
Retained Surplus	43,354,363	42,631,778	42,305,941
Reserves – Cash backed	1,896,378	1,990,309	1,726,808
Reserves – Asset Revaluation	115,046,738	78,094,181	78,549,141
Total	160,297,479	122,716,268	122,581,890

Cash Flows	2016/17 \$	2017/18 \$	2018/19 \$
Cash Flows from Operating Activities	1,988,014	(91,034)	3,597,068
Cash Flows from Investing Activities	(1,162,549)	(1,266,332)	(1,639,404)
Cash Flows from Financing Activities	(156,302)	863,243	(1,136,105)
Net Increase/(Decrease) in Cash Held	669,163	(494,123)	821,559

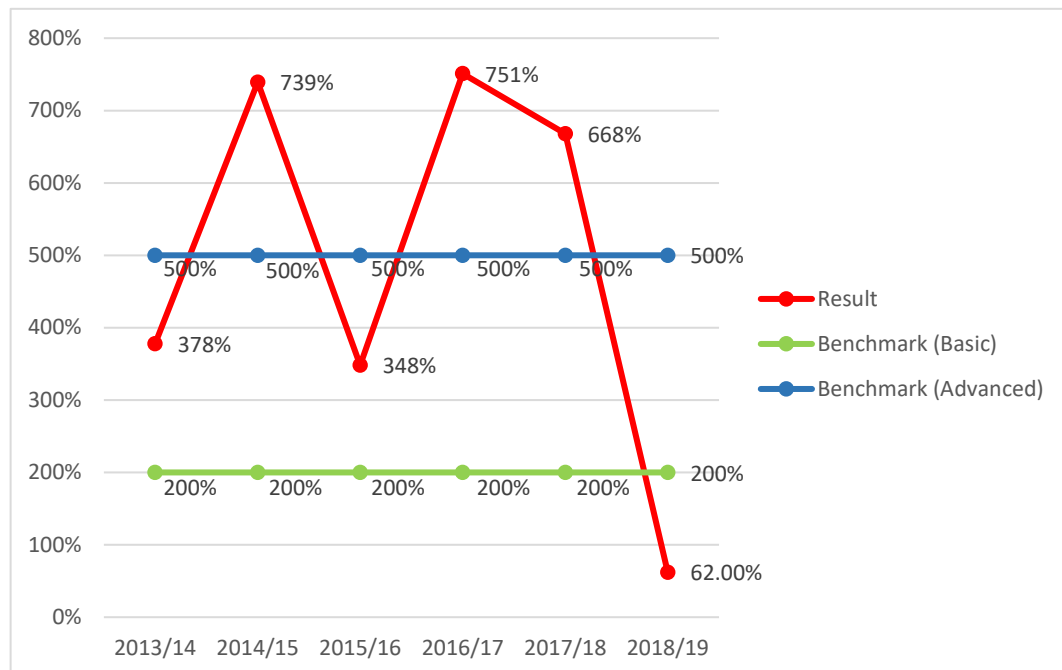
Financial Ratios

Current Ratio



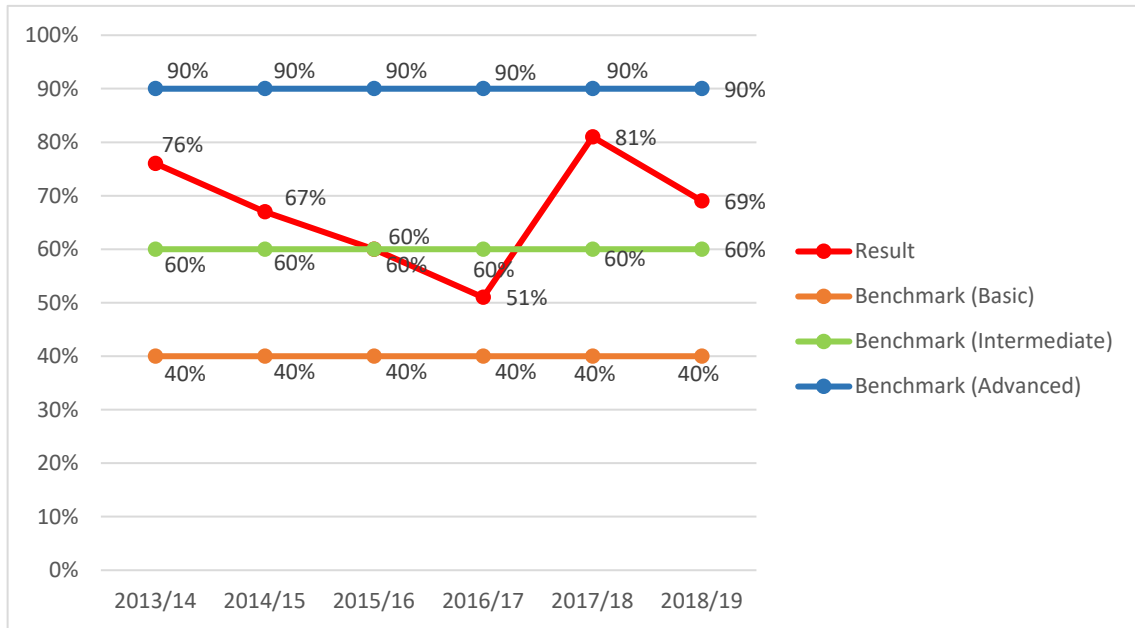
This is a modified commercial ratio designed to focus on the liquidity position of the Shire that has arisen from past years' transactions. This ratio has increased due to the decrease in current loan liabilities of \$0.86 million.

Debt Service Cover Ratio



This ratio is a measurement of the Shire's ability to repay its debt obligations including lease payments. The decrease in this ratio is attributable to large amount of debt repaid (\$1.16M) during 2018/19.

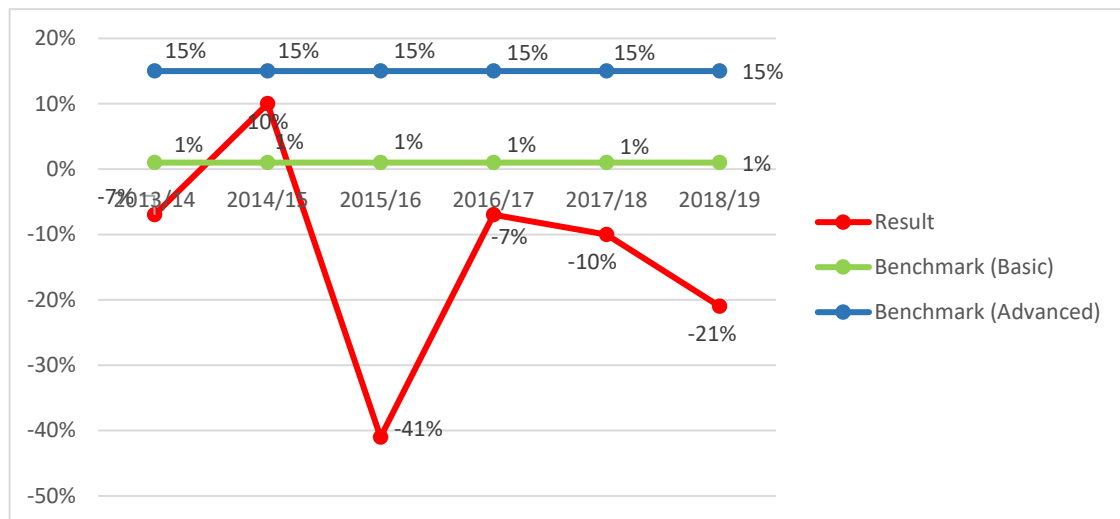
Own Source Revenue Coverage Ratio



This ratio is a measurement of the Shire’s ability to cover its costs through its own revenue efforts. The increase in this ratio is attributable to the increase in reimbursements received for flood damage works.

An intermediate standard has been achieved, as the ratio is greater than 60%.

Operating Surplus Ratio

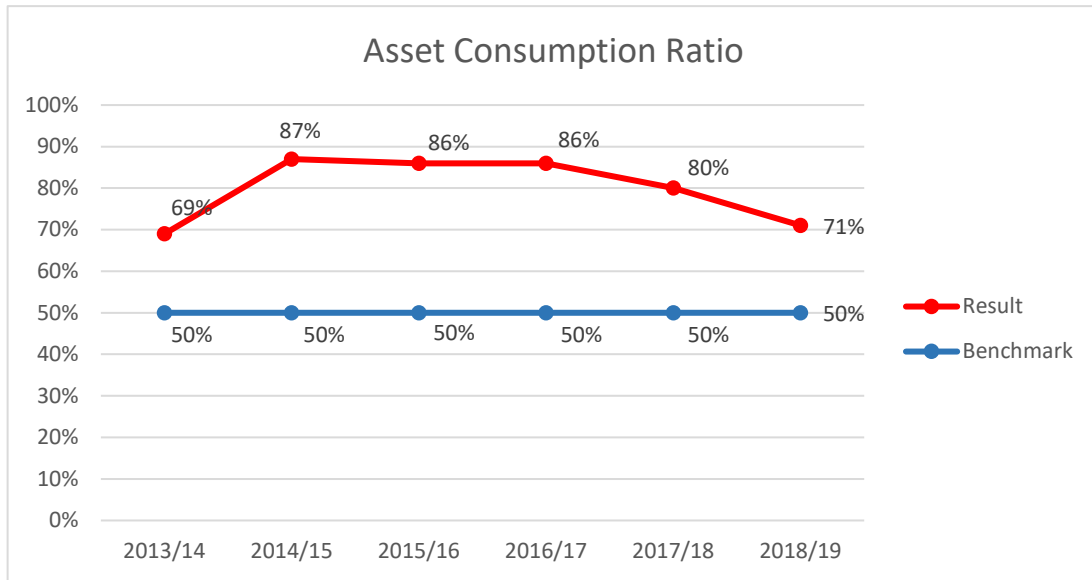


This ratio is a measurement of the Shire’s ability to cover its operational costs and have revenues available for capital funding or other purposes.

The decrease in this ratio is attributable to the increase in loss on disposal of assets booked to operations, which resulted in an operating deficit being posted for the reporting period. Currently the Shire’s operating expenses exceed its operating revenue by approximately \$0.5M; operating expenses include depreciation of non-current assets of \$2.16 million.

The standard has not been met, as the ratio is less than 1%.

Asset Consumption Ratio

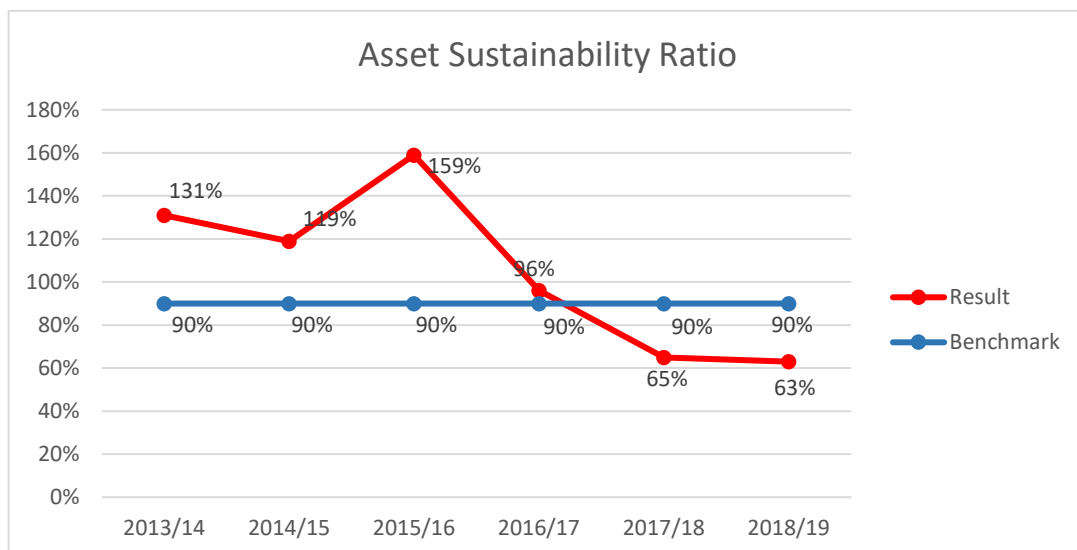


This ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.

The decline in this ratio is related to the recent revaluation and updated condition assessments of plant and equipment, and furniture and equipment assets. The revaluation has resulted in increases in current replacement costs for these asset classes, which is the denominator in calculating the ratio. The increase in replacement cost indicates that assets will cost more to replace when they reach the end of their useful life.

The standard has been met, as the ratio is greater than 50%.

Asset Sustainability Ratio

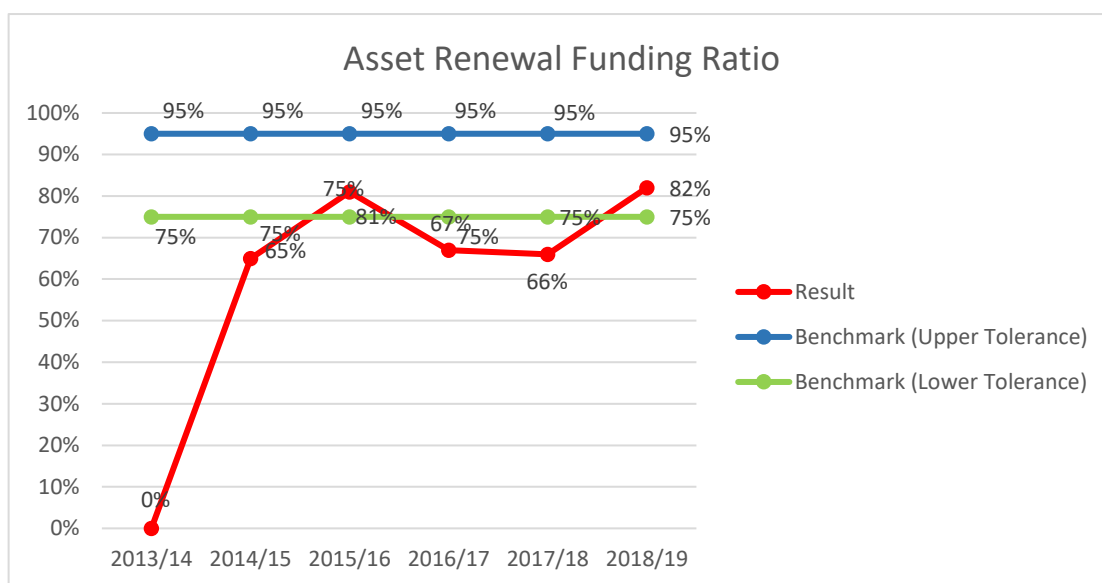


This ratio indicates whether the Shire is replacing or renewing existing assets at the same rate that its overall asset stock is wearing out.

The decrease in this ratio is attributable to the reduction in spend on capital renewal of assets, an increase in spend on new and upgrading assets. The graph trend indicates Council is spending less on asset renewal when compared to what is being consumed (depreciated) of the asset base each year.

The standard has not been met, as the ratio is less than 90%.

Asset Renewal Funding Ratio



This ratio measures the ability of the Shire to fund its projected asset renewal/replacements in the future.

The data is based on the Long Term Financial Plan, which the Council reviews each year. Council's aim is to maintain this ratio above 75% in future revisions of its Long Term Financial Plan.

The standard has been met, as the ratio is greater than 75%.



SHIRE OF GNOWANGERUP

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2019

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and forming part of the Financial Report	9
Independent Auditor's Report	52

COMMUNITY VISION

"A progressive, inclusive and prosperous community built on opportunity"

Principal place of business:
28 Yougenup Road
GNOWANGERUP WA 6335

**SHIRE OF GNOWANGERUP
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 Gnowangerup 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 Gnowangerup at 30 June 2019 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 29TH day of NOVEMBER 2019



Chief Executive Officer

BOB JARVIS

Name of Chief Executive Officer

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

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	21(a)	4,039,331	4,005,853	3,858,184
Operating grants, subsidies and contributions	2(a)	1,602,206	746,003	1,466,396
Fees and charges	2(a)	215,564	346,222	223,463
Interest earnings	2(a)	109,367	67,420	102,785
Other revenue	2(a)	2,840,960	3,453,703	7,941,351
		8,807,428	8,619,201	13,592,179
Expenses				
Employee costs		(2,333,010)	(2,157,672)	(2,405,761)
Materials and contracts		(3,993,665)	(5,503,216)	(9,228,386)
Utility charges		(151,422)	(173,500)	(152,816)
Depreciation on non-current assets	10(b)	(2,168,243)	(2,985,960)	(2,594,679)
Interest expenses	2(b)	(46,526)	(56,054)	(49,491)
Insurance expenses		(183,191)	(211,068)	(169,375)
Other expenditure		(254,093)	(371,689)	(191,101)
		(9,130,150)	(11,459,159)	(14,791,609)
		(322,722)	(2,839,958)	(1,199,430)
Non-operating grants, subsidies and contributions	2(a)	810,852	1,095,672	654,212
Profit on asset disposals	10(a)	19,535	0	0
(Loss) on asset disposals	10(a)	(1,160,885)	0	(25,074)
Fair value adjustments to financial assets at fair value through profit or loss	7	63,882	0	0
(Loss) on revaluation of Infrastructure - Sewer	9(a)	0	0	(12,035)
(Loss) on revaluation of Infrastructure - Solid Waste	9(a)	0	0	(46,326)
		(266,616)	1,095,672	570,777
Net result for the period		(589,338)	(1,744,286)	(628,653)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	454,960	0	(36,952,558)
Total other comprehensive income for the period		454,960	0	(36,952,558)
Total comprehensive income for the period		(134,378)	(1,744,286)	(37,581,211)

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

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

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Governance		5,362	0	182
General purpose funding		5,378,659	4,569,139	5,128,420
Law, order, public safety		72,765	54,052	75,889
Health		551	300	395
Education and welfare		11,972	11,500	12,023
Housing		86,442	84,280	79,729
Community amenities		302,620	293,921	317,181
Recreation and culture		27,987	24,400	36,259
Transport		2,676,058	3,448,829	7,721,579
Economic services		15,275	12,372	15,524
Other property and services		229,737	120,408	204,998
		8,807,428	8,619,201	13,592,179
Expenses				
Governance		(744,464)	(1,102,041)	(679,597)
General purpose funding		(193,825)	(129,467)	(164,396)
Law, order, public safety		(301,896)	(340,336)	(288,803)
Health		(238,120)	(250,299)	(243,068)
Education and welfare		(16,109)	(26,524)	(15,828)
Housing		(51,081)	(56,914)	(43,942)
Community amenities		(465,759)	(598,782)	(512,513)
Recreation and culture		(1,328,126)	(1,694,532)	(1,403,089)
Transport		(5,146,305)	(6,646,343)	(10,762,311)
Economic services		(117,169)	(343,278)	(83,267)
Other property and services		(480,770)	(214,589)	(545,304)
		(9,083,624)	(11,403,105)	(14,742,118)
Finance Costs				
	2(b)			
Housing		(12,778)	(16,874)	(16,094)
Community amenities		(182)	(221)	(93)
Recreation and culture		(25,511)	(26,959)	(28,905)
Transport		(8,055)	(12,000)	(3,499)
		(46,526)	(56,054)	(49,491)
		(322,722)	(2,839,958)	(1,199,430)
Non-operating grants, subsidies and contributions	2(a)	810,852	1,095,672	654,212
Profit on disposal of assets	10(a)	19,535	0	0
(Loss) on disposal of assets	10(a)	(1,160,885)	0	(25,074)
Fair value adjustments to financial assets at fair value through profit or loss	7	63,882	0	0
(Loss) on revaluation of Infrastructure - Sewer	9(a)	0	0	(12,035)
(Loss) on revaluation of Infrastructure - Solid Waste	9(a)	0	0	(46,326)
		(266,616)	1,095,672	570,777
		(589,338)	(1,744,286)	(628,653)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	454,960	0	(36,952,558)
Total other comprehensive income for the period		454,960	0	(36,952,558)
Total comprehensive income for the period		(134,378)	(1,744,286)	(37,581,211)

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

SHIRE OF GNOWANGERUP
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019

	NOTE	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	3	3,401,475	2,579,916
Trade receivables	5	777,663	2,448,893
Other financial assets	7(a)	28,558	27,432
Inventories	6	20,994	29,548
TOTAL CURRENT ASSETS		4,228,690	5,085,789
NON-CURRENT ASSETS			
Trade receivables	5	120,934	127,561
Other financial assets	7(b)	130,745	95,421
Property, plant and equipment	8	29,808,487	30,246,527
Infrastructure	9	89,770,636	89,736,973
TOTAL NON-CURRENT ASSETS		119,830,802	120,206,482
TOTAL ASSETS		124,059,492	125,292,271
CURRENT LIABILITIES			
Trade and other payables	12	226,039	233,001
Borrowings	13(a)	163,630	1,163,536
Employee related provisions	14	447,391	324,814
TOTAL CURRENT LIABILITIES		837,060	1,721,351
NON-CURRENT LIABILITIES			
Borrowings	13(a)	586,221	749,852
Employee related provisions	14	54,321	104,800
TOTAL NON-CURRENT LIABILITIES		640,542	854,652
TOTAL LIABILITIES		1,477,602	2,576,003
NET ASSETS		122,581,890	122,716,268
EQUITY			
Retained surplus		42,305,941	42,631,778
Reserves - cash backed	4	1,726,808	1,990,309
Revaluation surplus	11	78,549,141	78,094,181
TOTAL EQUITY		122,581,890	122,716,268

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

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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2017		43,354,363	1,896,377	115,046,739	160,297,479
Comprehensive income					
Net result for the period		(628,653)	0	0	(628,653)
Other comprehensive income	11	0	0	(36,952,558)	(36,952,558)
Total comprehensive income		(628,653)	0	(36,952,558)	(37,581,211)
Transfers from/(to) reserves		(93,932)	93,932	0	0
Balance as at 30 June 2018		42,631,778	1,990,309	78,094,181	122,716,268
Comprehensive income					
Net result for the period		(589,338)	0	0	(589,338)
Other comprehensive income	11	0	0	454,960	454,960
Total comprehensive income		(589,338)	0	454,960	(134,378)
Transfers from/(to) reserves		263,501	(263,501)	0	0
Balance as at 30 June 2019		42,305,941	1,726,808	78,549,141	122,581,890

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

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

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		4,048,217	4,005,853	3,856,107
Operating grants, subsidies and contributions		1,604,053	746,003	1,466,396
Fees and charges		215,564	346,222	223,463
Interest received		109,675	67,420	103,186
Goods and services tax received		440,702	109,879	219,811
Other revenue		4,359,619	5,591,971	6,509,853
		10,777,830	10,867,348	12,378,816
Payments				
Employee costs		(2,259,499)	(2,110,373)	(2,336,517)
Materials and contracts		(4,014,350)	(5,497,574)	(9,242,787)
Utility charges		(151,422)	(173,500)	(152,816)
Interest expenses		(51,308)	(56,054)	(47,254)
Insurance paid		(183,191)	(211,068)	(169,375)
Goods and services tax paid		(330,000)	0	(330,000)
Other expenditure		(190,992)	(371,689)	(191,101)
		(7,180,762)	(8,420,258)	(12,469,850)
Net cash provided by (used in) operating activities	15	3,597,068	2,447,090	(91,034)
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	8(a)	(1,257,455)	(2,201,930)	(667,361)
Payments for construction of infrastructure	9(a)	(1,538,392)	(1,377,239)	(1,294,628)
Non-operating grants, subsidies and contributions	2(a)	810,852	1,095,672	654,212
Proceeds from sale of property, plant & equipment	10(a)	345,591	223,000	41,445
Net cash provided by (used in) investing activities		(1,639,404)	(2,260,497)	(1,266,332)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	13(b)	(1,163,537)	(1,163,539)	(163,109)
Proceeds from new borrowings	13(b)	0	367,500	1,000,000
Proceeds from self supporting loans	13(b)	27,432	27,433	26,352
Net cash provided by (used in) financing activities		(1,136,105)	(768,606)	863,243
Net increase (decrease) in cash held		821,559	(582,013)	(494,123)
Cash at beginning of year	3	2,579,916	2,579,916	3,074,039
Cash and cash equivalents at the end of the year	3	3,401,475	1,997,903	2,579,916

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

SHIRE OF GNOWANGERUP
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	22 (b)	2,510,233	2,248,000	1,560,516
		2,510,233	2,248,000	1,560,516
Revenue from operating activities (excluding rates)				
Governance		5,362	0	182
General purpose funding		1,581,123	771,744	1,510,711
Law, order, public safety		72,765	54,052	75,889
Health		551	300	395
Education and welfare		11,972	11,500	12,023
Housing		86,442	84,280	79,729
Community amenities		302,620	293,921	317,181
Recreation and culture		27,987	24,400	36,259
Transport		2,695,593	3,448,829	7,721,579
Economic services		15,275	12,372	15,524
Other property and services		293,619	120,408	204,998
		5,093,309	4,821,806	9,974,470
Expenditure from operating activities				
Governance		(744,464)	(1,102,041)	(679,597)
General purpose funding		(193,825)	(129,467)	(164,396)
Law, order, public safety		(301,896)	(340,336)	(288,803)
Health		(238,120)	(250,299)	(243,068)
Education and welfare		(16,109)	(26,524)	(15,828)
Housing		(75,901)	(73,788)	(60,036)
Community amenities		(468,032)	(599,003)	(513,506)
Recreation and culture		(1,793,422)	(1,721,491)	(1,431,994)
Transport		(5,240,920)	(6,658,343)	(10,790,884)
Economic services		(117,169)	(343,278)	(83,267)
Other property and services		(1,101,177)	(214,589)	(603,665)
		(10,291,035)	(11,459,159)	(14,875,044)
Non-cash amounts excluded from operating activities	22(a)	3,201,859	3,033,259	2,729,603
Amount attributable to operating activities		514,366	(1,356,094)	(610,455)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	810,852	1,095,672	654,212
Proceeds from disposal of assets	10(a)	345,591	223,000	41,445
Purchase of property, plant and equipment	8(a)	(1,257,455)	(2,201,930)	(667,361)
Purchase and construction of infrastructure	9(a)	(1,538,392)	(1,377,239)	(1,294,628)
Amount attributable to investing activities		(1,639,404)	(2,260,497)	(1,266,332)
FINANCING ACTIVITIES				
Repayment of borrowings	13(b)	(1,163,537)	(1,163,539)	(163,109)
Proceeds from borrowings	13(c)	0	367,500	1,000,000
Proceeds from self supporting loans	13(b)	27,432	27,433	26,352
Transfers to reserves (restricted assets)	4	(531,740)	(202,500)	(322,881)
Transfers from reserves (restricted assets)	4	795,241	790,302	228,949
Amount attributable to financing activities		(872,604)	(180,804)	769,311
Surplus/(deficit) before imposition of general rates		(1,997,642)	(3,797,395)	(1,107,476)
Total amount raised from general rates	21(a)	3,797,536	3,797,395	3,617,709
Surplus/(deficit) after imposition of general rates	22(b)	1,799,894	0	2,510,233

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

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 24 to these financial statements.

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	1,814	0	0
General purpose funding	1,383,864	612,542	1,310,189
Law, order, public safety	66,651	49,732	70,578
Recreation and culture			1,900
Transport	140,786	83,729	83,729
Other property and services	9,091	0	0
	1,602,206	746,003	1,466,396
Non-operating grants, subsidies and contributions			
Law, order, public safety	124,170	0	0
Housing	0	367,500	0
Transport	686,682	728,172	654,212
	810,852	1,095,672	654,212
Total grants, subsidies and contributions	2,413,058	1,841,675	2,120,608

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 20.

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.

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Other revenue			
Reimbursements and recoveries*	2,665,045	3,400,013	7,761,597
Other	175,915	53,690	179,754
	<u>2,840,960</u>	<u>3,453,703</u>	<u>7,941,351</u>

*WANDRRA flood damage reimbursements came to \$2,534,003 of the \$2,665,045.

Fees and Charges

Governance	164	0	0
General purpose funding	15,740	46,724	14,570
Law, order, public safety	6,113	4,320	5,311
Health	50	0	240
Education and welfare	11,972	11,500	12,023
Housing	0	84,280	0
Community amenities	128,427	114,726	133,226
Recreation and culture	17,474	24,400	22,388
Transport	217	100	105
Economic services	15,183	12,302	14,782
Other property and services	20,224	47,870	20,818
	<u>215,564</u>	<u>346,222</u>	<u>223,463</u>

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

Interest earnings

Loans receivable - clubs/institutions	4,155	4,793	5,141
Reserve accounts interest	39,112	27,000	40,157
Rates instalment and penalty interest (refer Note 21(d))	33,630	24,500	35,358
Other interest earnings	32,470	11,127	22,129
	<u>109,367</u>	<u>67,420</u>	<u>102,785</u>

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (Continued)

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

SHIRE OF GNOWANGERUP
 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
	\$	\$	\$
Significant expense			
WANDRRA Flood Damage Expenses	2,534,527	3,365,000	7,634,977
Auditors remuneration			
- Audit of the Annual Financial Report	30,000	44,000	18,680
- Other services	12,400	3,750	0
	42,400	47,750	18,680
Interest expenses (finance costs)			
Borrowings (refer Note 13(b))	46,526	56,054	49,491
	46,526	56,054	49,491
Rental charges			
- Operating leases	13,050	12,680	11,830
	13,050	12,680	11,830

3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		1,644,577	584,970
Cash backed reserves & restricted cash		1,756,898	1,994,946
		3,401,475	2,579,916
Comprises:			
- Unrestricted cash and cash equivalents		1,644,577	584,970
- Restricted cash and cash equivalents		1,756,898	1,994,946
		3,401,475	2,579,916
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Reserves cash backed - Leave Reserve	4	115,741	84,089
Reserves cash backed - Plant & equipment	4	851,666	884,288
Reserves cash backed - Ongerup effluent	4	26,774	54,629
Reserves cash backed - Area promotion	4	30,201	29,619
Reserves cash backed - Swimming pool	4	209,174	150,222
Reserves cash backed - Land development	4	190,512	501,969
Reserves cash backed - Computer replacement	4	7,973	7,819
Reserves cash backed - Waste disposal	4	247,178	240,319
Reserves cash backed - Future funds	4	16,230	15,917
Reserves cash backed - Liquid waste facility	4	31,359	21,438
	4	1,726,808	1,990,309
Other restricted cash and cash equivalents			
Unspent grants/contributions	20	20,614	4,637
Bonds and deposits held	12	9,476	0
Total restricted cash and cash equivalents		1,756,898	1,994,946

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

4. RESERVES - CASH BACKED

	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual 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) Reserves cash backed - Leave Reserve	84,089	31,652	0	115,741	84,089	1,141	0	85,230	81,091	2,998	0	84,089
(e) Reserves cash backed - Plant & equipment	884,288	267,378	(300,000)	851,666	884,288	111,996	(300,000)	696,284	780,181	149,882	(45,775)	884,288
(f) Reserves cash backed - Ongerup effluent	54,629	11,074	(38,929)	26,774	54,629	10,741	0	65,370	42,754	11,875	0	54,629
(g) Reserves cash backed - Area promotion	29,619	582	0	30,201	29,619	402	0	30,021	29,005	614	0	29,619
(h) Reserves cash backed - Swimming pool	150,222	58,952	0	209,174	150,222	58,038	0	208,260	92,268	57,954	0	150,222
(i) Reserves cash backed - Land development	501,969	144,855	(456,312)	190,512	501,969	6,809	(490,302)	18,476	608,696	76,447	(183,174)	501,969
(j) Reserves cash backed - Computer replacement	7,819	154	0	7,973	7,819	106	0	7,925	7,657	162	0	7,819
(k) Reserves cash backed - Waste disposal	240,319	6,859	0	247,178	240,319	3,260	0	243,579	227,448	12,871	0	240,319
(l) Reserves cash backed - Future funds	15,917	313	0	16,230	15,917	216	0	16,133	15,587	330	0	15,917
(m) Reserves cash backed - Liquid waste facility	21,438	9,921	0	31,359	21,438	9,791	0	31,229	11,690	9,748	0	21,438
	1,990,309	531,740	(795,241)	1,726,808	1,990,309	202,500	(790,302)	1,402,507	1,896,377	322,881	(228,949)	1,990,309

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) Reserves cash backed - Leave Reserve	Ongoing	to be used to fund annual and long service leave requirements
(e) Reserves cash backed - Plant & equipment	Ongoing	to be used for the purchase of major plant
(f) Reserves cash backed - Ongerup effluent	Ongoing	to be used for the maintenance of the Ongerup Effluent System
(g) Reserves cash backed - Area promotion	Ongoing	to be used for the promotion of the Gnowangerup Shire
(h) Reserves cash backed - Swimming pool	Ongoing	To be used to assist with upgrade of the Gnowangerup Swimming Pool
(i) Reserves cash backed - Land development	Ongoing	to be used to fund the purchase or development of land and buildings and building renewal
(j) Reserves cash backed - Computer replacement	Ongoing	to be used to fund the maintenance and replacement of the administration computer system
(k) Reserves cash backed - Waste disposal	Ongoing	to be used to fund waste disposal in the Shire, including rehabilitation, transfer stations and post closure of sites
(l) Reserves cash backed - Future funds	Ongoing	to be used for contributions towards major externally grant funded projects and programs within the Shire of Gnowangerup
(m) Reserves cash backed - Liquid waste facility	Ongoing	to be to fund the maintenance, renewal and upgrade of the liquid waste facility

5. TRADE RECEIVABLES

Current

	2019	2018
	\$	\$
Rates receivable	178,930	183,345
Sundry receivables	646,020	2,155,204
GST receivable	(449)	110,253
Accrued interest on loans receivable	(216)	91
Allowance for impairment of receivables	(46,622)	0
	777,663	2,448,893

Non-current

Pensioner's rates and ESL deferred	120,934	127,561
	120,934	127,561

Rates outstanding aged analysis

Current	3,240	3,089
More than 1 year past due	89,587	111,926
More than 2 years past due	47,145	46,428
More than 3 years past due	159,892	149,463
	299,864	310,906

Sundry debtor aged analysis

Current	604,160	2,149,666
More than 30 days past due	28,524	1,492
More than 60 days past due	12,165	291
More than 90 days past due	1,171	3,755
	646,020	2,155,204

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 23.

Classification and subsequent measurement

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

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

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

6. INVENTORIES

	2019	2018
	\$	\$
Current		
Fuel	20,994	29,548
	20,994	29,548
The following movements in inventories occurred during the year:		
Carrying amount at 1 July	29,548	21,203
Inventories expensed during the year	(207,878)	(157,681)
Additions to inventory	199,324	166,026
Carrying amount at 30 June	20,994	29,548

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

7. OTHER FINANCIAL ASSETS

(a) Current assets

Other loans and receivables

Financial assets previously classified as loans and receivables

- Loans receivable - clubs/institutions

(b) Non-current assets

Financial assets at fair values through other comprehensive income - Local Government House Unit Trust

Other loans and receivables

Financial assets at fair values through other comprehensive income

Financial assets at fair values through other comprehensive income - Local Government House Unit Trust

Financial assets previously classified as loans and receivables

- Loans receivable - clubs/institutions

	2019	2018
	\$	\$
	28,558	27,432
	28,558	27,432
	28,558	27,432
	28,558	27,432
	70,068	6,186
	60,677	89,235
	130,745	95,421
	70,068	6,186
	70,068	6,186
	60,677	89,235
	60,677	89,235

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 13(b) as self supporting loans.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 23.

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	Land - vested in and under the control of Council	Total land	Buildings - non-specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	1,032,500	0	1,032,500	1,574,000	24,362,772	25,996,280	27,028,780	73,373	3,503,939	30,606,092
Additions	250,688	0	250,688	16,920	53,739	70,659	321,347	18,739	327,275	667,361
(Disposals)	0	0	0	0	0	0	0	0	(66,519)	(66,519)
Depreciation (expense)	0	0	0	(39,773)	(505,642)	(545,415)	(545,415)	(13,511)	(341,973)	(900,899)
Transfers	0	0	0	0	0	(59,508)	(59,508)	0	0	(59,508)
Carrying amount at 30 June 2018	1,283,188	0	1,283,188	1,551,147	23,910,869	25,462,016	26,745,204	78,601	3,422,722	30,246,527
Comprises:										
Gross carrying amount at 30 June 2018	1,283,188	0	1,283,188	1,590,920	24,414,019	26,004,939	27,288,127	105,665	4,098,779	31,492,571
Accumulated depreciation at 30 June 2018	0	0	0	(39,773)	(503,150)	(542,923)	(542,923)	(27,064)	(676,057)	(1,246,044)
Carrying amount at 30 June 2018	1,283,188	0	1,283,188	1,551,147	23,910,869	25,462,016	26,745,204	78,601	3,422,722	30,246,527
Additions	456,312	0	456,312	7,190	123,149	130,339	586,651	0	670,804	1,257,455
(Disposals)	(723,176)	0	(723,176)	0	(278,745)	(278,745)	(1,001,921)	0	(277,616)	(1,279,537)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	13,037	441,923	454,960
Depreciation (expense)	0	0	0	(39,773)	(504,434)	(544,207)	(544,207)	(30,078)	(314,133)	(888,418)
Transfers	0	0	0	0	0	0	0	0	17,500	17,500
Carrying amount at 30 June 2019	1,016,324	0	1,016,324	1,518,564	23,250,839	24,769,403	25,785,727	61,560	3,961,200	29,808,487
Comprises:										
Gross carrying amount at 30 June 2019	1,016,324	0	1,016,324	1,598,110	24,248,618	25,846,728	26,863,052	61,560	3,961,200	30,885,812
Accumulated depreciation at 30 June 2019	0	0	0	(79,546)	(997,779)	(1,077,325)	(1,077,325)	0	0	(1,077,325)
Carrying amount at 30 June 2019	1,016,324	0	1,016,324	1,518,564	23,250,839	24,769,403	25,785,727	61,560	3,961,200	29,808,487

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
Land and buildings					
Land - freehold land	Level 2	Income approach using discounted cashflow methodology; Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Price per hectare/market borrowing rate
Land - freehold land	Level 3	Income approach using discounted cashflow methodology; Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Price per hectare/market borrowing rate
Buildings - non-specialised	Level 2	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuer	June 2017	Improvements to land using construction costs (Level 2); current condition, residual values and remaining useful life assessments (Level 3) inputs
Buildings - specialised	Level 3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuer	June 2017	Improvements to land using construction costs (Level 2); current condition, residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment	Level 3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2019	Current condition, residual values and remaining useful life assessments (Level 3) inputs.
Plant and equipment	Level 2	Cost approach using depreciated replacement cost	Independent registered valuers	June 2019	Current condition, residual values and remaining useful life assessments (Level 3) inputs.
Plant and equipment	Level 3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2019	Current condition, residual values and remaining useful life assessments (Level 3) inputs.

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

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

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

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 - Footpaths	Infrastructure - Drainage	Infrastructure - Parks & ovals	Infrastructure - Other	Infrastructure - Airports	Infrastructure - Sewer	Infrastructure - Solid Waste	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	96,081,602	335,388	2,020,927	4,202,817	81,584	20,981,186	684,789	123,318	124,511,611
Additions	1,218,668	0	0	9,586	17,500	3,099	45,775	0	1,294,628
Revaluation increments / (decrements) transferred to revaluation surplus	(21,448,726)	417,913	1,715,759	(57,852)	439,715	(17,526,474)	(492,893)	0	(36,952,558)
Revaluation (loss) / reversals transferred to profit or loss	0	0	0	0	0	0	(12,035)	(46,326)	(58,361)
Depreciation (expense)	(1,158,787)	(9,657)	(63,914)	(251,519)	(1,764)	(174,911)	(25,036)	(8,192)	(1,693,780)
Transfers	0	0	0	2,631,168	4,265	0	0	0	2,635,433
Carrying amount at 30 June 2018	74,692,757	743,644	3,672,772	6,534,200	541,300	3,282,900	200,600	68,800	89,736,973
Comprises:									
Gross carrying amount at 30 June 2018	74,692,757	743,644	3,672,772	6,534,200	541,300	3,282,900	200,600	68,800	89,736,973
Carrying amount at 30 June 2018	74,692,757	743,644	3,672,772	6,534,200	541,300	3,282,900	200,600	68,800	89,736,973
Additions	1,251,720	0	45,510	71,949	130,284	0	38,929	0	1,538,392
(Disposals)	0	0	0	(207,404)	0	0	0	0	(207,404)
Depreciation (expense)	(778,550)	(14,873)	(73,455)	(274,994)	(21,374)	(110,331)	(4,196)	(2,052)	(1,279,825)
Transfers	0	0	0	0	(17,500)	0	0	0	(17,500)
Carrying amount at 30 June 2019	75,165,927	728,771	3,644,827	6,123,751	632,710	3,172,569	235,333	66,748	89,770,636
Comprises:									
Gross carrying amount at 30 June 2019	75,944,477	743,644	3,718,282	6,392,756	654,084	3,282,900	239,529	68,800	91,044,472
Accumulated depreciation at 30 June 2019	(778,550)	(14,873)	(73,455)	(269,005)	(21,374)	(110,331)	(4,196)	(2,052)	(1,273,836)
Carrying amount at 30 June 2019	75,165,927	728,771	3,644,827	6,123,751	632,710	3,172,569	235,333	66,748	89,770,636

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

9. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs (Level 2); current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs (Level 2); current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs (Level 2); current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Parks & ovals	Level 3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs (Level 2); current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Other	Level 3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs (Level 2); current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Airports	Level 3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs (Level 2); current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Sewer	Level 3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs (Level 2); current condition, residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Solid Waste	Level 3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs (Level 2); current condition, residual values and remaining useful life assessments (Level 3) inputs

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

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

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

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

(a) Disposals of Assets

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	2019 Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
Land - freehold land	\$ 723,176	\$ 88,636	\$ 0	\$ (634,540)	\$ 36,000	\$ 36,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Buildings - specialised	278,745	46,364	0	(232,381)	0	0	0	0	0	0	0	0
Plant and equipment	277,616	210,591	19,535	(86,560)	187,000	187,000	0	0	66,519	41,445	0	(25,074)
Infrastructure - Parks & ovals	207,404	0	0	(207,404)	0	0	0	0	0	0	0	0
	1,486,941	345,591	19,535	(1,160,885)	223,000	223,000	0	0	66,519	41,445	0	(25,074)

The following assets were disposed of during the year.

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Plant and Equipment				
Governance	\$	\$	\$	\$
Isuzu Space Cab	18,668	23,182	4,514	0
Isuzu Space Cab	18,668	23,182	4,514	0
Holden Insigna	45,742	16,363	0	(29,379)
Isuzu Crew Cab	21,335	25,682	4,347	0
Holden Colorado	28,988	28,182	0	(806)
Case Wheeled Loader	126,375	70,000	0	(56,375)
JD Backhoe Loader	17,840	24,000	6,160	0
	277,616	210,591	19,535	(86,560)
Land				
Housing				
17 Carpenter Street	12,042	0	0	(12,042)
Community amenities				
107 Formby Street	18,000	15,909	0	(2,091)
Other Property and Services				
Lot 169 Lamont Street	15,000	0	0	(15,000)
Lot 560 Yougenup Rd	678,134	72,727	0	(605,407)
	723,176	88,636	0	(634,540)
Buildings - Specialised				
Recreation and culture				
17 Carpenter Street Police Stn	226,772	46,364	0	(180,408)
Swimming Pool Building	2,484	0	0	(2,484)
Swimmin Pool Plant Building	21,777	0	0	(21,777)
Swimming Pool Amenities	27,712	0	0	(27,712)
	278,745	46,364	0	(232,381)
Parks & ovals				
Program				
Aylmore Park Swimming Pool	18,450	0	0	(18,450)
Brick paving at Swimming Pool	6,336	0	0	(6,336)
4 Lane Swimming Pool	182,618	0	0	(182,618)
	207,404	0	0	(207,404)
	1,486,941	345,591	19,535	(1,160,885)

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

(b) Depreciation	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Buildings - non-specialised	39,773	39,773	39,773
Buildings - specialised	504,434	859,601	505,642
Furniture and equipment	30,078	13,753	13,511
Plant and equipment	314,133	348,227	341,973
Infrastructure - Roads	778,550	1,179,656	1,158,787
Infrastructure - Footpaths	14,873	9,831	9,657
Infrastructure - Drainage	73,455	65,065	63,914
Infrastructure - Parks & ovals	274,994	256,370	251,519
Infrastructure - Other	21,374	1,796	1,764
Infrastructure - Airports	110,331	178,061	174,911
Infrastructure - Sewer	4,196	25,487	25,036
Infrastructure - Solid Waste	2,052	8,340	8,192
	<u>2,168,243</u>	<u>2,985,960</u>	<u>2,594,679</u>

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement seal	50 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
Footpaths - slab	50 years
Sewerage piping	25 to 80 years
Water supply piping and drainage systems	50 years
Airport infrastructure	13 to 100 years
Parks & ovals infrastructure	2 to 100 years
Other infrastructure	10 to 50 years
Solid waste infrastructure	15 to 25 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 GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

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	814,452	0	0	0	814,452	814,452	0	0	0	814,452
Revaluation surplus - Buildings - non-specialised	9,113	0	0	0	9,113	9,113	0	0	0	9,113
Revaluation surplus - Buildings - specialised	18,463,939	0	0	0	18,463,939	18,463,939	0	0	0	18,463,939
Revaluation surplus - Furniture and equipment	0	13,037	0	13,037	13,037	0	0	0	0	0
Revaluation surplus - Plant and equipment	503,077	441,923	0	441,923	945,000	503,077	0	0	0	503,077
Revaluation surplus - Infrastructure - Roads	48,816,887	0	0	0	48,816,887	70,265,613	0	(21,448,726)	(21,448,726)	48,816,887
Revaluation surplus - Infrastructure - Footpaths	417,913	0	0	0	417,913	0	417,913	0	417,913	417,913
Revaluation surplus - Infrastructure - Drainage	3,408,530	0	0	0	3,408,530	1,692,771	1,715,759	0	1,715,759	3,408,530
Revaluation surplus - Infrastructure - Parks & ovals	1,903,113	0	0	0	1,903,113	1,960,965	0	(57,852)	(57,852)	1,903,113
Revaluation surplus - Infrastructure - Other	439,715	0	0	0	439,715	0	439,715	0	439,715	439,715
Revaluation surplus - Infrastructure - Airports	3,317,442	0	0	0	3,317,442	20,843,916	0	(17,526,474)	(17,526,474)	3,317,442
Revaluation surplus - Infrastructure - Sewer	0	0	0	0	0	492,893	0	(492,893)	(492,893)	0
	78,094,181	454,960	0	454,960	78,549,141	115,046,739	2,573,387	(39,525,945)	(36,952,558)	78,094,181

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.

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Rates paid in advance	
Accrued salaries and wages	
Accrued interest on long term borrowings	
Bonds and deposits held (refer to Note 23)	
Accrued expenses	

2019	2018
\$	\$
152,813	145,688
12,921	15,078
13,633	12,220
5,348	10,130
9,476	0
31,848	49,885
226,039	233,001

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

13. INFORMATION ON BORROWINGS

	2019	2018
	\$	\$
Current	163,630	1,163,536
Non-current	586,221	749,852
	749,851	1,913,388

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2019	30 June 2019	30 June 2019	30 June 2019	Budget	30 June 2019	30 June 2019	30 June 2019	30 June 2019	Actual	30 June 2018	30 June 2018	30 June 2018	30 June 2018	Actual
				Principal	Actual	Actual	Actual	Principal	Interest	Principal	Interest	Principal	Principal	Principal	Principal	Principal	New	Actual	Actual
				1 July 2018	Loans	repayments	repayments	repayments	1 July 2018	Loans	repayments	repayments	repayments	1 July 2017	Loans	repayments	repayments	repayments	1 July 2017
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Housing																			
GROH Housing	277	WATC	4.20%	343,570	0	80,614	12,778	262,956	343,570	0	80,614	16,874	262,956	420,902	0	77,332	16,094	343,570	420,902
Staff Housing	281	WATC		0	0	0	0	0	0	367,500	0	0	367,500	0	0	0	0	0	0
Community amenities																			
Yongergnow Centre	270	WATC	6.34%	6,865	0	6,865	182	0	6,864	0	6,864	221	0	19,957	0	13,092	993	6,865	19,957
Recreation and culture																			
Gnp Community Centre	273	WATC	6.18%	160,973	0	16,104	9,584	144,869	160,975	0	16,105	9,703	144,870	176,126	0	15,153	10,542	160,973	176,126
Borden Pavilion	278	WATC	4.29%	89,565	0	16,425	3,499	73,140	89,565	0	16,425	4,351	73,140	105,307	0	15,742	4,188	89,565	105,307
Gnp Complex Synthetic Turf	279	WATC	4.23%	195,747	0	16,097	8,061	179,650	195,747	0	16,098	8,112	179,649	211,185	0	15,438	8,724	195,747	211,185
Transport																			
WANDRRA Flood Damage	280	WATC	2.41%	1,000,000	0	1,000,000	8,055	0	1,000,000	0	1,000,000	12,000	0	0	1,000,000	0	3,499	1,000,000	0
				1,796,720	0	1,136,105	42,159	660,615	1,796,721	367,500	1,136,106	51,261	1,028,115	933,477	1,000,000	136,757	44,040	1,796,720	933,477
Self Supporting Loans																			
Recreation and culture																			
Gnp Sporting Complex	275	WATC	4.06%	80,770	0	18,991	3,023	61,779	80,769	0	18,992	3,088	61,777	99,014	0	18,244	3,774	80,770	99,014
Borden Pavilion	276	WATC	4.06%	35,898	0	8,441	1,344	27,457	35,898	0	8,441	1,705	27,457	44,006	0	8,108	1,677	35,898	44,006
				116,668	0	27,432	4,367	89,236	116,667	0	27,433	4,793	89,234	143,020	0	26,352	5,451	116,668	143,020
				1,913,388	0	1,163,537	46,526	749,851	1,913,388	367,500	1,163,539	56,054	1,117,349	1,076,497	1,000,000	163,109	49,491	1,913,388	1,076,497

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.

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

13. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2018/19

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2019 Actual	2019 Budget	2019 Actual	2019 Budget	\$	\$
Staff Housing	WATC	Debenture	10	4.00%	\$ 0	\$ 367,500	\$ 0	\$ 367,500	\$ 0	\$ 0
					0	367,500	0	367,500	0	0

(d) Undrawn Borrowing Facilities

	2019	2018
Credit Standby Arrangements	\$	\$
Bank overdraft limit	500,000	500,000
Bank overdraft at balance date	0	0
Credit card limit	10,000	10,000
Credit card balance at balance date	(87)	(710)
Total amount of credit unused	509,913	509,290
Loan facilities		
Loan facilities - current	163,630	1,163,536
Loan facilities - non-current	586,221	749,852
Total facilities in use at balance date	749,851	1,913,388
Unused loan facilities at balance date	Nil	Nil

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 23.

14. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	Provision for Annual & Sick Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2018			
Current provisions	209,022	115,792	324,814
Non-current provisions	0	104,800	104,800
	<u>209,022</u>	<u>220,592</u>	<u>429,614</u>
Additional leave provision accrued	182,603	54,844	237,447
Amounts used	(100,037)	(65,312)	(165,349)
Balance at 30 June 2019	<u>291,588</u>	<u>210,124</u>	<u>501,712</u>
Comprises			
Current	291,588	155,803	447,391
Non-current	0	54,321	54,321
	<u>291,588</u>	<u>210,124</u>	<u>501,712</u>

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date
More than 12 months from reporting date

	2019	2018
	\$	\$
Less than 12 months after the reporting date	268,982	147,974
More than 12 months from reporting date	232,730	281,640
	<u>501,712</u>	<u>429,614</u>

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

Other long-term employee benefits (Continued)

rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

Provisions

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

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

15. 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:

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	3,401,475	1,997,903	2,579,916
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(589,338)	(1,744,286)	(628,653)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets	(63,882)	0	0
Depreciation	2,168,243	2,985,960	2,594,679
(Profit)/loss on sale of asset	1,141,350	0	25,074
Loss on revaluation of fixed assets	0	0	58,361
Changes in assets and liabilities:			
(Increase)/decrease in receivables	1,677,857	2,248,147	(1,555,399)
(Increase)/decrease in inventories	8,554	0	(8,345)
Increase/(decrease) in payables	(6,962)	5,642	8,754
Increase/(decrease) in provisions	72,098	47,299	68,707
Non-Operating grants & contributions for the development of assets	(810,852)	(1,095,672)	(654,212)
Net cash from operating activities	3,597,068	2,447,090	(91,034)

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
General purpose funding	253,242	310,906
Law, order, public safety	1,943,917	1,721,658
Health	541,266	561,113
Education and welfare	15,000	15,000
Housing	1,739,263	1,792,512
Community amenities	1,479,540	1,468,250
Recreation and culture	26,785,826	27,832,344
Transport	87,054,921	86,282,185
Economic services	315,830	325,534
Other property and services	1,247,988	1,524,184
Unallocated	2,682,699	3,458,585
	124,059,492	125,292,271

17. CONTINGENT LIABILITIES

The Shire of Gnowangerup 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.

Lot 193 (16) Corbett St, Gnowangerup - Possibly contaminated, investigation required

Lot 9319 Airport Road, Pallinup - Possibly contaminated, investigation required

Lot 9196 Airport Road, Pallinup - Possibly contaminated, investigation required

Lot 500 on DP77797 - Possibly contaminated, investigation required

Reserve 23659 - Possibly contaminated, investigation required

Lot 5631 on Plan 144307 - Possibly contaminated, investigation required

Lot 150 on DP67780 - Possibly contaminated, investigation required

18. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

Payable:

- not later than one year

	2019	2018
	\$	\$
	762,000	0
	762,000	0
	762,000	0

The capital expenditure commitments for 2019 relate to the construction of housing.

(b) Operating Lease Commitments

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

Payable:

- not later than one year

- later than one year but not later than five years

	2019	2018
	\$	\$
	13,050	13,050
	17,400	30,450
	30,450	43,500

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.

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	72,000	80,000	72,000
President's allowance	15,000	15,000	15,000
Deputy President's allowance	3,000	3,000	3,000
Travelling expenses	3,037	6,500	4,178
Telecommunications allowance	5,610	5,940	5,940
	98,647	110,440	100,118

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	306,508	270,493
Post-employment benefits	44,512	46,423
Other long-term benefits	6,681	6,625
	357,701	323,541

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

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	780	0

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

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.

20. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received ⁽²⁾	Expended ⁽³⁾	Closing	Received ⁽²⁾	Expended ⁽³⁾	Closing
	Balance ⁽¹⁾			Balance ⁽¹⁾			Balance
	1/07/17	2017/18	2017/18	30/06/18	2018/19	2018/19	30/06/19
	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety							
Bushfire Operational grant	11,007	45,622	(55,934)	695	15,464	(695)	15,464
SES Operational Grant	6,327	21,209	(26,459)	1,077	5,150	(1,077)	5,150
Recreation and culture							
ICCWA - Stay On Your Feet	476	0	0	476	0	(476)	0
DSR - KidzSports Grant	4,884	0	(4,884)	0	0	0	0
CLGF - Youth Dev Scholarship	1,514	875	0	2,389	0	(2,389)	0
Total	24,208	67,706	(87,277)	4,637	20,614	(4,637)	20,614

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

21. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2017/18	
			Actual Rateable Value	Actual Rate Revenue	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Total Revenue
Differential general rate / general rate			\$	\$	\$	\$	\$	\$	\$	\$	\$	
Gross rental valuations												
GRV Residential	0.151769	318	2,721,980	413,112	2,037	0	415,149	413,112	0	0	413,112	394,364
GRV Commercial	0.151769	27	409,602	62,165	0	0	62,165	62,165	0	0	62,165	82,512
GRV Industrial	0.151769	17	185,266	28,118	0	0	28,118	28,118	0	0	28,118	27,606
GRV Amelup Tourism	0.151769	4	114,660	17,402	0	0	17,402	17,402	0	0	17,402	19,972
Unimproved valuations												
UV Rural	0.011010	352	287,834,015	3,169,052	(1,899)	0	3,167,153	3,169,049	0	0	3,169,049	3,012,280
UV Mining	0.011010	0	0	0	0	0	0	0	0	0	0	0
Sub-Total		718	291,265,523	3,689,849	138	0	3,689,987	3,689,846	0	0	3,689,846	3,536,734
Minimum payment	\$											
Gross rental valuations												
GRV Residential	750	99	182,202	74,250	(750)	0	73,500	74,250	0	0	74,250	55,692
GRV Commercial	750	22	35,767	16,500	0	0	16,500	16,500	0	0	16,500	9,996
GRV Industrial	750	9	14,733	6,750	0	0	6,750	6,750	0	0	6,750	6,426
GRV Amelup Tourism	750	1	4,160	750	0	0	750	750	0	0	750	714
Unimproved valuations												
UV Rural	750	20	724,685	15,000	750	0	15,750	15,000	0	0	15,000	14,280
UV Mining	750	4	84,510	3,000	0	0	3,000	3,000	0	0	3,000	3,853
Sub-Total		155	1,046,057	116,250	0	0	116,250	116,250	0	0	116,250	90,961
		873	292,311,580	3,806,099	138	0	3,806,237	3,806,096	0	0	3,806,096	3,627,695
Discounts/concessions (refer Note 21(c))							(8,701)				(8,701)	(9,986)
Total amount raised from general rate							3,797,536				3,797,395	3,617,709
Specified Area Rate (refer Note 21(b))							75,141				75,058	75,331
Ex-gratia rates							33,454				0	31,577
Waste Collection Rate							133,200				133,400	133,567
Totals							4,039,331				4,005,853	3,858,184

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

21. RATING INFORMATION (Continued)

(b) Specified Area Rate

Specified Area Rate	Basis of Valuation	Rate in \$	2018/19 Rateable Value	2018/19 Rate Revenue	2018/19 Interim Rate Revenue	2018/19 Back Rate Revenue	2018/19 Total Specified Area Rate Revenue	2018/19 Budget Rate Revenue	2018/19 Budget Back Rate Revenue	2018/19 Budget Interim Rate Revenue	2018/19 Total Budget Revenue	2017/18 Total Actual Revenue
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Gnp Sporting Complex	GRV	0.00380	2,748,039	10,522	84	0	10,606	10,522	0	0	10,522	10,531
Gnp Sporting Complex	UV	0.00020	128,868,500	19,459	0	0	19,459	19,459	0	0	19,459	19,488
Borden Pavilion	GRV	0.00220	225,694	506	0	0	506	506	0	0	506	518
Borden Pavilion	UV	0.00010	101,823,500	9,570	0	0	9,570	9,571	0	0	9,571	9,794
Ongerup Effluent	GRV	0.07650	457,274	35,000	0	0	35,000	35,000	0	0	35,000	35,000
				75,057	84	0	75,141	75,058	0	0	75,058	75,331

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	2018/19 Actual Rate Applied to Costs	2018/19 Actual Rate Set Aside to Reserve	2018/19 Actual Reserve Applied to Costs	2018/19 Budget Rate Applied to Costs	2018/19 Budget Rate Set Aside to Reserve	2018/19 Budget Reserve Applied to Costs
			\$	\$	\$	\$	\$	\$
Gnp Sporting Complex	To meet part of the loan repayments for the Gnowangerup Sporting Complex Facility	Applied to all properties in the old Gnowangerup Townsite Ward and Gnowangerup Rural Ward	10,606	0	0	10,522	0	0
Gnp Sporting Complex	To meet part of the loan repayments for the Gnowangerup Sporting Complex Facility	Applied to all properties in the old Gnowangerup Townsite Ward and Gnowangerup Rural Ward	19,459	0	0	19,459	0	0
Borden Pavilion	To meet the loan repayments for the Borden Pavilion Facility	Applied to all properties of the Old Borden Townsite Ward and Borden Rural Ward	506	0	0	506	0	0
Borden Pavilion	To meet the loan repayments for the Borden Pavilion Facility	Applied to all properties of the Old Borden Townsite Ward and Borden Rural Ward	9,570	0	0	9,571	0	0
Ongerup Effluent	To contribute towards the maintenance, renewal and replacement of the Ongerup Effluent System	Applied to all properties in the Ongerup Townsite	35,000	0	0	35,000	0	0
			75,141	0	0	75,058	0	0

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019
21. RATING INFORMATION (Continued)

(c) Discounts, Incentives, Concessions, & Write-offs

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 \$
43 Whitehead Road	Waiver	100.00%	N/A	462	448
35 Yougenup Road	Waiver	100.00%	N/A	1,035	1,167
30 Eldridge Street	Waiver	100.00%	N/A	1,089	954
Rates small balances	Write-off	N/A	N/A	121	181
				2,707	2,750
General rates on Assessment A213	Concession	50.00%	N/A	2,368	2,978
General rates on Assessment A293	Concession	50.00%	N/A	4,459	5,003
General rates on Assessment A314	Concession	50.00%	N/A	809	814
General rates on Assessment A556	Concession	50.00%	N/A	1,065	1,191
				8,701	9,986

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

Circumstances in which
the Waiver or Concession is
Granted and to whom it was
available

Objects of the Waiver
or Concession

Reasons for the Waiver
or Concession

General rates on Assessment A213	Concession of 50% granted off of general rates to the owner of the property of Assessment A213	To assist promote the tourist industry in the Amelup Tourism Precinct	To assist promote the tourist industry in the Amelup Tourism Precinct.
General rates on Assessment A293	Concession of 50% granted off of general rates to the owner of the property of Assessment A293	To assist promote the tourist industry in the Amelup Tourism Precinct	To assist promote the tourist industry in the Amelup Tourism Precinct.
General rates on Assessment A314	Concession of 50% granted off of general rates to the owner of the property of Assessment A314	To assist promote the tourist industry in the Amelup Tourism Precinct	To assist promote the tourist industry in the Amelup Tourism Precinct.
General rates on Assessment A556	Concession of 50% granted off of general rates to the owner of the property of Assessment A556	To assist promote the tourist industry in the Amelup Tourism Precinct	To assist promote the tourist industry in the Amelup Tourism Precinct.

21. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
One payment	04 Oct 2018	0.00	0.00%	11.00%
Option Two				
Instalment 1	04 Oct 2018	0.00	5.50%	11.00%
Instalment 2	04 Dec 2018	10.00	5.50%	11.00%
Instalment 3	04 Feb 2019	10.00	5.50%	11.00%
Instalment 4	04 Apr 2019	10.00	5.50%	11.00%

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Interest on unpaid rates	18,680	13,000	22,428
Interest on instalment plan	12,794	11,500	12,014
Charges on instalment plan	4,980	4,500	4,740
Pensioner deferred interest	2,156	920	916
	38,610	29,920	40,098

22. RATE SETTING STATEMENT INFORMATION

	2018/19 (30 June 2019 Carried Forward)	2018/19 Budget (30 June 2019 Carried Forward)	2017/18 (30 June 2018 Brought Forward)
Note	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
<p>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>.</p>			
Adjustments to operating activities			
Less: Profit on asset disposals	10(a) (19,535)	0	0
Less: Movement in local government house unit trust	7(b) (63,882)	0	0
Movement in pensioner deferred rates (non-current)	5 6,627	0	(8,941)
Movement in employee benefit provisions (non-current)	14 (50,479)	47,299	60,430
Add: Loss on disposal of assets	10(a) 1,160,885	0	25,074
Add: Loss on revaluation of fixed assets	9(a) 0	0	58,361
Add: Depreciation on assets	10(b) 2,168,243	2,985,960	2,594,679
Non cash amounts excluded from operating activities	3,201,859	3,033,259	2,729,603
(b) Surplus/(deficit) after imposition of general rates			
<p>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.</p>			
Adjustments to net current assets			
Less: Reserves - restricted cash	3 (1,726,808)	(1,402,507)	(1,990,309)
Less: - Financial assets at amortised cost - self supporting loans	7(a) (28,558)	(28,066)	(27,432)
Add: Borrowings	13(a) 163,630	236,118	1,163,536
Total adjustments to net current assets	(1,591,736)	(1,194,455)	(854,205)
Net current assets used in the Rate Setting Statement			
Total current assets	4,228,690	2,265,163	5,085,789
Less: Total current liabilities	(837,060)	(1,070,708)	(1,721,351)
Less: Total adjustments to net current assets	(1,591,736)	(1,194,455)	(854,205)
Net current assets used in the Rate Setting Statement	1,799,894	0	2,510,233

23. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2019					
Cash and cash equivalents	2.1044%	3,401,475	3,401,475	0	0
2018					
Cash and cash equivalents	2.4143%	2,579,916	2,579,916	0	0

Sensitivity

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

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	34,015	25,799

* 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 13(b).

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2019					
Rates receivable					
Gross carrying amount	3,240	89,587	47,145	159,892	299,864
01 July 2018					
Rates receivable					
Gross carrying amount	3,089	111,926	46,428	149,463	310,906

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
30 June 2019					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	604,160	28,524	12,165	1,171	646,020
Loss allowance	0	0	0	0	0
01 July 2018					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	2,149,666	1,492	291	3,755	2,155,204
Loss allowance	0	0	0	0	0

The loss allowance calculated above is immaterial.

23. 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 13(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
	\$	\$	\$	\$	\$
<u>2019</u>					
Payables	226,039	0	0	226,039	226,039
Borrowings	211,306	795,628	270,170	1,277,104	749,851
	<u>437,345</u>	<u>795,628</u>	<u>270,170</u>	<u>1,503,143</u>	<u>975,890</u>
<u>2018</u>					
Payables	233,001	0	0	233,001	233,001
Borrowings	1,204,221	661,907	199,670	2,065,798	1,913,388
	<u>1,437,222</u>	<u>661,907</u>	<u>199,670</u>	<u>2,298,799</u>	<u>2,146,389</u>

24. 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 Restricted Cash	30 June 2019
	\$	\$	\$		\$
Builders Registration Board	0	1,716	(1,716)	0	0
BCITF	0	928	(928)	0	0
Hall Hire Bonds	0	56	(56)	0	0
Agricultural Society	4,436	0	(4,436)	0	0
Housing Bonds	9,305	0	0	(9,305)	0
Unclaimed Rates	56	0	0	0	56
Micro-Chip Deposits	0	50	0	0	50
Police Licensing	0	818,129	(818,129)	0	0
Cat Trap Bonds	150	100	(150)	(100)	0
Other - Interest	59	69	(28)	(71)	29
Hollow Log Golf Donations	0	3,720	0	0	3,720
Building Applications Overpayments	0	57	(57)	0	0
CWA Stirling Trust Grant	0	2,698	(2,698)	0	0
Furniture Hire Bond	0	200	(200)	0	0
Building Retention Funds	0	23,893	(19,183)	0	4,710
	14,006	851,616	(847,581)	(9,476)	8,565

In previous years bonds and deposits, were held as trust monies. They are now included in restricted cash at Note 3 and shown as a current liability in Note 12.

25. 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.

There was no effect of adopting AASB9.

26. 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. In summary the following adjustments are expected to be made to the amounts recognised in the Statement of Financial Position at the date of initial application (1 July 2019):

	AASB 118 carrying amount		AASB 15 carrying amount
Note	30 June 2019	Reclassification	01 July 2019
	\$	\$	\$
Contract liabilities - current			
Unspent grants, contributions and reimbursements	20	0	20,614
Contract liabilities non-current			
Adjustment to retained surplus from adoption of AASB 15	26(d)	(20,614)	

(b) Leases

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

On adoption of AASB 16, the Shire will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rates applied to the lease liabilities on 1 July 2019 is 3.50%.

	Note	2019
		\$
Operating lease commitments disclosed as at 30 June 2019	18	30,450
Right-of-use asset recognised at at 1 July 2019		29,218

On adoption of AASB 16, the Shire will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is to be measured as if AASB 16 had been applied since its commencement date by the carrying amount but discounted using the lessee's incremental borrowing rate as on 1 July 2019.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

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

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

26. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS (Continued)

(c) Income For Not-For-Profit Entities

The Shire will adopt AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in no changes in accounting policies as the Shire already recognises prepaid rates as a financial liability

(d) Impact of changes to Retained Surplus

The impact on the Shire of the changes as at 1 July 2019 is as follows:

	<u>Note</u>	<u>Adjustments</u>	<u>2019</u>
			\$
Retained surplus - 30 June 2019			42,305,941
Adjustment to retained surplus from adoption of AASB 15	26(a)	(20,614)	
Adjustment to retained surplus from adoption of AASB 16	26(b)	40,070	
Retained surplus - 01 July 2019			<u>42,325,397</u>

28. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

29. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources	Administration and operation of members of Council. Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.
GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services	To collect revenue in the form of rates, interest and general purpose Government grants to allow for the provision of services.
LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services
HEALTH To provide an operational framework for environmental and community health	Inspection of food outlets and their control, noise control and waste disposal compliance
EDUCATION AND WELFARE To provide services to the elderly, children and youth	The provision of pre-school facilities to relevant community groups and the support of youth in the community.
HOUSING To provide and maintain staff and other housing	Provision and maintenance of staff and other housing
COMMUNITY AMENITIES To provide services required by the community	Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences
RECREATION AND CULTURE To establish and effectively manage infrastructure and resource which will help the social well being of the community	Maintenance of public halls, civic centres, swimming pool, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library and other cultural facilities
TRANSPORT To provide safe, effective and efficient transport services to the community	Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
ECONOMIC SERVICES To help promote the shire and its economic wellbeing	Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control
OTHER PROPERTY AND SERVICES To monitor and control Shire's overheads operating accounts	Private works operation, plant repair and operation costs and engineering operation costs, administration costs allocated and other unclassified works and services

30. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	3.43	1.89	3.67
Asset consumption ratio	0.71	0.80	0.86
Asset renewal funding ratio	0.82	0.66	0.67
Asset sustainability ratio	0.63	0.65	0.96
Debt service cover ratio	0.62	6.68	7.51
Operating surplus ratio	(0.21)	(0.10)	(0.07)
Own source revenue coverage ratio	0.69	0.81	0.51

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 Gnowangerup

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Gnowangerup 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 Gnowangerup:

- (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 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 my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
 - a. The Operating Surplus Ratio as reported in Note 30 of the financial report is below the Department of Local Government, Sport and Cultural Industries' (DLGSCI) standard for the last three financial years
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were 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 30 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 Gnowangerup 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
2 December 2019