



**SHIRE OF
DANDARAGAN**

2019/2020

**ANNUAL
REPORT**

PART I





ACKNOWLEDGEMENT OF PEOPLE AND COUNTRY

On behalf of our community, the Shire of Dandaragan respectfully acknowledges the past and present traditional owners of this land, the Yued people.

It is a privilege to be living on Nyungar country.

OUR VISION

A dynamic, diverse and desirable region delivering sustainable growth and socially connected communities.

DANDARAGAN BY THE NUMBERS IN 2019/20

LAND AREA



POPULATION



RATEABLE PROPERTIES



ROADS

Sealed & Unsealed

1666KM



SCHOOLS



VISITORS



PARKS



EMPLOYMENT



ANIMALS



BUSINESSES



MEDICAL FACILITIES



FOOTPATHS



PRESIDENT'S REPORT



2019/2020 will be remembered for many years as an extraordinary year. While in the grip of a global pandemic in early 2020, our State and local communities ended the financial year confident of withstanding the impacts better than any other State in Australia. This was mainly due to our State's strong economic base and diverse economy, and the stoic nature of all Western Australian's who played their part in keeping our State safe from the more severe impacts we have witnessed occur worldwide through the spread of this coronavirus.

Through the Shire's diverse range of skills, experience and background we were able to call on our own resources and key partnerships to provide strength and resilience as we tackled uncharted waters. Council's early COVID-19 work was dominated by our quick response to the pandemic outbreak. Within days of restrictions being placed across the nation, Council transitioned the majority of its operations, allowing staff to work from home while essential workers continued to provide critical services to the community. At a Special Council Meeting in April, Council adopted a comprehensive COVID-19 fiscal response package for its 2020/2021 budget which included 0% rates increase, debtor payment arrangements, the waiver of various fees and charges, the establishment of a Shire facility maintenance and grant program for community groups, and more.

I am incredibly proud of the way our organisation and the wider community responded to COVID-19 and we remain committed to doing everything possible in the future to ensure that our Shire meets the challenges ahead. In doing so, we will also continue to provide good governance in creating sustainable growth and enhancing long-term value within the Shire. The Shire will advocate on issues important to our region through continued engagement with State Government and our key stakeholders to drive economic growth, deliver projects to enhance liveability across our Shire, and more.

Council continues to work hard on building the relationships we need to deliver our vision to be a dynamic, diverse and desirable region delivering sustainable growth and socially connected communities. As we transition into the year ahead, the ongoing impact of the pandemic has created a time of uncertainty for everyone. We remain confident that the Shire of Dandaragan has the planning and resources in place to continue to support those who need it most and to ensure the future of our communities remains bright.

I would like to take this opportunity to thank all Shire of Dandaragan staff for the enormous contribution they made to the successful running of the Shire over the course of the past financial year, particularly during some extremely testing times. Looking after our staff is more than just providing a workplace environment safeguarding physical health – it is about promoting a culture that cares for their emotional and cultural wellbeing.

I would also like to highlight their efforts coincide with a strong and unified Council. Our Council continues to put the well-being of the community front and centre of discussions during the COVID-19 restrictions, and continues to do so as we work to recover.

Finally, my sincere thanks to our community who continue to encourage Council to consider new ways to improve the liveability of our region while holding us accountable in all that we do and achieve.

Leslee Holmes
SHIRE PRESIDENT

CHIEF EXECUTIVE OFFICER



In writing this opening message I can't help but reflect on the challenging operating environment our local government and broader community has experienced this year. While we are fortunate to live in Western Australia that has avoided to date ongoing lockdowns and broad scale business interruption, there were clear impacts throughout our crayfishing, tourism and hospitality sectors that still remain in various stages of recovery.

While the pandemic may have added significant complexity and demands on the Shire, we focussed on proactive measures to continue project delivery, implement local stimulus and prioritised flexibility with our customer base.

I'm proud of the measures undertaken to date and believe these challenging times will offer new opportunities to grow our community prosperity and connectedness.

In reviewing the past year's achievements we have restructured our Annual Report around our Corporate Business Plan to serve as a reconciliation between our commitments and achievements. Envision 2029 set out many aspirational goals and projects and I'm pleased to see that we have completed or made progress on the vast majority committed to in 2019/2020. In remaining committed to our corporate plans and being open and transparent about our performance against them, I hope that the community continues to embrace these planning processes and feel that their input is not only heard, but contributes meaningfully to our decision making.

As a high level overview, the Shire annually invests around \$4M in new assets. Civil works remains our core asset focus and approximately 42km of roads were renewed or upgraded, 1.35km of shared paths were installed or replaced and \$1.5M was spent in maintaining the gravel road network. This function is delivered by a small but very capable 11 man team which is supported by our valued local contractor network. Following a number of successful funding announcements, our civil works new asset investment will grow again in 2020/2021 from around \$3M to \$5.2M.

The Shire's second largest function is the upkeep of public open space and streetscape amenity. This activity is supported by 11 staff who carry out a diverse range of

duties like parkscape maintenance, coastal erosion control, swale maintenance and firebreak control aided by local contractors. Our towns are often commended for their presentation and our recent focus on street tree planting and public art is gaining accolades from a number of peak bodies like the Keep Australia Beautiful Council.

During 2019/2020 your local government continued to prioritise efficient service delivery and prudent fiscal management to keep rate increases in line with CPI. The Shire's financial position continues to be well placed with effective cost control and low debt levels however ongoing asset renewal remains a core area for financial performance improvement. While the Shire does not currently meet the Department's Operating Surplus Ratio benchmark, this is reflective of our balanced budget approach and our endeavour to efficiently expend funds derived from rates each year, rather than continually focusing on surpluses at financial year end.

Our Community continues to grow evidenced by the 100 planning approvals, 108 building approvals and 14 health approvals processed by our collaborative Development Services Department last year. Our continued shift towards being more customer focussed is reflected by this business unit who aim to work with property owners and developers to achieve quality development throughout the Shire.

Our focus on coordinating and supporting community events was affected by COVID-19 however this provided new opportunities for our libraries and visitor centre to shine and introduce new programs while our traditional freedoms were interrupted. Following the regional borders being reopened I was delighted to see our region host a great number of intrastate visitors which has continued to date. The Shire's ongoing trajectory as a growing tourism destination has been re-established and will strengthen as public and private sector investments in this space continue.

Finally I'd like to acknowledge the support of Elected Members, staff and the community in helping to progress towards our Vision – A dynamic, diverse and desirable region delivering sustainable growth and socially connected communities.

Brent Bailey

CHIEF EXECUTIVE OFFICER

YOUR COUNCIL

JURIEN BAY



Peter Scharf
**DEPUTY
PRESIDENT**



Annette Eyre
COUNCILLOR



Wayne Gibson
COUNCILLOR



Rob Shanhun
COUNCILLOR



Darren Slyn
COUNCILLOR

CERVANTES



Leslee Holmes
PRESIDENT



Jason Clarke
COUNCILLOR



Rudy Rybarczyk
COUNCILLOR
(Elected October 2019)

BADGINGARRA

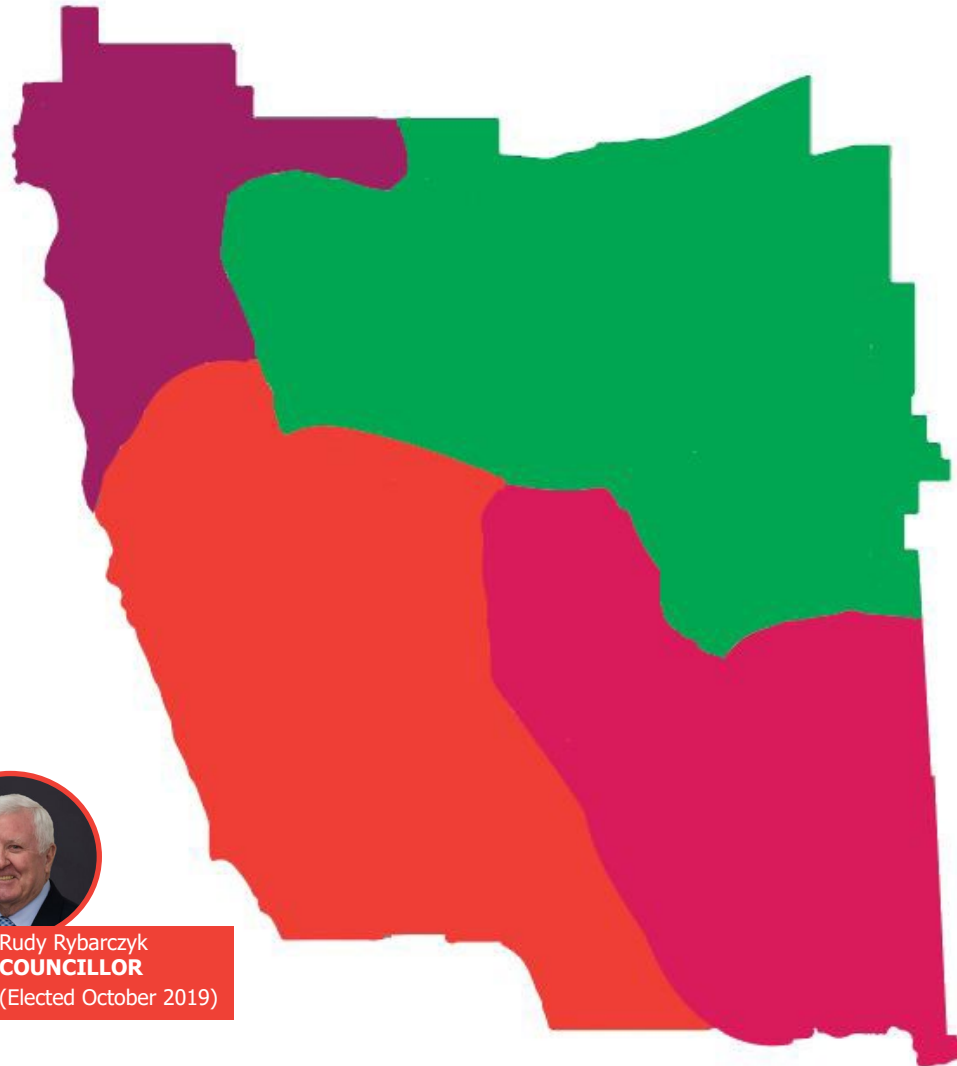


Dahlia Richardson
COUNCILLOR

DANDARAGAN



Kaye McGlew
COUNCILLOR
(Retired October 2019)



ELECTED MEMBER ATTENDANCE

ORDINARY COUNCIL MEETINGS 2019-20

	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20
Leslee Holmes PRESIDENT	●	●	●	●	●	●	●	●	●	●	●	●
Peter Scharf DEPUTY PRESIDENT	●	●	●	●	●	●	●	●	●	●	●	●
Jason Clarke COUNCILLOR	●	●	●	●	●	●	●	●	●	●	●	●
Annette Eyre COUNCILLOR	●	●	●	●	●	●	●	●	●	●	●	●
Wayne Gibson COUNCILLOR	●	●	●	●	●	●	●	●	●	●	●	●
Kay McGlew COUNCILLOR <i>(retired October 2019)</i>	●	●	●	x	x	x	x	x	x	x	x	x
Rudy Rybarczyk COUNCILLOR <i>(elected October 2019)</i>	x	x	x	●	●	●	●	●	●	●	●	●
Dahlia Richardson COUNCILLOR	●	●	●	●	●	●	●	●	●	●	●	●
Rob Shanahun COUNCILLOR	●	●	●	●	●	●	●	●	●	●	●	●
Darren Slys COUNCILLOR	●	●	●	●	●	●	●	●	●	●	●	●

● ATTENDED

● LEAVE OF ABSENCE

● APOLOGY

SPECIAL COUNCIL MEETINGS 2019-20

	8 Apr 20
Leslee Holmes PRESIDENT	●
Peter Scharf DEPUTY PRESIDENT	●
Jason Clarke COUNCILLOR	●
Annette Eyre COUNCILLOR	●
Wayne Gibson COUNCILLOR	●
Rudy Rybarczyk COUNCILLOR	●
Dahlia Richardson COUNCILLOR	●
Rob Shanhun COUNCILLOR	●
Darren Slys COUNCILLOR	●

● ATTENDED

● LEAVE OF ABSENSE

● APOLOGY



ELECTED MEMBER TRAINING 2019/20

	LAND USE AND PLANNING	CONFLICTS OF INTEREST	UNDERSTANDING FINANCIAL REPORTS AND BUDGETS	NEW ELECTED MEMBER INDUCTION
Leslee Holmes PRESIDENT	●			
Peter Scharf DEPUTY PRESIDENT	●	●		
Jason Clarke COUNCILLOR				
Annette Eyre COUNCILLOR				
Wayne Gibson COUNCILLOR			●	
Kay McGlew COUNCILLOR (retired)				
Rudy Rybarczyk COUNCILLOR				●
Dahlia Richardson COUNCILLOR			●	
Rob Shanhun COUNCILLOR				
Darren Slys COUNCILLOR				

● COMPLETED

EXECUTIVE TEAM



Brent Bailey
CHIEF EXECUTIVE OFFICER



Scott Clayton
**EXECUTIVE MANAGER CORPORATE
& COMMUNITY SERVICES**

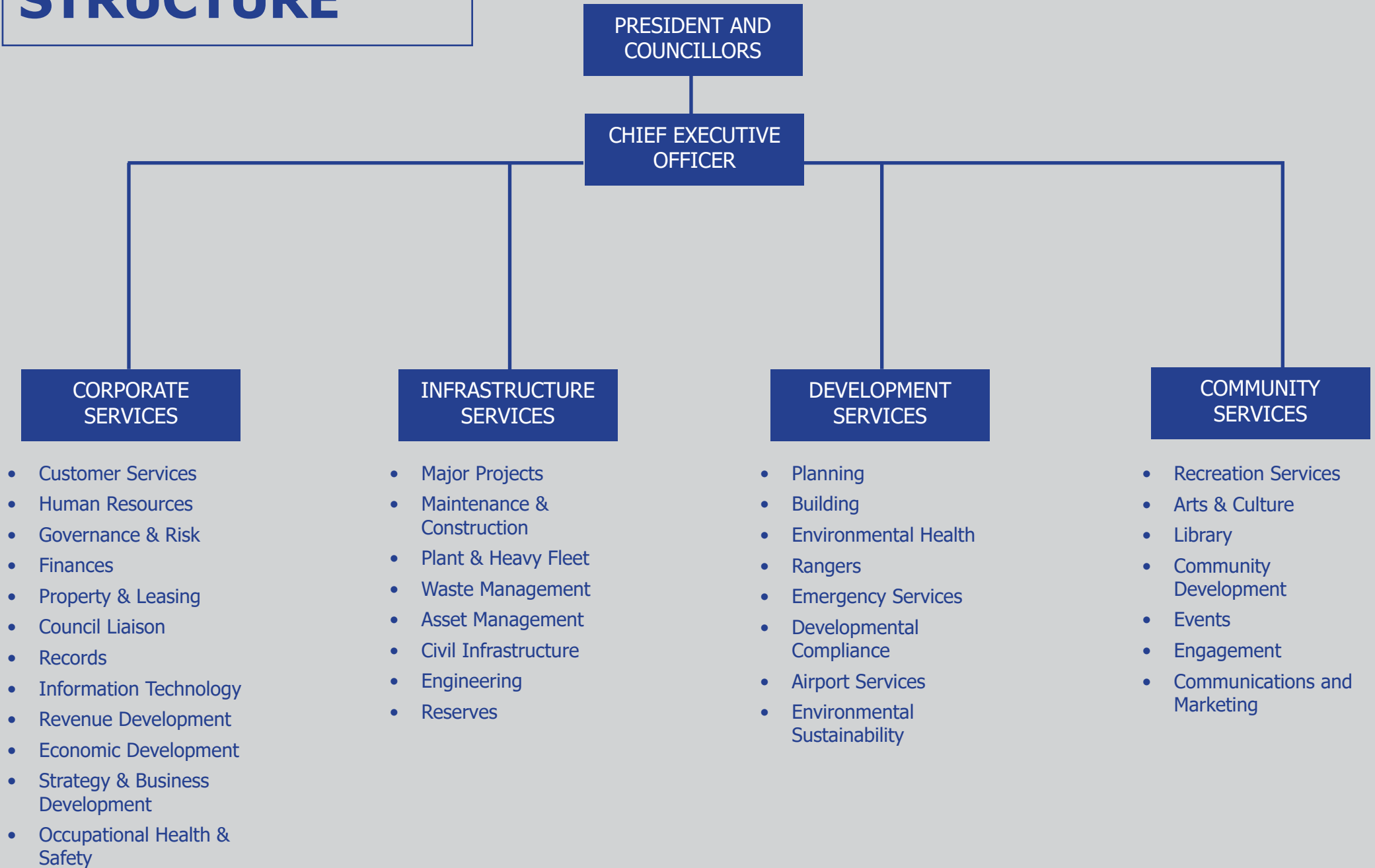


David Chidlow
**EXECUTIVE MANAGER
DEVELOPMENT SERVICES**



Bradley Pepper
**EXECUTIVE MANAGER
INFRASTRUCTURE**

STRUCTURE



STATUTORY STATEMENTS

COMPETITIVE NEUTRALITY

- National Competition Policy reforms require local governments to comply with and implement the principles of competitive neutrality and restructure monopolies (or near monopolies), subject to public benefits.
- National Competition Policy is a framework for reform and is about promoting competition in business across Australia regardless of private or public ownership, size of business or ownership structure.
- Local Government is required to report annually on the implementation, application and effects of the National Competition Policy (NCP) with regard to three areas, being competitive neutrality, legislation review, and structural reform.
- As the Shire of Dandaragan did not acquire any new entities or privatise any activities during 2019/20, there was no requirement for competitive neutrality testing.

NATIONAL COMPETITION POLICY

The Shire of Dandaragan had 12 Local Laws that may have restricted competition and hence were reviewed under the National Competition Policy. The review process was completed in 2019 with the gazettal of the following Local Laws on Tuesday 5 November 2019:

- Activities on Thoroughfares and Trading in Thoroughfares and Public Places
- Local Government Property
- Local Government (Council Meetings)
- Site Erosion and Sand Drift Prevention
- Extractive Industries
- Waste
- Fencing
- Pest Plants
- Bush Fire Brigades
- Parking and Parking Facilities
- Cemeteries
- Dogs Local Law

RECORD KEEPING

In compliance with the State Records Act 2000, the Shire of Dandaragan has a Record Keeping Plan. The amended Record Keeping Plan outlines the improvements made to the Shire's record keeping policies, as they relate to staff and Councillors.

The Plan has assisted the Shire to implement an efficient and effective electronic records management system Magiq Docs (formerly InfoXpert). This system has promoted ongoing improvements and continued compliance with the State Records Act 2000. Although the conversion to an electronic system was not easy, the benefits it provides far outweigh the initial difficulties. Each individual is now responsible for their own documents, in accordance with the State Records Act as records are everyone's responsibility.

REMUNERATION

The Local Government (Administration) Regulations requires the Annual Report to detail the number of employees who are entitled to an annual salary of \$100,000 or more and to break those employees down into bands of \$10,000.

As at 30 June 2020 the Shire of Dandaragan had the following:

- \$100,000 - \$109,999 - 1 Employee
- \$130,000 - \$139,999 - 2 Employees
- \$170,000 - \$179,999 - 1 Employee
- Full Time Equivalent Employees - 51

PUBLIC INTEREST DISCLOSURE

In accordance with the requirements of the Public Interest Disclosure Act 2013, the Shire of Dandaragan has established procedures to facilitate the making of disclosures under the Act. These procedures set out the processes in place in respect to protected disclosures generally to protect people from reprisal for making protected disclosures, and to provide guidance on investigations. No disclosures relating to improper conduct were made to the Shire during 2019/2020 financial year, therefore no disclosures were referred to the ombudsman.

FREEDOM OF INFORMATION

The Shire of Dandaragan is subject to the provisions of the Freedom of Information Act 1992, which gives individuals and organisations a general right of access to information held by the Shire. The Act also provides the right of appeal in relation to decisions made by the Shire to refuse access to information applied under the Act.

- The Shire of Dandaragan received no requests for information during 2019/2020.
- In accordance with section 5.53 of the Local Government Act and the associated Local Government (Rules of Conduct) Regulations 2007, the complaints made against councillors for 2019/2020 were:
 - Number of entries in the register - Nil
 - How the complaints were handled - Not applicable.

FEDERAL GOVERNMENT FINANCIAL ASSISTANCE GRANTS

The Shire of Dandaragan received \$1,925,800 in Financial Assistance Grants in 2019/2020. These grants contribute to annual maintenance of communities infrastructure and general operations of the local government and are a vital source of revenue to support the Shire's operations.

REGISTER OF FINANCIAL INTEREST FOR ELECTED MEMBERS AND SENIOR STAFF

In accordance with the requirements of the Local Government Act 1995, this register is held in the Shire's administration office and available for viewing by the public.

EQUAL OPPORTUNITY

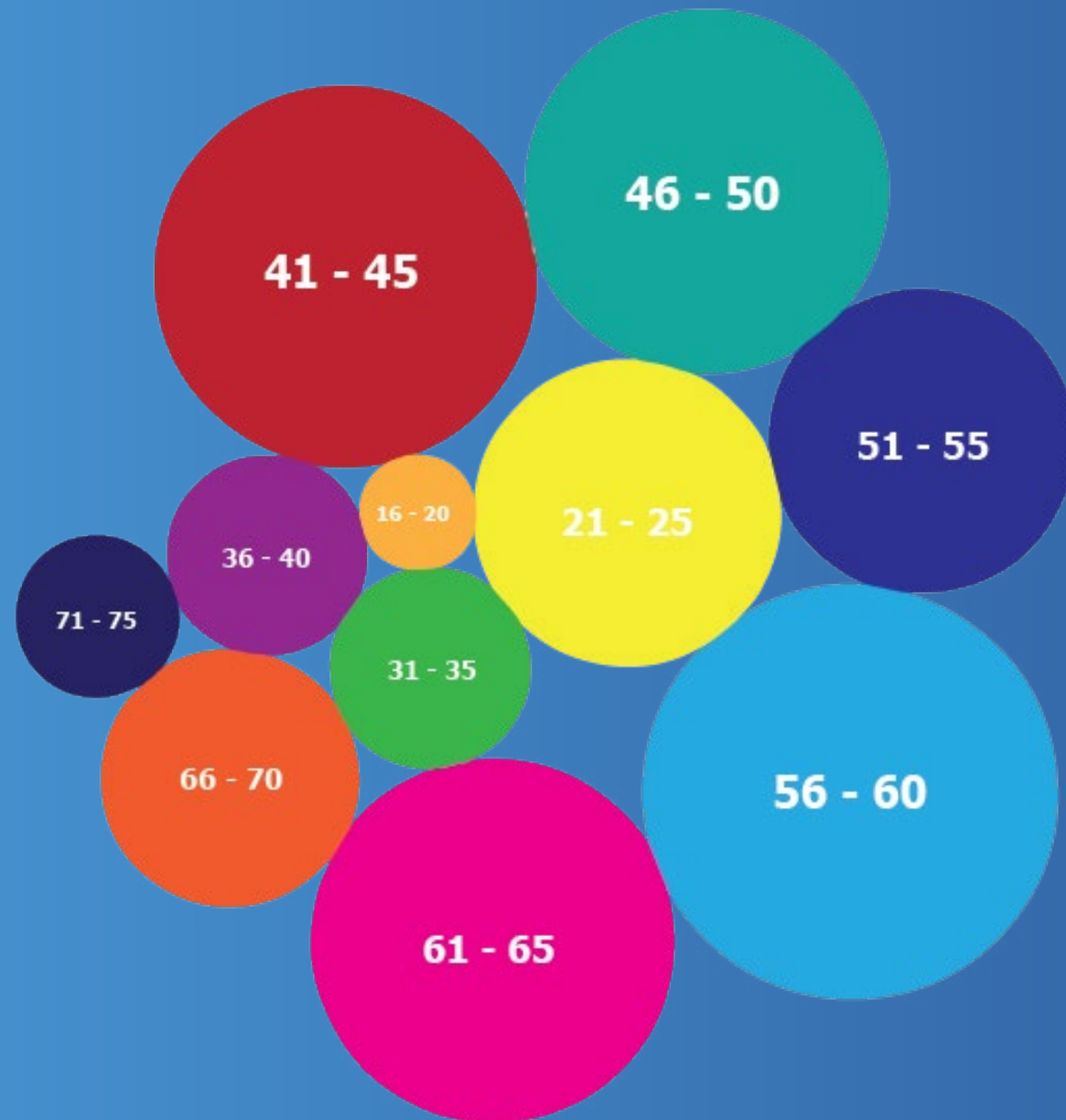
The Shire supports, and is committed to, the achievement of its diversity management and equal opportunity goals. That means the Shire is continually aiming to ensure that it provides a workplace free from all forms of discrimination, harassment and bullying and that there is equality and fairness in all aspects of employment and customer service delivery in the organisation.

Policies, practices and services are adapted to meet the needs of a diverse and evolving community and the Shire reviews and updates all relevant policies annually to ensure they align with legislative requirements and the needs of the workforce.

These policies are:

- Equal Employment Opportunity Policy
- Discrimination, Harassment and Bullying Policy
- Information and Communication Technology Use Policy

EMPLOYEE AGES



KEY ASPIRATIONS

INFRASTRUCTURE

The Shire will sustain a dynamic infrastructure network responsive to usage demand that attracts and retains residents and businesses.

PROSPERITY

The Shire will experience broad economic and population growth with decreasing economic barriers, diversified agriculture and fisheries output and a vibrant visitor economy.

A dynamic,
diverse and desirable region
delivering sustainable growth and
socially connected communities.

ENVIRONMENT

The Shire will be a responsible custodian of the environment, working with community groups and other entities to increase renewable energy initiatives, vegetation cover and rehabilitate degraded public land throughout the local region.

COMMUNITY

The Shire's resident population will grow more than the WA regional average supported by increased community recreation and cultural opportunities and access to key liveability factors such as health and wellbeing services and educational opportunities.

INFRASTRUCTURE GOALS AND ACHIEVEMENTS

Key Actions	Overview	Responsible Business Unit	Comment / Review of Action
5 Year Road Construction Plan	Develop and maintain a 5 year road construction strategy that details the projected capital investment expected on roads based on forecast demand, resources and capacity to allow forward works to be completed (e.g. environmental surveys) prior to construction.	Infrastructure	Funding continues to be sought for the ongoing reconstruction of Jurien East Road, from Munbinea Road to Indian Ocean Drive, and Watheroo Road, for improved commodity routes within the Shire as part of the Wheatbelt Secondary Freight Network, and ongoing Regional Road Group funding for Dandaragan and Cataby Roads as identified in Roads 2030 - a strategic review of regionally significant Local Government roads including relevant development strategies.
Secondary Freight Route	Continue to advocate and support the implementation of the Secondary Freight Route project to leverage Federal and State funding towards the renewal of key supply chain routes throughout the agricultural district.	Infrastructure	\$2.2M announced for Jurien East Road for works in 2020/2021 - Banovich Road to Munbinea Road. Watheroo Road. Securement of this funding also provided opportunity to bring forward works on Cataby Road in 2020/2021.
Foreshore Master Plans	Development of Foreshore Master Plans to guide future asset investment decisions based on modern place making planning principals.	Development Services	Completed.

Key Actions	Overview	Responsible Business Unit	Comment / Review of Action
Cervantes to Jurien Shared Path	Advocate for the 14.5km extension of Turquoise Way from Hill River to Cervantes including a viable bridge solution for the Hill River. Undertake a detailed Asset Management based review of the project to quantify current and future cost benefit.	Economic Development	Advocacy continues. Funding received for Hill River Bridge and Path extension over river. Environmental approvals commenced for Hill River - Cervantes section.
Civic Centre Activation	Develop new programs, activities and partner with the CRC to increase local utilisation of the Civic Centre.	Community Development	Reviewed organisational structure of Turquoise Coast VC and Jurien Bay Library to increase capacity of each unit to provide specialist service to the community. This included the addition of a dedicated Library Officer and additional casual customer service staff to cover VC, Library and Reception. Addition of weekly Storytime session included community leaders who came to read to early childhood groups and their families.
Dandaragan Streetscape Revitalisation	Work with the community to undertake beautification works including street verges, tree planting, public art and pedestrian infrastructure.	Community Development / Infrastructure	New pathways installed, Pioneer Park gardens refurbished and fence replaced.
Jurien Bay Youth Precinct	Development of the Jurien Bay Youth Precinct as included within the Jurien Bay Foreshore Masterplanning process.	Infrastructure / Community Development	Funding received and tenders awarded. Construction scheduled for completion in March 2021.

Key Actions	Overview	Responsible Business Unit	Comment / Review of Action
Place Making Policy	Implement a place making policy to guide the development and improvement of community spaces executing the fundamentals that are proven to make effective public places.	Development Services	Draft completed to date.
Recreation Precincts Needs Analysis and Infrastructure masterplan	Plan with the management committees for the long term infrastructure needs and renewal of our recreation precincts including consideration for accommodating of women's change rooms.	Club Development	Funded in 2020/2021 budget. Consultants have been engaged and Sport and Recreation Plan is underway.
Municipal Heritage Inventory review	Undertake a review and modernisation of the Shire's municipal heritage inventory.	Development Services / Community Development	Project to be completed following the North Head / Sandy Cape Management Plan.
Asset Management Plan	Update and maintain an effective Asset Management Plan to guide levels of service and asset maintenance replacement decisions	Development Services / Corporate Services	Completed - to be continually reviewed as better data comes to hand in future years.
Jurien Bay Airport Master Plan	Development of an Airport Master Plan for Jurien Bay	Development Services	Complete.
Shared path installation Jurien Bay Cemetery	Provide a sealed shared path to facilitate universal access to the burial plots at the Jurien Bay Cemetery by overcoming the existing incline with a compliant gradient.	Infrastructure	Complete.



PROSPERITY GOALS AND ACHIEVEMENTS

Key Actions	Overview	Responsible Business Unit	Comment / Review of Action
Economic Development Strategy	Develop a Regional Economic Development Strategy to guide the Shire's role and participation in economic development initiatives and priorities.	Economic Development	Draft complete and advertised for public comment. Final approval attained in October 2020.
Collaborative Development Services Department	Continue to meet with business owners and investors to discuss their proposals and provide advice on legislative approvals and processes that are required to deliver quality developments in the Shire.	Development Services	Developer Meetings - Met with a range of developers and investors including Woodside Energy (carbon sequestration), Alinta Energy (Yandin Wind Farm), Cataby Liberty Roadhouse, Iluka (Glassy's Hat Hotel), Harvest Road Group/Harvey Beef (Koojan Downs Cattle Feeding Facility), Central Stockcare (Coalara Cattle Feedlot), DBCA (Developments in nature reserves and Wedge/Grey), RSL (Jurien Bay club premises), North Head developers, Country Health Services (helipad), Joanna Plains Project developer, Ardross, Main Camp Natural Extracts, Hill River View Chalets developer, Coalseam Drive LIA Microbrewery developer, Marine Fields Microbrewery developer.
Badgingarra Vacant Lot Amalgamations	Advocate for Landcorp to amalgamate existing vacant lots in Badgingarra to deliver a more marketable residential product with larger land sizes.	Economic Development	Advocacy continues. Block prices reduced to \$25,000 in July 2020.

Key Actions	Overview	Responsible Business Unit	Comment / Review of Action
Development Policy Review	Undertake a review of the Development Policies to ensure a contemporary approach is maintained to decision making in the Development Services Department. In particular, engage with the business community to complete review of the existing advertising and directional signage policy.	Development Services	Development Policy Review - The Jurien Bay Wayfinding Signage Strategy was drafted in consultation with the Jurien Bay Signage Working Group and was subsequently adopted Council on 28 May 2020. Currently signage under this strategy is being installed with funding approved under the 2020/21 Municipal Budget. A formal review of Council's land use development policies will be undertaken in 2021.
Land Assets Review	Complete a review of the purpose and potential realisation of value from existing vacant Council controlled land.	Development Services	Report completed - actions to be reviewed by Council.
Mobile Blackspot Improvements	Ensure the Shire is an active participant in the mobile blackspot program and explores alternative solutions to leverage funding to address mobile blackspot areas.	Economic Development	3 new blackspot projects announced for completion in 2020/2021 including Badgingarra East, Hill River South and Yathroo.
Regional Internet Connectivity Improvements	Explore partnerships and opportunities to increase the range and capacity of options available for internet connectivity to meet current and growing future demand for business and private use.	Economic Development	Advocacy and funding application support provided to Node1 internet for Fixed Wireless solution to the Shire. Project funding announced through Digital Farm Grants Program for 2020/2021 commencement.

Key Actions	Overview	Responsible Business Unit	Comment / Review of Action
Sustainable Groundwater Utilisation	Work with the Wheatbelt Development Commission to identify opportunities and business interests to sustainably leverage the Shire's underground water resources to promote jobs and economic activity.	Economic Development	Work continues with Wheatbelt Development Commission leveraging their Rapid Mapping Tool and access to industry. Shire supported public open space water project has commenced in unison with the Jurien Bay Golf Club.
Electricity	Facilitate or advocate for improvements to the local energy grid including connection to the existing renewable energy suppliers to reduce headwork costs and increase supply security for local residents and businesses.	Economic Development	Early discussions and business case development occurred with Innovation Central Midlands. No successful projects delivered to date on ground.
Badgingarra Research Station	Work with local stakeholders and the Department of Primary Industries and Regional Development to determine the best utilisation of the Badgingarra Research Station focusing on economic development and job opportunities.	Economic Development	The Badgingarra Research Station lease was put out for public tender by the Department of Primary Industries and Regional Development. The lease was awarded to a private enterprise for ongoing farming operations with some land retained for research purposes.

Key Actions	Overview	Responsible Business Unit	Comment / Review of Action
Tourism Association Support and Transition	Support the establishment of an independent tourism association to provide leadership for visitor servicing and destination marketing campaigns.	Economic Development / Visitor Services	Tourism Association has been incorporated and executive group formed. The workings of the Association have been impacted by Covid19.
Tourism Development Plan	Work with local industry to develop a Tourism Development Plan to provide a more consistent and structured deployment of resources into tourism attraction and visitor servicing.	Economic Development / Visitor Services	Draft complete and advertised for public comment. Final approval attained in October 2020.
Astro-tourism	Provide seed funding towards the establishment of an active astro-tourism product to leverage the Shire's dark sky characteristics and unique landforms such as the Yallalie Impact Structure and Pinnacles.	Economic Development / Visitor Centre / Community Services	Two successful community events have been delivered. The Shire was also a recipient of a Dopsonian telescope which is now available for business hire to facilitate star gazing product development.
Visitor Centre Operations	Support effective Visitor Centre Operations with knowledgeable staff and effective promotions campaigns.	Visitor Centre	VC Tourism Officer supported by two casual staff who have undertaken training to enable high quality customer service. TCVC strengthened links with Australia's Coral Coast organisation to ensure the Shire was included in social media campaigns. VC staff focused heavily on social media presence and engaging with visitors and the local community about what we have to offer as a visitor centre and Shire.

Key Actions	Overview	Responsible Business Unit	Comment / Review of Action
Cultural Tourism	Support and advocate for local Yued enterprises to establish and develop unique cultural experiences within the Shire of Dandaragan.	Economic Development / Community Development	Ongoing. Astrotourism WA continue to hold workshops and training with local Yued community to develop products and experiences. Aboriginal representatives from eastern and coastal parts of the Shire attended business events throughout the year.
National Park Tourism	Advocate State led agencies to continue the development of tourism products within National Parks such as walk trails, mountain bike paths and boutique nature based camping experiences.	Economic Development / Community Development	Support and advocacy has been provided to local DBCA office. New tourism and camping experiences have been commenced or completed at Karda and Wanagarren.
Bashford Street Upgrade	Continue business plan development, funding applications and advocacy for the progression of the Bashford Street Upgrade to address existing traffic management issues, street lighting deficiencies and maximise the appeal of the main street of the regional centre.	Economic Development / Infrastructure	Ongoing redevelopment of shared paths have continued now linking the Recreation Centre and Industrial Area. Advocacy and support provided to Jurien Bay District High School to apply for a funded crossing guard solution which was unsuccessful.
Jurien Bay Industrial Area Expansion	Advocate for Landcorp to develop the next stages of the Jurien Bay and Cervantes industrial areas to facilitate new business entry and land supply in readiness for new opportunities.	Development Services	Further investigation / discussion with DPLH & Development WA carried out. No further commitments for new land releases achieved to date.



ENVIRONMENT GOALS AND ACHIEVEMENTS

Key Actions	Overview	Responsible Business Unit	Comment / Review of Action
CHRMAP Inundation Study	Undertake coastal inundation planning to identify assets, including infrastructure that may be at risk from coastal processes over the planning timeframe, and develop strategies to mitigate or manage risks where appropriate in accordance with State Planning Policy 2.6 and associated guideline documents.	Development Services	Pending grant funding announcement.
Town site Street Tree Policy and Planting Program	Implement the Shire's Street Tree and Verge Policy and actively increase the levels of tree planting within the town sites both directly and through community based partnerships.	Infrastructure / Development Services	Ongoing replacement of ageing and inundated pathways have been carried out. Funding application submitted for dunal fencing project. Financial support and operations staff time provided to local landcare groups to manage pest weeds, revegetate and rehabilitate coastal environments.
Planning Policies Review	Ensure the Shire has a contemporary policy framework to promote environmental sustainability through subjects such as rainwater harvesting, drainage water reuse, urban design and energy efficiency.	Development Services	Pending planning scheme review. Scheduled for 2021.

Key Actions	Overview	Responsible Business Unit	Comment / Review of Action
Electric Vehicle Charging Stations	Support private sector installation of Electric Vehicle Charging Stations	Development Services	Discussions held with prospective suppliers and RAC Electric Vehicle Highway project team. CBD revitalisation planning will consider appropriate charging site locations.
Jurien Bay POS Water Resourcing	Investigate and plan for the long term irrigation needs of POS within the Jurien Bay Town site to address existing increases in salinity levels.	Infrastructure	Water source located and jointly funded pipeline installed which links strategic water supply to the Jurien Bay oval. Further rollout budgeted for 2020/2021.
Stable Fly Monitoring and Strategy	Monitoring of stable fly and development of a management strategy when appropriate to mitigate the risk of stable fly without causing unnecessary red tape in the agricultural sector.	Environmental Health	Stable fly position statement completed. To be continually reviewed as better data comes to hand in future years.
Strategic Waste Management Opportunities / Composting and Chicken Waste disposal	Advocate for private sector investment into a local composting industry to effectively manage and utilise locally produced chicken, horticultural and organic waste products.	Environmental Health / Economic Development	Development approval issued for private composting facility on Cadda Road.
Jurien Bay Waste Facility	Develop a Waste Management strategy for the Jurien Bay Waste site to ensure full compliance and the maximisation of the facility's capacity.	Environmental Health	Completed - capacity modelling identifies that careful management of the site and projected waste redirection efforts can accommodate 50+ years of landfilling operations.

Key Actions	Overview	Responsible Business Unit	Comment / Review of Action
Coastal Node Camping	Support a range of managed, fee paying coastal camping options within the Shire that balance amenity with reducing damage to fragile coastal environments. Support Yued enterprises to progress planning and development of managed camping sites on their lands.	Development Services	Significant improvements made to ablutions and water supplies at Sandy Cape.
Townsite dune revegetation and protection	Partner with local community groups to undertake dune system protection and regeneration activities in proximity to townsites. Implement activities such as fencing, track closure and rehabilitation, signage, formalising and delineating beach access ways.	Community Development	Ongoing replacement of ageing and inundated pathways have been carried out. Funding application submitted for dunal fencing project. Financial support and operations staff time provided to local landcare groups to manage pest weeds, revegetate and rehabilitate coastal environments.
Environmental Grants Round	Develop operational and funding partnerships with local landcare organisations and community groups to monitor and undertake research or rehabilitation programs to improve our local environment and ecosystems.	Community Development	Environmental Grants round established providing funding to three projects to the value of \$30,000: Dandaragan Foreshore Pyp Grass Eradication Project - Cervantes and Jurien Bay; Smith Farm Landscape Rehydration Demonstration Site Project - Dandaragan; and Glasfurd Farm Soil Amelioration Practices Demonstration Site Project - Dandaragan. A second grant round opportunity to be held in 2020/21 financial year.



COMMUNITY GOALS AND ACHIEVEMENTS

Key Actions	Overview	Responsible Business Unit	Comment / Review of Action
Arts and Culture Plan	Develop and implement an Arts and Culture Plan to build on the existing artistic networks and talents within the Shire.	Community Development	Shire's first arts and culture plan 'Vibrant Communities' was developed in 2019-20 in consultation with the local arts community, arts practitioners and the broader community.
Community Events	Support an annual events based funding program and diverse calendar of events to build local vibrancy and attract visitors from outside of the Shire.	Community Development	Ongoing. Staff continue to work on development of a draft community events grant policy to support funding for community and large events. Scheduled for November 2020 OCM. Funding will be allocated early 2021 - delayed due to COVID-19.
Town Entry Statements	Develop and maintain attractive town entry statements to promote our community vibrancy and pride.	Community Development / Infrastructure	Included in Destination Marketing scope. Ongoing. Development of designs due for completion 2021.
Community Grants Rounds	Provide annual funding for community grants to assist local community groups to deliver their objectives and foster a vibrant and socially inclusive society.	Community Development	Community Grants funding round held April - June 2020 with grants to the value of \$16,250 allocated in 2020.
Club Development	Continue the provision of club development support to organisations within the Shire that have a community purpose		Club development continues to be provided to community and sporting clubs across the Shire. The Shire provides club support for constitutions, grant applications, acquittals, leases and facilities development.

Key Actions	Overview	Responsible Business Unit	Comment / Review of Action
Youth Advisory Council	Support and maintain an active Youth Advisory Council to engage and mentor with the Shire's Youth		The Shire's community development team took three YAC members to a youth leadership conference over a full weekend. Promoted three YAC meetings, however, members decided that instead of a formal Youth Advisory Council, their preference was to reengage with Jurien Bay Youth Group and request a change to a more youth-run Youth Group model. Staff supported them and provided contacts.
Inter-agency Prescribed Burning	Establishment of an inter-agency working group with DBCA and DFES to plan, manage and execute a 5 year prescribed burning program for the region	Emergency Services	Completed.
Jurien Bay High Care Facility	Advocate the planning and development of a residential aged care facility within the Shire that removes barriers for aged residents wanting to age in place.	Economic Development / Community Development	Ongoing advocacy and business viability modelling continues. Matter addressed with providers during Economic Development Strategy and warrants development of investment prospectus.
General Practitioner Services	Advocate for the provision of locally based General Practitioners and advocate for the placement of a female doctor within the community.	Community Development	Local GP contract remains in place and ongoing recruitment activity targeting female GP continues through Rural Health West. Permanent GP secured in September 2020.
Bushfire Risk Management Plan	Complete the Bushfire Risk Management Plan and source funding to commence implementation of priority treatments	Emergency Services	Draft complete. Awaiting endorsement by Office of Bushfire Risk Management.

Key Actions	Overview	Responsible Business Unit	Comment / Review of Action
Acknowledging War Service	Maintain effective memorials and support local RSL to deliver local commemoration events and protect the Heritage History and iconic war service locations within the Shire.	Community Development	Shire staff liaised with memorial event coordinators and RSL to run a safe and well-attended event.
Men's Sheds Development	Support the development of the Jurien Bay and Cervantes Men's Sheds and assist with funding applications for community groups that promote men's health and wellbeing.	Community/Club Development	Funding and earthworks provided towards Jurien Bay Men's Shed to construct new facility. Lease extended for Cervantes Men's Shed.
Cervantes Memorial Wall	Work with the community of Cervantes to locate an appropriate location for the construction of a niche or memorial wall.	Development Services	Two sites being investigated with DPLH to address land tenure and encumbrances following broad community consultation process.

Key Actions	Overview	Responsible Business Unit	Comment / Review of Action
Education and Learning Services	Advocate with state agencies and industry for continual improvements to local education opportunities and programs that fit with the needs of local business and that lead to employment opportunities.	Community Development	<p>The Shire has actively promoted the use of the Conference and Education Centre in Jurien Bay. In 2019/2020 there was a total of 74 bookings with 27 being internal. These consisted of the inaugural International Women’s Day Event, various workshops ranging from Fire Prevention to Community group workshops. The Economic Development Workshop was one of the best attended workshops held at the centre.</p> <p>Training and development programs were carried out in this facility by Government and Private Sector entities.</p> <p>The community is also fortunate to benefit from the diverse range of educational programs facilitated by our Community Resource Centres which are supported by the Shire. Our CRC’s provided learning and accreditation opportunities for things such as snake handling, first aid, truck driving and investing in the property market.</p>
Youth Development	Complete the actions and strategies identified in the Shire’s Youth Plan prioritising activities that promote leadership and participation in community building. Review and update the Youth Plan in 2020.	Community Development	<p>During 2019, staff from the community development area attended YACtivate 2019 with three local youth leaders from the Jurien Bay area. The two day conference was an opportunity for local students to learn from, and share knowledge with, other young people around the state who are leading the way in building community and opportunities in their own towns. The drive home from Busselton was inspiring as the students brainstormed ideas for the Shire and had the opportunity to discuss their ideas with Shire officers and how they might achieve their vision for a town environment where young people are supported to grow in leadership and undertake projects for, and by, youth.</p>

Key Actions	Overview	Responsible Business Unit	Comment / Review of Action
Youth Development	Complete the actions and strategies identified in the Shire's Youth Plan prioritising activities that promote leadership and participation in community building. Review and update the Youth Plan in 2020.	Community Development	<p>The Shire funded a number of youth-focused initiatives, including the Dandaragan Primary School leadership camp, and end of year student awards at Badgingarra, Cervantes, Dandaragan, and Jurien Primary Schools, and Central Midlands Senior High School and Jurien Bay District High School. The Dandaragan leadership camp was held in week 7 of term 3 in 2019 where students attended the Swan Valley Adventure Centre. Students participated in challenging individual and group activities including group orienteering, group raft building and paddling, flying fox, Blackout Zone, commando course, rock wall climbing and ninja wall and time trials.</p> <p>A successful consultation and planning process resulted in a fantastic new 'youth-led' BMX trail through Seignor Park in Jurien Bay. It was fantastic to see interested people of all ages coming out to contribute and willing to help. The consultation included a youth meeting on-site to get ideas and see how the trail could be created by young people with some help by the Shire. The BMX trail was quickly created due to the commitment of young members of the community and their willingness to be part of the solution.</p> <p>Unfortunately, Spray the Grey Youth Festival was cancelled in 2020 due to COVID-19, however staff are planning a return for the festival in 2021. Similarly, Country Week fundraising rubbish collection with Rangers was cancelled due to COVID-19, as was the scheduled Leeuwin voyage that our successful scholarship recipient was booked on. Hopefully she will be able to take her trip in 2021.</p> <p>Prior to COVID movement restrictions, we promoted community-based volunteering opportunities for young people at Jurien Bay Town Clean-Up and Foreshore Revegetation Community Planting event, as well as promotion of youth-focused physical activity events such as Vacswim, Wildflower Festival of Running and Soccer Clinics. Later in the year, promotion and online support for youth services during the COVID-19 restrictions was the focus as the Shire adjusted to a new way of providing services and support to young local people. These included LGBTIQ+ awareness and support posts on social media, as well as youth-focused mental health support during the year, particularly when movement was restricted.</p>

Key Actions	Overview	Responsible Business Unit	Comment / Review of Action
Youth Development	Complete the actions and strategies identified in the Shire's Youth Plan prioritising activities that promote leadership and participation in community building. Review and update the Youth Plan in 2020.	Community Development	<p>During this period, the Shire's youth team also created the Youth Chats Facebook group to develop a youth-specific source of information for wellbeing and support and this is still in development phase. Stay tuned.</p> <p>The Shire's first Youth Plan was due for review this year, however due to restrictions and uncertainty around COVID, was postponed until 2021.</p>
Community Speaker Series	Partner with other agencies to host a range of speakers that will provide community development based topics.	Community Development	<p>Citizen of the Year Guest Speaker - Rebecca Tomkinson, CEO of The Royal Flying Doctors Service WA</p> <p>International Womens Day Guest Speaker - Jessica Stojkovski MLA - Member for Kingsley.</p>
Elected Member Training Programs	Implement a planned elected member training program that meets the requirements of the Local Government Act.	Governance	Mandatory elected member training has commenced in accordance with Local Government Act 1995 requirements.





**SHIRE OF
DANDARAGAN
2019/2020
ANNUAL
REPORT
PART II**

FINANCIAL DECLARATION

**SHIRE OF DANDARAGAN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Dandaragan for the financial year ended 30 June 2020 is based on proper accounts and records to present fairly the financial position of the Shire of Dandaragan at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the _____ day of _____ 2020



Chief Executive Officer
Brent Bailey

ANNUAL FINANCIAL STATEMENTS

SHIRE OF DANDARAGAN
STATEMENT OF COMPREHENSIVE INCOME by Nature or Type
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2019/2020 Actual	2019/2020 Budget	2018/2019 Actual
Revenue				
Rates	23(a)	6,313,218	6,318,338	6,223,1
Operating grants, subsidies & contributions	2(a)	2,388,451	1,381,263	2,629,1
Fees and charges	2(a)	2,438,401	2,338,408	2,313,1
Interest earnings	2(a)	126,330	128,000	145,1
Other revenue		123,101	131,317	152,1
		11,389,501	10,297,327	11,464,1
Expenses				
Employee costs		(4,295,893)	(4,293,649)	(4,158,3
Materials and contracts		(3,656,384)	(3,326,211)	(2,859,1
Utility charges		(432,306)	(453,375)	(404,7
Depreciation on non-current assets	11(b)	(6,321,172)	(5,747,244)	(5,757,9
Interest expenses	2(b)	(16,119)	(16,214)	(19,5
Insurance expenses		(442,770)	(398,975)	(413,7
Other expenses		(727,971)	(718,992)	(1,108,0
		(15,892,615)	(14,954,659)	(14,721,6
		(4,503,114)	(4,657,332)	(3,256,6
Non-operating grants, subsidies & contributions	2(a)	2,120,430	2,108,778	1,226,1
Profit on disposal of assets	11(a)	6,136	1,087	397,1
Loss on disposal of assets	11(a)	(83,038)	(21,564)	(107,4
Fair value adjustment to financial assets at fair value through profit and loss		1,441	0	
Net result		(2,458,143)	(2,569,031)	(1,740,4

SHIRE OF DANDARAGAN
STATEMENT OF COMPREHENSIVE INCOME by Program
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2019/2020 Actual	2019/2020 Budget	2018/2019 Actual
Revenue				
Governance		55,760	33,385	84,653
General purpose funding		8,397,870	7,219,733	8,018,986
Law, order & public safety		364,078	634,650	759,149
Health		37,203	12,990	45,257
Education & welfare		0	15,000	13,000
Community amenities		1,490,201	1,375,310	1,413,551
Recreation and culture		389,953	394,958	449,623
Transport		264,301	258,007	310,175
Economic services		243,081	237,316	244,318
Other property and services		147,053	115,977	126,235
		11,389,501	10,297,327	11,464,947
Expenses				
Governance		(579,896)	(582,303)	(596,050)
General purpose funding		(205,896)	(177,096)	(183,491)
Law, order & public safety		(1,451,851)	(1,512,452)	(1,667,920)
Health		(349,966)	(341,070)	(330,591)
Education & welfare		(121,978)	(144,957)	(142,075)
Community amenities		(2,344,514)	(2,283,262)	(2,078,541)
Recreation and culture		(3,292,734)	(3,554,134)	(3,145,337)
Transport		(5,853,795)	(5,367,738)	(5,333,006)
Economic services		(735,475)	(741,242)	(622,280)
Other property and services		(940,392)	(234,191)	(602,832)
		(15,876,496)	(14,938,445)	(14,702,124)
		(4,486,995)	(4,641,118)	(3,237,177)
Finance costs				
	2(b)			
Governance		(10,577)	(11,049)	(13,301)
Law, order & public safety		(358)	0	0
Recreation and culture		(3,346)	(3,966)	(5,648)
Transport		(524)	0	0
Other property and services		(1,314)	(1,199)	(562)
		(16,119)	(16,214)	(19,511)
Non- operating grants and subsidies				
	2(a)			
Recreation and culture		26,681	27,197	57,509
Transport		2,017,966	2,081,581	1,168,914
Other property and services		75,783	0	0
		2,120,430	2,108,778	1,226,423
Profit / (loss) on asset disposal				
	11(a)			
Governance		(10,000)	(12)	(7,547)
Law, order & public safety		0	0	120,114
Community amenities		(22,164)	0	0
Transport		(37,633)	(20,991)	(53,433)
Other property and services		(7,105)	526	230,700
		(76,902)	(20,477)	289,834
Fair value adjustment to financial assets at fair value through profit and loss				
General purpose funding		1,441	0	0
		1,441	0	0
Net result		(2,458,143)	(2,569,031)	(1,740,430)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	718,481	0	769,847
Total other comprehensive income		718,481	0	769,847
Total comprehensive income		(1,739,662)	(2,569,031)	(970,583)

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

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

Description	Note	2020	2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	7,647,366	7,236,030
Trade receivables	6	928,188	708,012
Other financial assets	5	42,602	55,721
Other current assets	8	5,514	3,967
Inventories	7	32,574	31,727
TOTAL CURRENT ASSETS		8,656,244	8,035,457
NON-CURRENT ASSETS			
Other financial assets	5	170,113	187,984
Trade receivables	6	50,124	44,499
Property, plant and equipment	9	37,120,787	38,176,106
Right of use assets	12	89,542	0
Infrastructure	10	247,954,139	248,197,940
TOTAL NON-CURRENT ASSETS		285,384,705	286,606,530
TOTAL ASSETS		294,040,949	294,641,986
CURRENT LIABILITIES			
Trade and other payables	14	1,050,024	461,373
Grant liabilities	15	458,071	(0)
Lease liabilities	16	40,530	(0)
Borrowings	17	112,406	119,620
Employee related provisions	18	673,805	594,129
TOTAL CURRENT LIABILITIES		2,334,836	1,175,122
NON-CURRENT LIABILITIES			
Lease liabilities	16	49,619	(0)
Borrowings	17	157,012	246,128
Employee related provisions	18	122,432	104,024
TOTAL NON-CURRENT LIABILITIES		329,062	350,151
TOTAL LIABILITIES		2,663,898	1,525,273
TOTAL NET ASSETS		291,377,051	293,116,713
EQUITY			
Retained earnings		197,037,451	199,357,712
Reserves - cash backed	4	5,692,576	5,830,457
Revaluation surplus	13	88,647,025	87,928,544
TOTAL EQUITY		291,377,051	293,116,713

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

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

	Note	Retained Earnings	Reserves Cash Backed	Revaluation Surplus	Total Equity
		\$	\$	\$	\$
Balance as at 30 June 2018		201,454,262	5,386,753	87,158,696	293,999,711
Correction of prior period error - Recognition of Local Government House Trust		87,585	0	0	87,585
Restated balance as at 30 June 2018		201,541,847	5,386,753	87,158,696	294,087,296
Comprehensive Income					
Net result		(1,740,430)	0	0	(1,740,430)
Other comprehensive income	13			769,847	769,847
Total comprehensive income		(1,740,430)	0	769,847	(970,583)
Transfers from/(to) reserves		(443,705)	443,705	0	0
Balance as at 30 June 2019		199,357,712	5,830,457	87,928,544	293,116,713
Comprehensive Income					
Net result		(2,458,143)	0	0	(2,458,143)
Other comprehensive income	13	0	0	718,481	718,481
Total comprehensive income		(2,458,143)	0	718,481	(1,739,662)
Transfers from/(to) reserves		137,882	(137,882)	0	0
Balance as at 30 June 2020		197,037,451	5,692,576	88,647,025	291,377,051

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

SHIRE OF DANDARAGAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2019/2020 Actual	2019/2020 Budget	2018/2019 Actual
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		6,204,605	6,586,338	6,173,351
Operating grants and subsidies		2,413,115	1,381,263	2,629,765
Service Charges		0	0	0
Fees and charges		2,402,232	2,646,408	2,673,719
Interest earnings		126,330	128,000	145,307
Goods and services tax		473,615	0	654,154
Other revenue		123,101	131,317	152,892
		11,742,999	10,873,327	12,429,188
Payments				
Employee costs		(4,173,128)	(4,293,649)	(4,075,721)
Materials and contracts		(3,092,596)	(3,356,211)	(2,558,902)
Utility charges		(432,306)	(453,375)	(404,794)
Interest expenses		(18,329)	(16,214)	(21,394)
Insurance expenses		(442,770)	(398,975)	(413,746)
Goods and services tax		(554,635)	0	(585,475)
Other expenditure		(727,971)	(718,992)	(1,108,052)
		(9,441,736)	(9,237,415)	(9,168,086)
Net cash provided by (used in) operating activities	19	2,301,263	1,635,912	3,261,102
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(754,349)	(1,492,161)	(1,307,561)
Payments for construction of infrastructure		(3,632,528)	(4,056,598)	(2,966,517)
Non-operating grants, subsidies and contributions		2,553,837	2,108,778	1,226,423
Proceeds from financial assets at amortised cost - self supporting loan		32,431	55,721	8,514
Proceeds from sale of property, plant & equipment		50,350	48,100	930,742
Net cash provided by (used in) investing activities		(1,750,259)	(3,336,160)	(2,108,399)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings		(121,330)	(119,620)	(118,788)
Payment for principle portion of lease liability		(43,338)	0	0
Proceeds from new borrowings		25,000	479,053	50,000
Net cash provided by (used in) financing activities		(139,668)	359,433	(68,788)
Net increase (decrease) in cash held		411,336	(1,340,815)	1,083,915
Cash at beginning of year		7,236,030	7,305,029	6,152,114
Cash and cash equivalents at the end of the year	19	7,647,366	5,964,214	7,236,030

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

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

	Note	2019/2020 Actual	2019/2020 Budget	2018/2019 Actual
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)		1,093,777	1,276,852	1,192,712
Revenue from operating activities (excluding general rates)				
Governance		55,760	33,385	84,653
General purpose funding		2,087,601	901,395	1,797,337
Law, order & public safety		364,078	634,650	879,263
Health		37,203	12,990	45,257
Education & welfare		0	15,000	13,000
Community amenities		1,490,201	1,375,310	1,413,551
Recreation and culture		389,953	394,958	449,623
Transport		264,301	258,407	345,249
Economic services		243,081	237,316	244,318
Other property and services		153,190	116,664	368,314
		5,085,368	3,980,076	5,640,565
Expenditure from operating activities				
Governance		(600,473)	(593,364)	(616,898)
General purpose funding		(205,896)	(177,096)	(183,491)
Law, order & public safety		(1,452,209)	(1,512,452)	(1,667,920)
Health		(349,966)	(341,070)	(330,591)
Education & welfare		(121,978)	(144,957)	(142,075)
Community amenities		(2,366,678)	(2,283,262)	(2,078,541)
Recreation and culture		(3,296,080)	(3,558,100)	(3,150,985)
Transport		(5,891,951)	(5,389,129)	(5,421,513)
Economic services		(735,475)	(741,242)	(622,280)
Other property and services		(954,947)	(235,551)	(614,773)
		(15,975,652)	(14,976,223)	(14,829,067)
Non-cash amounts excluded from operating activities	24(a)	6,409,415	5,767,721	5,488,809
Amount attributable to operating activities		(3,387,093)	(3,951,574)	(2,506,981)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	2,120,430	2,108,778	1,226,423
Proceeds from disposal of assets	11(a)	50,350	48,100	930,742
Purchase land and buildings	9(a)	(455,782)	(1,029,569)	(502,664)
Purchase furniture and equipment	9(a)	(35,085)	(164,092)	(67,534)
Purchase plant and equipment	9(a)	(263,482)	(298,500)	(737,363)
Purchase infrastructure assets - roads	10(a)	(2,881,774)	(3,456,398)	(2,706,804)
Purchase infrastructure assets - parks & reserves	10(a)	(130,277)	(89,500)	(38,186)
Purchase infrastructure assets - other	10(a)	(620,477)	(510,700)	(221,527)
Amount attributable to investing activities		(2,216,097)	(3,391,881)	(2,116,913)
FINANCING ACTIVITIES				
Proceeds from new borrowings	17(c)	25,000	479,053	50,000
Repayment of borrowings	17(b)	(121,330)	(119,620)	(118,788)
Payment of self supporting loan to community group	17(b)	(25,000)	0	(50,000)
Self-supporting loan principal income	17(b)	53,279	51,569	54,362
Community group cash advance principal income		4,152	4,152	4,152
Payment of right of use lease		(43,338)	0	0
Transfer to reserves	4	(330,666)	(384,477)	(724,816)
Transfer from reserves	4	468,548	520,107	281,111
Amount attributable to financing activities		30,645	550,784	(503,978)
Budgeted deficiency before general rates		(5,572,545)	(6,792,670)	(5,127,872)
Estimated amount to be raised from general rates	23(a)	6,311,711	6,318,338	6,221,649
Net current assets at end of financial year - surplus/(deficit)	24(b)	739,166	(474,332)	1,093,777

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

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

1. BASIS OF PREPARATION

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

The *Local Government (Financial Management) Regulations 1996* (FM regs.) take precedence over Australian Accounting Standards.

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

From 1 July 2019, the Shire has applied AASB 16 *Leases* which requires leases to be included by lessees in the balance sheet. Also, the FM regs have been amended to specify that vested land is a right of use (ROU) asset to be measured at cost. All ROU assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the balance sheet) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

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

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

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect 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.

TRUST FUND

All monies held in the Trust fund are excluded from the financial statements. A separate statement of those monies appears at Note 22 to these financial statements

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

2 REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	Timing of revenue recognition until 30 June 2019	Timing of revenue recognition from 1 July 2019
Rates	· General rates & rates charged for specific defined purposes.	When rates notice is issued.	When rates notice is issued.
Operating Grants, Subsidies and Contributions	· Community events, minor facilities, research, design, planning evaluation and services.	On receipt of funds.	Income from grants that are enforceable and with sufficiently specific performance obligations is recognised when the Shire satisfies the performance obligations by achieving the project milestones.
	· General appropriations and contributions with no reciprocal commitment.	On receipt of funds.	Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Shire has an unconditional right to receive cash which usually coincides with receipt of cash.
Non-Operating Grants, Subsidies and Contributions	· Construction or acquisition of recognisable non-financial assets to be controlled by the local government.	On receipt of funds.	Capital grants are recognised as income when the Shire achieves milestones specified in the grant agreement.
Fees and Charges	· Building, planning, development and animal management, having the same nature as a licence regardless of naming. · Compliance safety check. · Regulatory food, health and safety. · Kerbside collection service. · Waste treatment, recycling and disposal services. · Permission to use facilities and runway. · Cemetery services, library fees, reinstatements and private works. · Visitor centre merchandise. · Fines issued for breaches of local laws.	When fee or charge is raised in relation an event or service occurring, or upon receipt of funds.	At a point in time (or over a relatively short period of time) when the services have been provided and payments are received.
Other Revenue	· Sale of scrap materials. · Insurance claims. · Commissions on licencing and ticket sales.	When the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably, or upon receipt of funds.	At a point in time when the goods have been transferred and payments are received, or upon receipt of funds.

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

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:

	2019/2020 Actual	2019/2020 Budget	2018/2019 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	32,926	13,100	53,222
General purpose funding	1,942,038	750,595	1,635,511
Law, order, public safety	6,427	265,875	402,006
Health	33,731	0	33,171
Education and welfare	0	15,000	13,000
Community amenities	26,011	16,961	82,751
Recreation and culture	71,642	57,230	75,254
Transport	226,671	227,063	288,658
Economic services	11,654	5,200	15,064
Other property and services	37,351	30,239	31,127
	2,388,451	1,381,263	2,629,765
Non-operating grants, subsidies and contributions			
Recreation and culture	26,681	27,197	57,509
Transport	2,017,966	2,081,581	1,168,914
Other property and services	75,783	0	0
	2,120,430	2,108,778	1,226,423
	4,508,881	3,490,041	3,856,188
Fees and Charges			
Governance	1,409	525	866
General purpose funding	22,900	22,800	23,004
Law, order, public safety	356,365	353,175	352,526
Health	3,472	12,990	12,086
Education and welfare	0	0	0
Community amenities	1,446,770	1,340,929	1,313,380
Recreation and culture	314,345	337,728	348,571
Transport	37,629	30,944	21,516
Economic services	215,827	215,517	213,654
Other property and services	39,683	23,800	28,201
	2,438,401	2,338,408	2,313,804

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

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

2 REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers

Revenue from contracts with customers was recognised during the year for the following nature or types of goods or services:

Fees and charges
Other revenue

	2019/2020 Actual	2019/2020 Budget	2018/2019 Actual
	\$	\$	\$
Fees and charges	1,690,999	1,770,146	1,651,376
Other revenue	249,921	240,243	531,900
	<u>1,940,920</u>	<u>2,010,389</u>	<u>2,183,276</u>

Revenue from contracts with customers is comprised of:

Contracts with customers included as a contract liability at the start of the period	0	0	0
Performance obligations satisfied in the previous year	0	0	0
Other revenue from contracts with customers recognised during the year	1,940,920	2,010,389	2,183,276
	<u>1,940,920</u>	<u>2,010,389</u>	<u>2,183,276</u>

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

Trade and other receivables from contracts with customers 804,160

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

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

Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

Consideration from contracts with customers is included in the transaction price.

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

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

2 REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Grant contracts for services and transfers for recognisable non-financial assets

Revenue from grants for services and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:

Operating grants, subsidies and contributions
 Non-operating grants, subsidies and contributions

Revenue from grants for services and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:

Grant contracts included as a liability at the start of the period
 Performance obligations satisfied in the previous year
 Grant revenue for services rendered recognised during the year
 Grant revenue for recognisable non-financial assets rendered recognised during the year

Information about grant liabilities for services and from transfers to enable the acquisition or construction of recognisable non financial assets is:

Financial assets held from grants for service and transfers for recognisable financial assets
 Grant liabilities from grants for service and transfers for recognisable non financial assets

	2019/2020 Actual	2019/2020 Budget	2018/2019 Actual
	\$	\$	\$
Operating grants, subsidies and contributions	197,803	431,238	546,153
Non-operating grants, subsidies and contributions	2,120,430	2,108,778	1,226,423
	<u>2,318,233</u>	<u>2,540,016</u>	<u>1,772,576</u>
Grant contracts included as a liability at the start of the period	0	0	0
Performance obligations satisfied in the previous year	0	0	0
Grant revenue for services rendered recognised during the year	197,803	2,441,628	2,729,429
Grant revenue for recognisable non-financial assets rendered recognised during the year	2,120,430	2,108,778	1,226,423
	<u>2,318,233</u>	<u>4,550,406</u>	<u>3,955,852</u>
Financial assets held from grants for service and transfers for recognisable financial assets	458,071		
Grant liabilities from grants for service and transfers for recognisable non financial assets	(458,071)		

Grant liabilities for services primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Performance obligations in relation to grant liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

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

2 REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

	2019/2020 Actual	2019/2020 Budget	2018/2019 Actual
	\$	\$	\$
General rates	6,313,218	6,318,338	6,223,178
Statutory permits and licences	160,838	125,252	78,862
Fines	14,680	18,650	16,190
	6,488,736	6,462,240	6,318,230
Assets and services acquired below fair value			
Contributed assets	75,783	0	0
	75,783	0	0
Interest earnings			
Loans receivable - clubs/institutions	5,330	0	6,720
Municipal fund interest	434	3,000	2,543
Reserve fund interest	70,589	75,000	81,939
Rates instalment and penalty interest (refer Note 21(c))	47,685	49,000	51,893
Other interest earnings	2,291	1,000	2,212
	126,330	128,000	145,307

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).

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

2 REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other services

Interest expenses (finance costs)

- Borrowings

Rental charges

- Operating leases

	2019/2020 Actual	2019/2020 Budget	2018/2019 Actual
Auditors remuneration			
- Audit of the Annual Financial Report	20,600	25,000	23,700
- Other services	4,400	5,000	2,300
	25,000	30,000	26,000
Interest expenses (finance costs)			
Borrowings	16,119	16,214	19,511
	16,119	16,214	19,511
Rental charges			
- Operating leases	21,578	78,580	74,590
	21,578	78,580	74,590

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

3 CASH AND CASH EQUIVALENTS

Notes	2020	2019
	\$	\$
Cash at bank and on hand	7,647,366	7,236,030
Total cash and cash equivalents	7,647,366	7,236,030
Restrictions		
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:		
- Cash and cash equivalents	6,277,451	6,163,049
	6,277,451	6,163,049
The restricted assets are a result of the following specific purposes to which the assets may be used:		
Reserves - cash backed	4 5,692,576	5,830,457
Contract liabilities from contracts with customers	15 24,664	0
Contract liabilities from transfers for recognisable non financial assets	15 433,407	0
Unspent grants, subsidies and contributions	0	201,313
Bonds, deposits and collections	126,804	131,279
Total restricted assets	6,277,451	6,163,050

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

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

4 CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Change of Purpose	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Change of Purpose	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
Plant Reserve	\$ 251,356	\$ 3,042	\$ 0	0	\$ 254,398	\$ 251,356	\$ 2,886	\$ 0	0	\$ 254,242	\$ 259,131	\$ 4,278	\$ (12,053)	\$ 251,356
Building Renewal Reserve	972,206	89,164	(270,441)	0	790,929	972,206	88,957	(342,000)	0	719,163	1,055,763	22,442	(106,000)	972,206
Rubbish Reserve	475,777	5,731	(47,500)	0	434,007	475,777	4,870	(47,500)	0	433,147	437,166	38,610	0	475,777
Community Centre Reserve	377,220	10,274	0	0	387,494	377,220	10,425	0	0	387,645	397,291	11,580	(31,651)	377,220
Television Services Reserve	96,565	1,163	0	0	97,728	96,565	1,059	0	0	97,624	95,132	1,434	0	96,565
Information Technology Reserve Reserve	56,339	679	0	0	57,018	56,339	618	0	0	56,957	55,503	836	0	56,339
Caravan Park Reserve	391,478	4,542	0	(396,019)	0	391,478	4,295	0	(395,773)	395,773	385,665	5,812	0	391,478
Land Development Reserve	69,821	841	0	0	70,662	69,821	766	0	0	70,587	68,784	1,037	0	69,821
Parking Requirements (Lot 1154 Sandpiper Street) Reserve	11,270	136	0	0	11,405	11,270	124	0	0	11,394	11,102	167	0	11,270
Parks and Recreation Grounds Development (Seagate) Reserve	371,813	4,478	0	0	376,292	371,813	4,079	0	0	375,892	366,293	5,520	0	371,813
Sport and Recreation Reserve	326,824	3,819	(20,000)	0	310,643	326,824	67,624	0	0	394,448	289,429	37,395	0	326,824
Administration Office Extension Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Landscaping Reserve	2,615	31	0	0	2,647	2,615	29	0	0	2,644	2,576	39	0	2,615
Aerodrome Reserve	120,886	23,898	(15,607)	0	129,177	120,886	23,522	(15,607)	0	128,801	96,930	23,957	0	120,886
Staff Attraction & Incentive Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Public Open Space Renewal Reserve	460,099	98,121	0	0	558,221	460,099	96,760	0	0	556,860	418,705	41,394	0	460,099
Infrastructure Renewal Reserve	802,327	9,660	0	0	811,987	802,327	10,254	0	0	812,581	920,257	13,477	(131,407)	802,327
Public Open Space Construction Reserve	111,561	1,344	0	0	112,904	111,561	1,224	0	0	112,785	109,904	1,656	0	111,561
Infrastructure Construction Reserve	0	62,338	0	0	62,338	0	62,338	0	0	62,338	0	0	0	0
Building Construction Reserve	114,808	1,383	0	0	116,191	114,808	1,260	0	0	116,068	113,104	1,705	0	114,808
Leave Reserve	257,105	3,099	0	0	260,204	257,105	2,825	0	0	259,930	253,626	3,480	0	257,105
Economic Development Initiatives Reserve	506,771	6,278	(115,000)	396,019	794,068	506,771	0	(115,000)	395,773	391,771	0	506,771	0	506,771
Turquoise Way Path Reserve	51,150	616	0	0	51,766	51,150	561	0	0	51,711	50,390	759	0	51,150
Cash in lieu of landscaping – Lot 1146 Sandpiper Street Reserve	2,465	30	0	0	2,495	2,465	0	0	0	2,465	0	2,465	0	2,465
Cash in lieu of Public Open Space – Lot 9000 Valencia Road Reserve	0	0	0	0	0	200,277	0	0	0	200,277	0	0	0	0
	5,830,457	330,666	(468,548)	0	5,692,576	6,030,735	384,477	(520,107)	0	5,895,105	5,386,753	724,816	(281,111)	5,830,457

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

4 CASH BACKED RESERVES (CONTINUED)

(b) Cash Backed Reserves - Purposes

In accordance with Council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

Reserve name	Anticipated date of use	Purpose of the reserve
Plant Reserve	ongoing	to be used in order to assist in the purchase of major items of plant.
Building Renewal Reserve	ongoing	to fund capital renewal of buildings and associated assets as guided by the Building Asset Management Plan.
Rubbish Reserve	ongoing	to be used to fund establishing, enhancing, rehabilitation or any other activities associated with new and existing landfill or waste site
Community Centre Reserve	ongoing	to be used to fund capital construction costs and major maintenance restoration / preservation costs to the community recreation centres located in the four towns.
Television Services Reserve	ongoing	to be used to fund the provision of new or improved television rebroadcasting facilities throughout the shire.
Information Technology Reserve Reserve	ongoing	to be used for purchase of hardware, software, licensing, contract labour and cloud transitioning costs related to information technology
Caravan Park Reserve	ongoing	to be used to fund improvements, other works and the promotion of caravan parks and their surrounds. To also fund planning, feasibility and establishment of new caravan parks.
Land Development Reserve	ongoing	for the purpose of funding land development in the townsites of Dandaragan and Badgingarra.
Parking Requirements (Lot 1154 Sandpiper Street) Reserve	ongoing	to fund future parking requirements in the Shire of Dandaragan in the vicinity of Lot 1154 Sandpiper Street, Jurien Bay as separately identified.
Parks and Recreation Grounds Development (Seagate) Reserve	ongoing	to fund the future purchase of land or development of parks and recreation grounds in the locality of Seagate Estates as separately identified or with Ministerial approval, for the improvement or development of parks and recreation.
Sport and Recreation Reserve	ongoing	to fund community sporting groups requests in accordance with the Shire of Dandaragan's Recreation Plan.
Administration Office Extension Reserve	closed	to fund investigation, design and capital costs of future office extensions.
Landscaping Reserve	ongoing	to fund future landscaping requirements in the Shire of Dandaragan in the vicinity of Lot 1154 Sandpiper Street, Jurien Bay as separately identified.
Aerodrome Reserve	ongoing	to be used for renewal, major maintenance, expansion or relocation of the Shire of Dandaragan's airstrips and aerodromes
Staff Attraction & Incentive Reserve	closed	to be used to fund staff attraction and incentive programs and processes, such as, but not limited to additional superannuation contributions, bonuses, rental subsidies and utility subsidies
Public Open Space Renewal Reserve	ongoing	to fund capital renewal of public open space and associated assets as guided by the Public Open Space Asset Management Plan
Infrastructure Renewal Reserve	ongoing	to fund capital renewal of infrastructure and associated assets as guided by the Infrastructure Asset Management Plan.
Public Open Space Construction Reserve	ongoing	to fund capital construction and/or purchase of public open space and associated assets.
Infrastructure Construction Reserve	ongoing	to fund capital construction and/or purchase of infrastructure and other associated assets.
Building Construction Reserve	ongoing	to fund capital construction and/or purchase of buildings and other associated assets.
Leave Reserve	ongoing	to fund annual leave and long service leave entitlements.
Economic Development Initiatives Reserve	ongoing	to be used for the planning, development and implementation of economic development initiatives with the Shire of Dandaragan
Turquoise Way Path Reserve	ongoing	to be used for the renewal, major maintenance, improvements, promotion, inspection equipment / surveillance, extension or relocation of the Turquoise Way Path and associated infrastructure within the Turquoise Way Path corridor.
Cash in lieu of landscaping – Lot 1146 Sandpiper Street Reserve	ongoing	to be used for purposes allowable under the planning consent granted to I I & J B A Kelly Superannuation Fund for the commercial development at Lot 1146 Sandpiper Street, Jurien Bay

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

5 OTHER FINANCIAL ASSETS

(a) Current assets

Other financial assets at amortised cost

Other financial assets at amortised cost

Financial assets at amortised cost - self supporting loans

(b) Non-current assets

Other financial assets at amortised cost

Financial assets at fair value through profit and loss

Other financial assets at amortised cost

Financial assets at amortised cost - self supporting loans

Financial assets at fair value through profit and loss

Units in Local Government House Trust

	2020	2019
	\$	\$
	42,602	55,721
	42,602	55,721
	42,602	55,721
	42,602	55,721
	81,087	100,399
	89,026	87,585
	170,113	187,984
	81,087	100,399
	81,087	100,399
	89,026	87,585
	89,026	87,585

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 24.

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

6 TRADE RECEIVABLES

Current

Rates receivable	
Sundry receivables	
GST receivable	
Allowance for impairment of receivables	

Non-current

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

2020	2019
\$	\$
376,994	274,006
428,031	391,789
124,029	43,009
(865)	(792)
928,188	708,012
50,124	44,499
50,124	44,499

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 25(c) and (d).

Classification and subsequent measurement

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

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

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

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

7 INVENTORIES

Current

Fuel and materials

The following movements in inventories occurred during the year:

Carrying amount at 1 July

Inventories expensed during the year

Additions to inventory

Carrying amount at 30 June

	2020	2019
	\$	\$
	32,574	31,727
	<u>32,574</u>	<u>31,727</u>
	31,727	35,309
	(337,521)	(346,374)
	338,367	342,792
	<u>32,574</u>	<u>31,727</u>

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

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

8 OTHER ASSETS

Other current assets

Accrued income

	2020	2019
	\$	\$
	5,514	3,967
	<u>5,514</u>	<u>3,967</u>

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

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

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

(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	Buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	3,060,000	30,370,920	33,430,920	871,647	4,354,512	38,657,080
Additions	0	502,664	502,664	67,534	737,363	1,307,561
(Disposals)	(120,000)	(54,224)	(174,224)	0	(466,684)	(640,908)
Depreciation (expense)	0	(1,111,281)	(1,111,281)	(144,033)	(662,159)	(1,917,473)
Carrying amount as at 30 June 2019	2,940,000	29,708,079	32,648,079	891,305	4,636,722	38,176,108
Comprises:						
Gross carrying amount at 30 June 2019	2,940,000	55,461,893	58,401,893	2,932,857	9,324,850	70,659,600
Accumulated depreciation at 30 June 2019	0	(25,753,815)	(25,753,815)	(2,041,552)	(4,688,127)	(32,483,494)
Carrying amount at 30 June 2019	2,940,000	29,708,078	32,648,078	891,305	4,636,723	38,176,106
Additions	0	455,782	455,782	35,085	263,482	754,349
(Disposals)	0	(22,164)	(22,164)	(718)	(104,370)	(127,252)
Revaluation increments/ (decrements) transferred to revaluation surplus	(37,000)	755,481	718,481	0	0	718,481
Depreciation (expense)	0	(1,121,277)	(1,121,277)	(128,965)	(1,150,656)	(2,400,898)
Carrying amount as at 30 June 2020	2,903,000	29,775,900	32,678,900	796,707	3,645,180	37,120,787
Comprises:						
Gross carrying amount at 30 June 2020	2,903,000	57,755,400	60,658,400	2,966,742	9,239,691	72,864,833
Accumulated depreciation at 30 June 2020	0	(27,979,500)	(27,979,500)	(2,170,035)	(5,594,511)	(35,744,046)
Carrying amount at 30 June 2020	2,903,000	29,775,900	32,678,900	796,707	3,645,180	37,120,787

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

10 INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - Roads Level 3	Infrastructure - Footpaths Level 3	Infrastructure - Drainage Level 3	Infrastructure - Parks and reserves Level 3	Infrastructure - Other Level 3	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	222,947,258	8,309,949	5,210,000	1,785,081	10,819,656	249,071,943
Additions	2,706,804	180,914	0	38,186	40,613	2,966,517
(Disposals)	0	0	0	0	0	0
Revaluation increments/ (decrements) transferred to revaluation surplus	0	0	0	0	0	0
Revaluation (loss)/ reversals transferred to profit or loss	0	0	0	0	0	0
Depreciation (expense)	(2,628,682)	(264,158)	(121,332)	(173,960)	(652,388)	(3,840,520)
Carrying amount as at 30 June 2019	223,025,380	8,226,705	5,088,668	1,649,307	10,207,881	248,197,940
Comprises:						
Gross carrying amount at 30 June 2019	295,120,511	10,852,138	7,280,000	3,355,989	17,796,908	334,405,545
Accumulated depreciation at 30 June 2019	(72,095,130)	(2,625,433)	(2,191,332)	(1,706,682)	(7,589,027)	(86,207,605)
Carrying amount at 30 June 2019	223,025,380	8,226,705	5,088,668	1,649,307	10,207,881	248,197,940
Additions	2,881,774	527,356	0	130,277	93,121	3,632,528
Depreciation (expense)	(2,652,797)	(269,183)	(121,332)	(177,942)	(655,075)	(3,876,329)
Carrying amount as at 30 June 2020	223,254,357	8,484,878	4,967,336	1,601,642	9,645,927	247,954,139
Comprises:						
Gross carrying amount at 30 June 2020	298,002,285	11,379,494	7,280,000	3,486,266	17,890,029	338,038,073

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

10 INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - Roads Level 3	Infrastructure - Footpaths Level 3	Infrastructure - Drainage Level 3	Infrastructure - Parks and reserves Level 3	Infrastructure - Other Level 3	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	222,947,258	8,309,949	5,210,000	1,785,081	10,819,656	249,071,943
Additions	2,706,804	180,914	0	38,186	40,613	2,966,517
(Disposals)	0	0	0	0	0	0
Revaluation increments/ (decrements) transferred to revaluation surplus	0	0	0	0	0	0
Revaluation (loss)/ reversals transferred to profit or loss	0	0	0	0	0	0
Depreciation (expense)	(2,628,682)	(264,158)	(121,332)	(173,960)	(652,388)	(3,840,520)
Carrying amount as at 30 June 2019	223,025,380	8,226,705	5,088,668	1,649,307	10,207,881	248,197,940
Comprises:						
Gross carrying amount at 30 June 2019	295,120,511	10,852,138	7,280,000	3,355,989	17,796,908	334,405,545
Accumulated depreciation at 30 June 2019	(72,095,130)	(2,625,433)	(2,191,332)	(1,706,682)	(7,589,027)	(86,207,605)
Carrying amount at 30 June 2019	223,025,380	8,226,705	5,088,668	1,649,307	10,207,881	248,197,940
Additions	2,881,774	527,356	0	130,277	93,121	3,632,528
Depreciation (expense)	(2,652,797)	(269,183)	(121,332)	(177,942)	(655,075)	(3,876,329)
Carrying amount as at 30 June 2020	223,254,357	8,484,878	4,967,336	1,601,642	9,645,927	247,954,139
Comprises:						
Gross carrying amount at 30 June 2020	298,002,285	11,379,494	7,280,000	3,486,266	17,890,029	338,038,073
Accumulated depreciation at 30 June 2020	(74,747,927)	(2,894,616)	(2,312,664)	(1,884,624)	(8,244,102)	(90,083,934)
Carrying amount at 30 June 2020	223,254,357	8,484,878	4,967,336	1,601,642	9,645,927	247,954,139

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

10 INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Hierarchy	Valuation Technique	Basis of Valuation	Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Independent valuer	June 2018	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Independent valuer	June 2018	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2018	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Parks and reserves	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2018	Construction costs and current condition (Level 3), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Other	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2018	Construction costs and current condition (Level 3), 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.

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

11 PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within either property, 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 zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least every 5 years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

Increases in the carrying amount arising on revaluation of 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.

Land under control prior to 1 July 2019

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

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

Land under roads prior to 1 July 2019

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

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

In respect of land under roads acquired on or after 1 July 2008, as detailed above, the then *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.

Land Under Roads from 1 July 2019

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

The Shire has accounted for the removal of the vested land values associated with golf courses by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated

Vested improvements from 1 July 2019

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

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

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

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

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land				0	0	0	0	0	120,000	345,776	225,776	0
Buildings - non-specialised				0	0	0	0	0	54,224	54,224	0	0
Buildings - specialised	22,164	0		(22,164)				0				0
Furniture and equipment	718	77		(641)				0				0
Plant and equipment	104,370	50,273	6,136	(60,233)	68,577	48,100	1,087	(21,564)	466,684	530,742	171,491	(107,434)
	127,252	50,350	6,136	(83,038)	68,577	48,100	1,087	(21,564)	640,908	930,742	397,267	(107,434)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Governance				
Sedan - Holden Caprice	15,000	5,000	0	(10,000)
Governance Total	15,000	5,000	0	(10,000)
Transport				
Free Roll Horwood Bagshaw	2,141	773	0	(1,368)
Bucket	1,058	2,727	1,669	0
Roller - Bomag BW211D	65,624	30,000	0	(35,624)
Transport Total	68,823	33,500	1,669	(36,992)
Other property and services				
Bike - Honda TRX420TMD	4,000	2,273	0	(1,727)
Trailer - Coastmac	33	4,500	4,467	0
Tipper from Truck - Hino 700	16,514	5,000	0	(11,514)
Other property and services Total	20,547	11,773	4,467	(13,241)
Total Plant and Equipment	104,370	50,273	6,136	(60,233)
Furniture and Equipment				
Transport				
Tank Multi-Tec	307	45	0	(262)
Tank	411	32	0	(379)
Total Furniture and Equipment	718	77	0	(641)
Specialised building				
Community Amenities				
Amenities Sandy Cape	22,164	0	0	(22,164)
Community Amenities Total	22,164	0	0	(22,164)
Other property and services				
Total Specialised building	22,164	0	0	(22,164)
	127,252	50,350	6,136	(83,038)

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

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

(b) Depreciation

	2020	2020	2019
	Actual	Budget	Actual
	\$	\$	\$
Buildings	1,121,277	1,109,736	1,111,281
Furniture and equipment	128,965	138,444	144,033
Plant and equipment	1,150,656	662,640	662,159
Infrastructure - Roads	2,652,797	2,626,752	2,628,682
Infrastructure - Footpaths	269,183	263,784	264,158
Infrastructure - Parks and Reserves	177,942	172,836	173,960
Infrastructure - Other	776,407	773,052	773,720
Right of use assets - plant and equipment	43,945	0	0
	6,321,172	5,747,244	5,757,993

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	25 - 50 years
Furniture and equipment	5 - 20 years
Plant and equipment	2 - 20 years
Infrastructure Roads	
Formation – All roads	Perpetual life
Pavement – Thin Surfaced Flexible Rural	100 years
Pavement – Thin Surfaced Flexible Urban	100 years
Pavement – Unsealed Rural	50 years
Pavement – Unsealed Urban	50 years
Surface – Asphalt	100 years
Surface – Brick	60 years
Surface – Chip seal	60 years
Surface – Concrete	100 years
Surface – Slurry Seal	100 years
Infrastructure - Footpaths	
Black Asphalt	36 years
Brick Paving	36 years
Concrete Slabs	36 years
Gravel	12 years
Insitu Concrete	48 years
Red Asphalt	36 years
Sand	12 years
Timber	36 years
Unknown	48 years
Infrastructure - Drainage	60 years
Infrastructure - Other	5 - 80 years
Infrastructure - Parks and reserves	10 - 45 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 DANDARAGAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

12 LEASES

Right of Use Assets

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

	Right of use assets - plant and equipment	Right of use assets Total
	\$	\$
Carrying amount at 30 June 2019	0	0
Recognised on initial application of AASB 16	133,487	133,487
Restated total equity at the beginning of the financial year	133,487	133,487
Additions	0	0
Depreciation (expense)	(43,945)	(43,945)
Carrying amount at 30 June 2020	89,542	89,542
(b) Cash outflow from leases		
Interest expense on lease liabilities	1,950	1,950
Lease principal expense	43,338	43,338
Total cash outflow from leases	45,288	45,288
(c) Other expenses and income relating to leases		
Short-term lease payments recognised as expense	(21,578)	(21,578)
Low-value asset lease payments recognised as expense	0	0
Expenses for variable lease payment not recognised as a liability	0	0
	(21,578)	(21,578)

Photocopier Lease - 5 year term to expire June 2024
 Vehicle Lease - 3 year term to expire March 2021
 Drinking Water Devices - 29 month term to expire October 2021

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

Right of use (ROU) assets are measured at cost. This means that all ROU assets (other than vested land improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the balance sheet). The exception is vested improvements on

Leases (continued)

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

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

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

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

13 REVALUATION SURPLUS

	2020	2020	2020	2020	2020	2019	2019	2019	2019	2019
	Opening	Revaluation	Revaluation	Total	2020	Opening	Revaluation	Revaluation	Total	2019
	Balance	Increment	(Decrement)	Movement on	Closing	Balance	Increment	(Decrement)	Movement on	Closing
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Furniture and equipment	773,202	0	0	0	773,202	677,046	96,156	0	96,156	773,202
Revaluation surplus - Plant and equipment	1,270,905	0	0	0	1,270,905	597,214	673,691	0	673,691	1,270,905
Revaluation surplus - Land	2,315,204		(37,000)	(37,000)	2,278,204	2,315,204	0	0	0	2,315,204
Revaluation surplus - Buildings	14,555,197	755,481	0	755,481	15,310,678	14,555,197	0	0	0	14,555,197
Revaluation surplus - Infrastructure roads	51,755,831	0	0	0	51,755,831	51,755,831	0	0	0	51,755,831
Revaluation surplus - Infrastructure drainage	3,883,302	0	0	0	3,883,302	3,883,302	0	0	0	3,883,302
Revaluation surplus - Infrastructure footpaths	5,160,275	0	0	0	5,160,275	5,160,275	0	0	0	5,160,275
Revaluation surplus - Infrastructure other	8,214,627	0	0	0	8,214,627	8,214,627	0	0	0	8,214,627
	87,928,544	755,481	(37,000)	718,481	88,647,025	87,158,696	769,847	0	769,847	87,928,544

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

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

14 TRADE AND OTHER PAYABLES

	2020	2019
	\$	\$
Current		
Sundry creditors	716,527	244,692
Prepaid rates	74,227	0
Bonds, deposits and collections	126,804	131,279
Accrued interest on borrowings	4,307	6,518
Accrued expenses	58,779	34,185
Accrued salaries and wages	69,380	44,699
	1,050,024	461,373

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

15 GRANT LIABILITIES

	2020	2019
	\$	\$
Grant Liabilities		
Current	458,071	0
	458,071	0

SIGNIFICANT ACCOUNTING POLICIES

Grant Liabilities

The Shires grant liabilities relate to capital and operational grants received for various capital projects and operational services respectively.

Income is recognised as the Shire satisfies its obligations under the grant agreement

SHIRE OF DANDARAGAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 20

16 LEASE LIABILITIES

	2020	2019
	\$	\$
Current	40,530	0
Non-current	49,619	0
	90,149	0

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	30 June 2020					30 June 2020					30 June 2019				
					Actual Lease Principal 1 July 2019	Actual New Leases	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments	Budget Lease Principal 1 July 2019	Budget New Leases	Budget Lease Principal Repayments	Budget Lease Principal Outstanding	Budget Lease Interest Repayments	Actual Lease Principal 1 July 2018	Actual New Loans	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments
Multifunction copiers	O881825045	Ricoh Finance	1.33%	60 months	70,137		13,659	56,478	933	0	0	0	0	0	0	0	0	0	0
Utility vehicle	6041062	Toyota Fleet Mani	1.33%	21 months	23,510		13,358	10,152	358	0	0	0	0	0	0	0	0	0	0
Drinking water devices	WLA RA 111008	waterlogic	1.33%	29 months	39,839		16,320	23,519	660	0	0	0	0	0	0	0	0	0	0
					133,487	0	43,338	90,149	1,950	0	0	0	0	0	0	0	0	0	0

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

17 INFORMATION ON BORROWINGS

	2020	2019
	\$	\$
Current	112,406	119,620
Non-current	157,012	246,128
	269,417	365,747

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2020					30 June 2020					30 June 2019				
				Actual Principal 1 July 2019	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2019	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2018	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
Governance				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Jurien Bay Administration Centre	127	WATC*	5.55%	215,856	0	68,051	9,604	147,805	215,856	0	68,051	11,049	147,805	280,281	0	64,426	14,674	215,856
Dandaragan House				0	0	0	0	0	0	479,053	0	0	479,053	280,281	0	64,426	14,674	215,856
				215,856	0	68,051	9,604	147,805	215,856	479,053	68,051	11,049	626,858	280,281	0	64,426	14,674	215,856
Self Supporting Loans																		
Recreation and culture																		
Cervantes Community Club	114	WATC*	7.20%	9,248	0	9,247	0	0	9,248	0	9,248	1,618	0	26,776	0	17,529	1,618	9,248
Jurien Bowling Club	130	WATC*	4.94%	70,537	0	22,375	2,911	48,162	70,537	0	22,375	4,277	48,162	91,846	0	21,309	4,277	70,537
Jurien Bowling Club	131	WATC*	2.68%	9,422	0	6,240	165	3,182	9,422	0	6,240	375	3,182	15,499	0	6,076	375	9,422
Jurien Sport & Rec Centre	132	WATC*	2.36%	10,685	0	7,081	175	3,603	10,685	0	7,081	375	3,604	17,602	0	6,917	375	10,685
Jurien Bay Lions Club	133	WATC*	2.48%	50,000	0	6,626	1,132	43,374	50,000	0	6,626	0	43,374	0	50,000	0	0	50,000
Other property and services																		
Advance Dandaragan	113	WATC*	2.98%	0	0	0	0	0	0	0	0	0	2,531	0	2,531	75	(0)	
Jurien Bay Community Men's Shed Inc.	134	WATC*	1.32%	0	25,000	1,710	183	23,290	0	0	0	0	0	0	0	0	0	0
				149,892	25,000	53,279	4,565	121,613	149,892	0	51,570	6,645	98,322	154,253	50,000	54,362	6,720	149,891
				365,748	25,000	121,330	14,168	269,418	365,748	479,053	119,621	17,694	725,180	434,535	50,000	118,788	21,394	365,747

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 8 as other financial assets at amortised cost.
All other loan repayments were financed by general purpose revenue.

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

17 INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2019/2020

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2020 Actual	2020 Budget	2020 Actual	2020 Budget		
Jurien Bay Community Men's Shed Inc. * WA Treasury Corporation	WATC*	Fixed rate loan	7	1.32%	\$ 25,000	\$ 0	\$ (25,000)	\$ 0	\$ 1,255	\$ 0
					25,000	0	(25,000)	0	1,255	0

(d) Undrawn Borrowing Facilities

Credit Standby Arrangements

	2020	2019
	\$	\$
Bank overdraft limit	350,000	350,000
Bank overdraft at balance date	0	0
Credit card limit	21,000	21,000
Credit card balance at balance date	(5,268)	(8,119)
Total amount of credit unused	365,732	362,881

Loan facilities

Loan facilities - current	(112,406)	(119,620)
Loan facilities - non-current	(157,012)	(246,128)
Total facilities in use at balance date	(269,417)	(365,747)

Unused loan facilities at balance date

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.

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

18 EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2019			
Current provisions	295,756	298,373	594,129
Non-current provisions	0	104,024	104,024
	295,756	402,397	698,153
Additional provision	337,951	114,222	452,173
Amounts used	(316,928)	(47,106)	(364,034)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate		9,945	9,945
Balance at 30 June 2020	316,779	479,457	796,236
Comprises			
Current	316,779	357,026	673,805
Non-current	0	122,432	122,432
	316,779	479,457	796,236

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

	2020	2019
	\$	\$
Annual Leave	316,779	295,756
Long Service Leave	157,985	124,783
	474,764	420,539

More than 12 months from reporting date

Long Service Leave	341,580	326,282
	341,580	326,282

Long Service Leave expected reimbursements from other WA local governments

	(20,108)	(48,668)
	796,236	698,153

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.

SHIRE OF DANDARAGAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR

19 NOTES TO THE STATEMENT OF CASH FLOWS

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:

	2019/2020 Actual	2019/2020 Budget	2018/2019 Actual
Cash and cash equivalent	\$ 7,647,366	\$ 5,964,214	\$ 7,236,030
Reconciliation of net cash provided by operating activities to net result			
Net result	(2,458,143)	(2,569,031)	(1,740,430)
Non-cash flows in Net result:			
Adjustment to fair value of financial assets through profit and loss	(1,441)	0	0
Depreciation	6,321,172	5,747,244	5,757,993
(Profit)/loss on sale of asset	76,902	20,477	(289,834)
Loss on revaluation of non current assets	0	0	0
Changes in assets and liabilities;			
(Increase)/decrease in receivables	(232,412)	576,000	479,499
(Increase)/decrease in inventories	(847)	0	3,582
Increase/(decrease) in payables	593,716	(30,000)	198,070
Increase/(decrease) in employee provisions	98,084	0	78,645
Increase/(decrease) in grant liabilities	458,071	0	0
Grants/contributions for the development of assets	(2,553,837)	(2,108,778)	(1,226,423)
Net cash from operating activities	2,301,263	1,635,912	3,261,102

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

20 TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	5,291,494	5,139,473
Law, order, public safety	1,243,561	1,354,062
Health	792,282	748,793
Community amenities	9,539,864	9,732,746
Recreation and culture	26,635,248	27,877,505
Transport	237,444,420	237,072,297
Economic services	1,477,674	1,603,321
Other property and services	8,115,277	8,362,862
Unallocated	3,501,128	2,750,927
	294,040,949	294,641,986

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

21 CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

	2020	2019
	\$	\$
Contracted for:		
- plant & equipment purchases	0	0
Payable:		
- not later than one year	85,113	0

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

22 RELATED PARTY TRANSACTIONS

Elected Members Remuneration

	2019/2020 Actual	2019/2020 Budget	2018/2019 Actual
The following fees, expenses and allowances were paid to council members and the President			
Councillor Meeting Fees	128,595	127,720	127,720
President Meeting Fees	24,720	24,720	24,720
President Allowance	16,000	16,000	12,000
Deputy President Allowance	4,000	4,000	3,000
Travelling Expenses	8,568	25,000	23,893
ICT Allowance	30,625	31,500	31,500
	212,508	228,940	222,833

Key Management Personnel (KMP) Compensation Disclosure

	2020 \$	2019 \$
The total remuneration for KMP of the Shire during the year are as follows:		
Short-term employee benefits	763,073	721,350
Post-employment benefits	98,367	92,030
Other long-term benefits	87,843	83,674
	949,284	897,054

Short-term employee benefits

These amounts include all salary and fringe benefits 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 cost of providing for the Shire's superannuation contributions made during the year.

Other long-term benefits

These amounts represent annual leave and long service leave benefits accruing during the year.

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.

	2020 \$	2019 \$
The following transactions occurred with related parties:		
Purchase of goods and services from KMP	780	1,350
Sale of goods and services to KMP	220	
Purchase of goods and services from close family member of KMP	0	500

Other Disclosure

Parties related to KMP's are employed by the Shire in a non-KMP role.

The related parties are employed in accordance to normal terms and conditions afforded to all employees of the Shire.

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. Entities controlled by KMP or close family member

Entities controlled or jointly controlled by KMP or their close family members

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

23 RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2020 Actual Rateable Value \$	2020 Actual Rate Revenue \$	2020 Actual Interim Rates \$	2020 Actual Back Rates \$	2020 Actual Total Revenue \$	2020 Budget Rate Revenue \$	2020 Budget Interim Rate \$	2020 Budget Back Rate \$	2020 Budget Total Revenue \$	2019 Actual Total Revenue \$
Differential general rate / general rate												
Gross rental valuations												
GRV - General	8.0156	1,885	31,772,906	2,534,371	(2,649)	0	2,531,722	2,534,371	0	0	2,534,371	2,468,499
Unimproved valuations												
UV - General	0.7115	592	406,167,292	2,884,644	3,853	0	2,888,497	2,884,162	0	0	2,884,162	2,907,420
Sub-Total		2,477	437,940,198	5,419,015	1,204	0	5,420,219	5,418,533	0	0	5,418,533	5,375,919
Minimum payment												
Gross rental valuations												
GRV - General	947	978	5,340,701	935,636	0	0	935,636	935,636	0	0	935,636	943,263
GRV - Lesser (Dandaragan & Badgingarra)	715	27	109,352	20,735	0	0	20,735	20,735	0	0	20,735	21,120
Unimproved valuations												
UV - Mining	894	76	1,532,773	68,838	0	0	68,838	70,626	0	0	70,626	72,242
UV - Lesser	715	152	11,708,700	106,535	0	0	106,535	106,535	0	0	106,535	37,312
Sub-Total		1,233	18,691,526	1,131,744	0	0	1,131,744	1,133,532	0	0	1,133,532	1,073,937
		3,710	456,631,724	6,550,759	1,204	0	6,551,963	6,552,065	0	0	6,552,065	6,449,856
Discounts/concessions (refer Note 21(b))							(240,252)				(235,000)	(228,207)
Total amount raised from general rate							6,311,711				6,317,065	6,221,649
Ex-gratia rates							1,507				1,273	1,530
Totals							6,313,218				6,318,338	6,223,179

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

23 RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount		2020	2020	2019	Circumstances in which Discount is Granted
	%	\$	Actual	Budget	Actual	
General & minimum rates	5.00%		240,252	235,000	228,207	Current rates paid in full within 35 days of the date of issue noted on the rate notice.
			240,252	235,000	228,207	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount		2020	2020	2019
		%	\$	Actual	Budget	Actual
Rate assessment	Write-off			312	0	1,634
Civic Centre hire charges	Waiver			1,123	0	1,591
Landing fees	Waiver			8,449	0	21,513
				9,883	0	24,738

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
Rate assessments	Small balance write-off		Administrative efficiency
Civic Centre hire charges	Fees waived for education providers to utilise rooms at the Civic Centre	To ensure the recently constructed Civic Centre achieves its purpose	Improved access to education facilities to improve education offering within the Shire was a key driver for the construction of the Civic Centre.
Landing Fees	1. waive 100% of the Jurien Bay Airstrip / Aerodrome Landing Fee for the first four landings each calendar month for each customer as individually identified by the "customerID" held by Avdata; 2. waive 100% of the Jurien Bay Airstrip / Aerodrome Landing Fee for landings undertaken by the Royal Flying Doctors Service and student pilots.	To not place barriers to the use of the Jurien Bay airstrip to casual and emergency service users	To encourage landing at the Jurien Bay airstrip

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

23 RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment	Instalment	Unpaid Rates
		Plan Admin Charge	Plan Interest Rate	Interest Rate
		\$	%	%
Option One				
Single full payment	13-Sep-19	0	0.00%	10.00%
Option Two				
First instalment	13-Sep-19	0	0.00%	10.00%
Second instalment	13-Nov-19	6.67	5.00%	10.00%
Third instalment	13-Jan-20	6.67	5.00%	10.00%
Fourth instalment	13-Mar-20	6.66	5.00%	10.00%

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Interest on unpaid rates	30,696	27,000	31,593
Interest on instalment plan	16,989	22,000	20,300
Charges on instalment plan	13,060	13,500	14,282
	60,745	62,500	66,175

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

24 RATE SETTING STATEMENT INFORMATION

Note	2019/2020			
	2019/2020 (30 June 2020 Carried Forward)	Budget (30 June 2020 Carried Forward)	2018/2019 (30 June 2019 Carried Forward)	
	\$	\$	\$	
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with Financial Management Regulation 32.				
Adjustments to operating activities				
(Profit) on asset disposals	11(a)	(6,136)	(1,087)	(397,267)
Fair value adjustment to financial assets at fair value through profit and loss		(1,441)	0	0
Loss on asset disposals	11(a)	83,038	21,564	107,433
Movement in employee provisions		18,408	0	31,513
Movement in deferred rates		(5,625)	0	(10,864)
Depreciation on assets	11(b)	6,321,172	5,747,244	5,757,993
Non cash amounts excluded from operating activities		6,409,415	5,767,721	5,488,809
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with Financial Management Regulation 32 to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Cash - restricted reserves	3	(5,692,576)	(5,895,105)	(5,830,457)
Less: Other financial assets at amortised cost - self support loan		(42,602)	(39,147)	(55,721)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings		112,406	108,951	119,620
- Current portion of lease liabilities		40,530	0	0
Total adjustments to net current assets		(5,582,241)	(5,825,301)	(5,766,558)
Net current assets used in the Rate Setting Statement				
Total current assets		8,656,244	6,206,206	8,035,457
Less: Total current liabilities		(2,334,836)	(855,237)	(1,175,122)
Less: Total adjustments to net current assets		(5,582,241)	(5,825,301)	(5,766,558)
Net current assets used in the Rate Setting Statement		739,166	(474,332)	1,093,777

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

25 FINANCIAL RISK MANAGEMENT

Financial instruments held by the Shire are cash and cash equivalents, restricted cash and cash equivalents, loans and receivables, payables, Western Australian Treasury Corporation (WATC) borrowings. The Shire has limited exposure to financial risks. The Shire's overall risk management program focuses on managing the risks identified below.

(a) Summary of risks and risk management

Credit risk

Credit risk arises when there is the possibility of the Shire's receivables defaulting on their contractual obligations resulting in financial loss to the Shire.

The Shire's major receivables comprise rates and annual charges and user charges and fees. 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 makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

Liquidity risk

Liquidity risk arises when the Shire is unable to meet its financial obligations as they fall due.

The Shire is exposed to liquidity risk through its trading in the normal course of business.

The Shire has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Shire's income or the value of its holdings of financial instruments. The Shire does not trade in foreign currency and is not materially exposed to other price risks [for example, equity securities or commodity prices changes].

All borrowings are due to the WATC and are repayable at fixed rates with varying maturities. The Shire's exposure to interest rate risk is detailed in the interest rate sensitivity analysis table at Note 23(d) and it has no borrowings other than the WATC borrowings.

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2020	2019
	\$	\$
Financial assets		
Cash and cash equivalents	7,647,366	7,236,030
Trade receivables*	854,284	709,502
Other financial assets	212,715	243,704
	8,714,365	8,189,237
Financial liabilities		
Trade and other payables*	1,050,024	461,373
Borrowings	269,417	365,747
	1,319,441	827,121

* Amount excludes GST receivable / payable to ATO (statutory receivable / payable)

SHIRE OF DANDARAGAN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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25 FINANCIAL RISK MANAGEMENT (Continued)

(c) 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 processes. 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.

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors 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 2020 and 1 July 2019 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2019 or 30 June 2020 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 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	171,928	60,798	36,441	83,724	352,891
Loss allowance	-	-	-	-	-
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	707,305	1,222	1,785	40,599	750,912
Loss allowance	-	-	-	-	-

The loss allowance as at 30 June 2020 1 July 2019 was determined as follows for trade receivables

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	\$	\$	\$	\$	\$
30 June 2020					
Sundry Receivables					
Expected credit loss	0.04%	0.16%	0.75%	1.73%	
Gross carrying amount	383,484	2,634	1,563	40,349	428,030
Loss allowance	149	4	12	700	865
30 June 2019					
Sundry Receivables					
Expected credit loss	0.04%	0.16%	0.75%	1.76%	
Gross carrying amount	363,972	7,064	4,586	34,446	410,068
Loss allowance	142	11	34	605	792

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

25 FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity Risk and Interest Rate Exposure

The following table details the Shire's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted Average effective interest rate	Interest rate exposure				Nominal amount	Maturity dates		
		Carrying Amount	Fixed interest rate	Variable interest rate	Non-interest bearing		Up to 1 year	1-5 years	More than 5 years
	%	\$	\$	\$	\$	\$	\$	\$	
2020									
<u>Financial assets</u>									
Cash and cash equivalents (unrestricted)	0.01%	1,369,916	-	1,369,916	-	1,369,916	1,369,916	-	-
Cash and cash equivalents (restricted)	0.51%	6,277,451	-	6,277,451	-	6,277,451	6,277,451	-	-
Receivables		854,284	-	-	854,284	854,284	854,284	-	-
Other financial assets		212,715	-	-	212,715	212,715	8,862	48,162	154,249
		8,714,365	-	7,647,366	1,066,999	8,714,365	8,510,512	48,162	154,249
<u>Financial liabilities</u>									
Payables		1,050,024	-	-	1,050,024	1,050,024	1,050,024	-	-
WATC borrowings	4.50%	269,417	269,417	-	-	269,417	6,786	195,967	66,664
		1,319,441	269,417	-	1,050,024	1,319,441	1,056,810	195,967	66,664
2019									
<u>Financial assets</u>									
Cash and cash equivalents (unrestricted)	1.00%	1,072,980	-	1,072,980	-	1,072,980	1,072,980	-	-
Cash and cash equivalents (restricted)	1.25%	6,163,049	-	6,163,049	-	6,163,049	6,163,049	-	-
Receivables		713,470	-	-	713,470	713,470	713,470	-	-
Other financial assets		243,704	-	-	243,704	243,704	97,831	94,634	51,240
		8,193,204	-	7,236,030	957,174	8,193,204	8,047,330	94,634	51,240
<u>Financial liabilities</u>									
Payables		461,373	-	-	461,373	461,373	461,373	-	-
WATC borrowings	4.89%	365,747	365,747	-	-	383,622	9,913	322,469	51,240
		827,121	365,747	-	461,373	844,995	471,286	322,469	51,240

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

25 FINANCIAL RISK MANAGEMENT (continued)

(e) Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Shire's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying Amount	-100 basis points		+100 basis points	
		Surplus	Equity	Surplus	Equity
	\$	\$	\$	\$	\$
2020					
<u>Financial assets</u>					
Cash and cash equivalents (unrestricted)	1,369,916	(13,699)	(13,699)	13,699	13,699
Cash and cash equivalents (restricted)	6,277,451	(62,775)	(62,775)	62,775	62,775
<u>Financial liabilities</u>					
	0	0	0	0	0
	<u>7,647,366</u>	<u>(76,474)</u>	<u>(76,474)</u>	<u>76,474</u>	<u>76,474</u>
2019					
<u>Financial assets</u>					
Cash and cash equivalents (unrestricted)	1,072,980	(10,730)	(10,730)	10,730	10,730
Cash and cash equivalents (restricted)	6,163,049	(61,630)	(61,630)	61,630	61,630
<u>Financial liabilities</u>					
	0	0	0	0	0
	<u>7,236,030</u>	<u>(72,360)</u>	<u>(72,360)</u>	<u>72,360</u>	<u>72,360</u>

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

26 CONTINGENT LIABILITIES

The Shire has no contingent liabilities to disclose at the end of the reporting year

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

27 INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

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

	AASB 118 carrying amount		AASB 15 carrying amount
Note	30 June 2019	Reclassification	01 July 2019
	\$	\$	\$
Contract liabilities - current			
Contract liabilities from contracts with customers	0	(201,313)	(201,313)
Adjustment to retained surplus from adoption of AASB 15		(201,313)	

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

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

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB 1058 as compared to AASB 118: Revenue and AASB 1004: Contributions before the change:

	AASB 118 and AASB 1004 carrying amount		AASB 1058 carrying amount
Note	30 June 2019	Reclassification	01 July 2019
	\$	\$	\$
Trade and other payables			
Rates paid in advance	0	(58,362)	(58,362)
Adjustment to retained surplus from adoption of AASB 1058		(58,362)	

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

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

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

27 INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

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

		2020 \$		2020 \$
	Note	As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004
Statement of Comprehensive Income				
Revenue				
Rates	23(a)	6,313,218	74,227	6,387,445
Operating grants, subsidies & contributions	2(a)	2,388,451	458,071	2,846,522
Non-operating grants, subsidies & contributions	2(a)	2,120,430	0	2,120,430
Net result		(2,458,143)	532,298	(1,925,845)
Statement of Financial Position				
Trade and other payables		1,050,024	(74,227)	975,797
Contract liabilities		458,071	(458,071)	0
Net assets		(291,377,051)	532,298	(290,844,753)
Statement of Changes in Equity				
Net result		(2,458,143)	532,298	(1,925,845)
Retained surplus		197,037,451	532,298	197,569,749

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

(c) AASB 16: Leases

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

On adoption of AASB 16, the Shire recognised lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117 (excluding short term and low value leases). These lease liabilities were measured at the present value of the the remaining lease payments, discounted using the WA Treasury Corporation's 5 year fixed bond rate of 1.33%.

	Note	2020 \$
Operating lease commitments at 30 June 2019 applying AAS 117		137,998
Discount applied using incremental borrowing rate		(4,511)
Lease liability recognised as 1 July 2019 discounted using the Shire's incremental borrowing rate of 1.33%		133,487
Lease liability - current		43,338
Lease liability - non-current		90,149
Right-of-use assets recognised at 1 July 2019		133,487

On adoption of AASB 16, the Shire recognised a right-of-use asset in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is deemed to be equal to the lease liability. Property, plant and equipment and lease liabilities increased by \$133,487 on 1 July 2019 resulting in no impact on retained surplus.

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.

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

27 INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

(d) Impact of New Accounting Standards on Retained Surplus

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

	Note	Adjustments	2019
			\$
Retained surplus - 30 June 2019			199,357,712
Adjustment to retained surplus from adoption of AASB 15		(201,313)	
Adjustment to retained surplus from adoption of AASB 16		0	
Adjustment to retained surplus from adoption of AASB 1058		(58,362)	(259,675)
Retained surplus - 1 July 2019			199,098,037

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

28 TRUST FUND

From the year, all bonds, deposits and collections not required by legislation to be held in trust are included in the financial statements;

	1 July 2019	Amounts Received	Amounts Paid	Reclassification to Cash	30 June 2020
	\$	\$	\$	\$	\$
Cash In Lieu POS - L9000 Valencia	200,277	0	0	0	200,277
	200,277	0	0	0	200,277

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

29 OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

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

30. ACTIVITIES/PROGRAMS

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

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of scarce resources	Includes the activities of members of Council and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific local government services.
GENERAL PURPOSE FUNDING	To collect revenue to allow for the provision of services	Rates, general purpose government grants and interest revenue
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer and environmentally conscious community	Supervision and enforcement of various local laws relating to 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, provision of meat inspection services, noise control and waste disposal.
EDUCATION AND WELFARE	To provide services to disadvantaged persons, the elderly, children and youth.	Provision of youth, aged and disability services.
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, beaches, 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 local government and its economic wellbeing	Tourism and area promotion Provision of rural services including weed control, vermin control and standpipes. Building control.
OTHER PROPERTY AND SERVICES	To monitor and control operating accounts	Private works operation, plant repair and costs.

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

31 FINANCIAL RATIOS

	2020	2019	2018
Current ratio	1.60	3.22	4.90
Asset consumption ratio	0.69	0.71	0.72
Asset renewal funding ratio	0.74	N/A	N/A
Asset sustainability ratio	0.69	0.76	0.84
Debt service cover ratio	12.75	20.32	(30.53) ¹
Operating surplus ratio	(0.51)	(0.31)	(1.15) ²
Own source revenue coverage ratio	0.56	0.62	0.42 ³

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	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expenses}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

Three of the ratios was impacted by expenses associated with the disposal of the sewer to the Water Corporation for nil consideration and loss on revaluation of assets through P&L

	2018
	\$
Loss on disposal of sewer	5,315,357
Loss on revaluation of assets	1,529,888

If the events detailed above did not occur, the ratio would be as follows:

	2018
Debt service cover ratio	19.45 ¹
Operating surplus ratio	(0.39) ²
Own source revenue coverage ratio	0.63 ³

AUDITOR'S REPORT



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Dandaragan

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Dandaragan which comprises the Statement of Financial Position as at 30 June 2020, 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 Dandaragan:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

I draw attention to Notes 1 and 11 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's annual financial reporting responsibilities under the Act. In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), did not allow a local government to recognise some categories of land, including land under roads, as assets in the 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 the annual financial report that is free from material misstatement, whether due to fraud or error. In preparing the annual financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
 - a. The Asset Sustainability Ratio as reported in Note 31 of the annual financial report has progressively declined over the past 3 years and for 2018-19 and 2019-20 is below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard of 0.8
 - b. The Operating Surplus Ratio as reported in Note 31 of the annual financial report is below the DLGSCI's basic standard of 0.01 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.

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 Dandaragan for the year ended 30 June 2020 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



ALOHA MORRISSEY
ACTING DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
13 November 2020