

Annual Report 2018-2019



Shire of
Serpentine
Jarrahdale

Acknowledgement of Country and Indigenous History

The Shire of Serpentine Jarrahdale acknowledges that the land of the district is the traditional country of the Noongar people. We recognise their cultural heritage, beliefs, and continuing relationship with the land, and pay our respects to elders past present and emerging.



Contents

Our Annual Report	4
Shire President's report.....	6
Chief Executive Officer's report.....	8
Our Shire.....	11
Our Elected Members	14
Our organisation.....	14
Reporting against our Strategic Community Plan.....	16
Our Vision	18
Strategic outcome: People	21
Strategic outcome: Place	33
Strategic outcome: Prosperity.....	41
Strategic outcome: Progressive.....	47
Looking forward – 2019/20	52
Statutory Reports.....	54
Financial Report 2018/19.....	59
Auditors Report 2018/19	116



Our Annual Report

The Shire of Serpentine Jarrahdale is pleased to present our 2018-19 Annual Report, which details our activities and achievements throughout the 2018-19 financial year.

With an emphasis on best practice and continual improvement, the information in these pages sets out to provide a snapshot of the Shire's progress over this period with a focus on community, infrastructure, environment and strategic direction.

It is organised to align with our Strategic Community Plan 2017- 2027, which outlines the strategic vision for Serpentine Jarrahdale based on the following themes:

People:

a connected, thriving, active and safe community.

Place:

a protected and enhanced natural, rural and built environment.

Prosperity:

an innovative, commercially diverse and prosperous economy.

Progressive:

a resilient organisation demonstrating unified leadership and governance.

Our Annual Report focuses on the key projects and services delivered in 2018-19 under each theme as we work towards realising our community vision – City living offering a rural lifestyle for a diverse community with abundant opportunities.

Copies of the Strategic Community Plan 2017-2027 can be downloaded from our website.

Our financial statements have been certified by an independent auditor.





Shire President's report

I am pleased to present the 2018–19 Annual Report.

Tonkin Highway extension

The extension of Tonkin Highway from Thomas Road in Byford to South Western Highway in Mundijong is a step closer after the State and Federal Governments committed a combined \$505 million for the project in April.

This marks a significant milestone in our efforts to secure funding for the extension which will improve road safety and provide strategic linkages within the Shire and the wider Peel region.

The 13.7km extension will provide a direct connection for residents and businesses to Perth's major transport hubs, including Perth International and Domestic airports, Fremantle Harbour and the future Westport facility.

The Shire will continue to seek support for the extension to include grade separations at Thomas Road and Mundijong Road, which will reduce congestion and deliver the best planning outcomes.

Major projects

The past year saw the commencement of key projects for our community, specifically the \$19 million Abernethy Road upgrade and the \$4.5 million Briggs Park lower oval upgrade.

In December, the Council appointed Wormald Civil as the head contractor to carry out the upgrade of Abernethy Road between Kardan Boulevard and South Western Highway.

This project will reduce congestion considerably through the addition of roundabouts and new turning lanes, making it far easier for drivers to enter and exit Abernethy Road.

It will bring more people into the Byford town centre, supporting new and existing business and helping the area grow into a vibrant, modern community precinct.

The Shire acknowledges funding contributions from the National Stronger Regions Fund and Main Roads WA for the project.

Briggs Park is currently home to Byford Bushrangers Tee-ball Club, Mundijong Centrals Junior Football Club and Serpentine Jarrahdale Cricket Club, who combined have more than 1000 members.

The Briggs Park lower oval upgrade includes repairs and improvements to aging drainage infrastructure, as well as the installation of new floodlights and facilities for the local sporting clubs.

The project is due for completion in October and will allow the park's two ovals to be used year-round, and create a facility capable of hosting much larger competitions and events.

Thank you to the Department of Local Government, Sport and Cultural Industries and the Local Projects, Local Jobs program who have contributed funds for the delivery of this project.

Collaborating with our community

It has been an exciting year for the Shire collaborating with our community, with many exciting events and projects delivered in 2018/19.

Highlights include:

- Installation of a community cricket pitch at Kalimna Oval in Byford
- Improved facilities at Byford Community Kindergarten
- Inaugural Seniors Expo at Serpentine Jarrahdale Community Recreation Centre
- Christmas Concert at Jarrahdale Oval
- Australia Day Citizenship and Awards ceremony
- Multi-use courts installed at Clem Kentish Hall and Oval precinct to cater for basketball and netball, as well as tennis across four courts
- Opera at the Mill event at Jarrahdale Heritage Mill
- Free Youth Week WA event

Looking forward

In April, Kenn Donohoe announced his resignation as Chief Executive Officer to take on a new challenge with Whitsunday Regional Council.

On behalf of the Council, I would like to thank Kenn for his hard work and dedication during his time with the Shire.

The Council is excited for Paul Martin to join the organisation in September as our new Chief Executive Officer.

With the Shire experiencing significant growth and key infrastructure projects on the horizon, we can't wait to work with him to ensure the Shire continues to go from strength to strength in this exciting period.

On behalf of the Council, I would like to thank the staff for the work they have undertaken throughout the year.

Their commitment, enthusiasm and work ethic throughout the 2018/19 year is evident in the achievements contained in this report.

Cr Michelle Rich
Shire President



Chief Executive Officer's report

In our second year of reporting against our new Strategic Community Plan, the Shire has made significant progress towards achieving outcomes against our pillars of People, Place, Prosperity and Progressive.

The past 12 months has been a year of consolidation, as well as refining processes and systems to ensure we have the best structures and resources to deliver outcomes for our community.

The Council, under the leadership of the Shire President, have continued to provide clear direction to the administration as we continue to work towards improving local infrastructure and services to meet the needs of our growing community.

A focus for Council has also been bringing services back in house to support local employment opportunities and better value for money for ratepayers. This resulted in the employment of two Youth Development Officers and the appointment of a Corporate Communications Coordinator as the Shire re-commenced the delivery of these services in-house.

We've also grown our Governance Team and established an Internal Audit function as part of our focus on continuous improvement and transparency.

Two significant projects were commenced – the Briggs Park lower oval upgrade and the Abernethy Road upgrade. As we continue to plan for the future, we completed important strategic plans including the Economic Development Strategy 2018–2023, Tourism Strategy, Equine Strategy and Urban and Rural Forest Strategy 2018–2028. Other strategies nearing completion include our Public Art

Strategy and Public Arts Masterplan and our Ageing Well Strategy.

Our community continued to collaborate and partner with the Shire in our work across the areas of social, environment and economic development, which delivered positive outcomes for residents, businesses and visitors to our region. The Shire also supported community and sporting groups through our Community Grants Program and the KidSport program, in partnership with the Department of Local Government, Sport and Cultural Industries.

A significant achievement was the State and Federal governments committing \$505 million to deliver the Tonkin Highway extension. I would like to acknowledge everyone who has been involved, and supported, our advocacy in securing this funding.

The end of the 2019 financial year marks the end of my time at the Shire of Serpentine Jarrahdale as I pursue a new opportunity at Whitsunday Regional Council. I would like to thank the Council, administration staff and the community for their support and guidance to me during my time at the Shire.

I am proud of the work we have achieved together, and I am confident that the foundations we have laid will ensure the Shire goes from strength to strength over the coming years.

I wish the Shire every success for the future.

KR Donohoe
Chief Executive Officer





Our Shire

The Shire of Serpentine Jarrahdale is home to more than 30,000 people.

Forested hills and coastal flats make up our 905 square kilometres. In 2016, during the creation of the SJ 2050 vision, our community told us that the country lifestyle and the natural environment was what they valued the most about living in our Shire.

Our natural environment features many outstanding attractions for locals and visitors. Serpentine Jarrahdale is a 45-minute drive from the Perth CBD and the gateway to the bustling Peel region.

Outstanding landscapes, unrivalled business investment and development opportunities await our visitors. With continued growth, Serpentine Jarrahdale is one of Australia's most exciting localities.

Fast facts

Shire of Serpentine Jarrahdale area	905km ²
Shire of Serpentine Jarrahdale gazetted	July 1961
Estimated residential population*	32, 711
Number of rateable residential properties	11,869
Total length of roads	830km
Total area of reserves and public open space	954+ hectares
Number of reserves and public open space we manage	191
Number of Shire facilities	99
Council composition	9 councillors
Ward Structure	3 wards – North, North West and South
Total capital works value for 2018-19	\$16,745,127 – Asset Additions less contributed assets.
Total operating revenue for 2018-19	\$34,859,884
Total non-operating revenue for 2018-19	\$13,592,873 – Includes contributed assets.

*Population data provided by id community.

Our Elected Members



Cr Michelle Rich
Shire President
Southern Ward

M: 0438 252 109
E: mrich@sjshire.wa.gov.au
Term expires: October 2019



Cr Dave Atwell
Deputy Shire President
Southern Ward

M: 0417 974 131
E: datwell@sjshire.wa.gov.au
Term expires: October 2019



Cr Keira McConkey
Southern Ward

M: 0401 445 338
E: kMcConkey@sjshire.wa.gov.au
Term expires: October 2021



Cr Rob Coales
North Ward

M: 0425 031 976
E: rCoales@sjshire.wa.gov.au
Term expires: October 2021



Cr Bill Denholm
North Ward

M: 0401 691 380
E: bDenholm@sjshire.wa.gov.au
Term expires: October 2021



Cr Dave Gossage
North Ward

M: 0457 323 814
E: dave.gossage@sjshire.wa.gov.au
Term expires: October 2019



Cr Morgan Byas
North West Ward

M: 0437 661 776
E: mByas@sjshire.wa.gov.au
Term expires: October 2021



Cr Sam Piipponen
North West Ward

M: 0406 500 439
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Term expires: October 2019



Cr Jacqui See
North Ward

M: 0418 947 662
E: jsee@sjshire.wa.gov.au
Term expires: October 2019

Shire of Serpentine Jarrahdale Councillor attendance

1 July 2018 – 30 June 2019

Councillor	Electors General Meeting (1)	Ordinary Council Meeting (11)	Special Council Meeting (5)	Access and Inclusion Advisory Committee (2)	Arts, Culture and Heritage Advisory Committee (3)	Audit, Risk and Governance Committee (4)	CEO Employment Committee (5)	Economic Development Advisory Committee (3)
Cr Michelle Rich	1	11	5	Not a committee member	3*	3*	5*	3*
Cr Dave Atwell	1	10	5	Not a committee member	Not a committee member	Not a committee member	5*	Not a committee member
Cr Morgan Byas	1	11	5	Not a committee member	Not a committee member	4*	5*	Not a committee member
Cr Rob Coales	1	11	5	2*	Not a committee member	4*	Not a committee member	Not a committee member
Cr Bill Denholm	1	11	5	2*	Not a committee member	Not a committee member	Not a committee member	Not a committee member
Cr Dave Gossage	0	6	3	Not a committee member	Not a committee member	Not a committee member	Not a committee member	Not a committee member
Cr Keira McConkey	1	11	3	Not a committee member	3*	3*	4*	Not a committee member
Cr Sam Piipponen	0	6	0	Not a committee member	Not a committee member	Not a committee member	0*	Not a committee member
Cr Jacqui See	1	11	4	Not a committee member	Not a committee member	4*	4*	3*

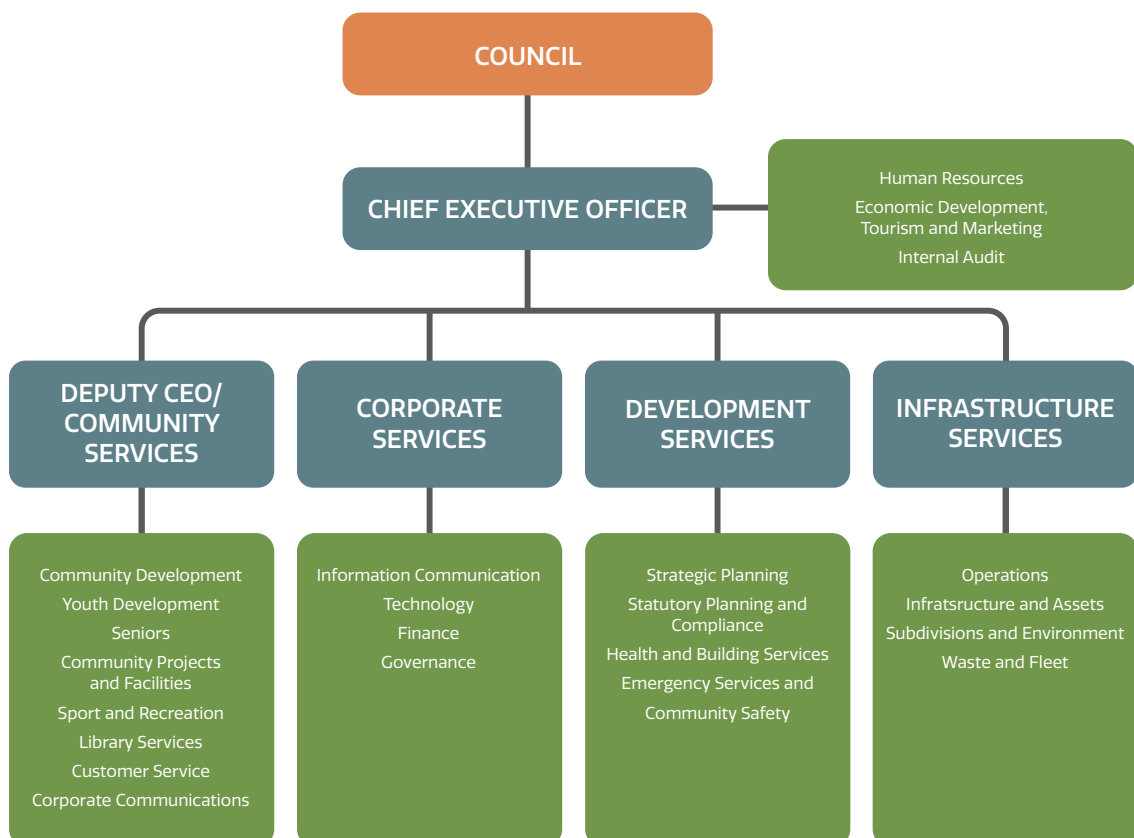
* Committee Member

Our organisation

Our staff come from a diverse range of backgrounds, and provide a wealth of knowledge across both local government and the private sectors. Many of our employees are local to the area, meaning they know what it's like to live, work, and enjoy the lifestyle Serpentine Jarrahdale has to offer.

Development Services	40
Community Services	28
Infrastructure Services	70
Corporate Services	30
Executive Services	10
Total FTE	178

Organisation chart



Our Executive Management Team



Chief Executive Officer Kenn Donohoe

Kenn is responsible for:

- Elected Members and Council matters
 - Economic Development, Tourism and Marketing
 - Human Resources
-



Deputy Chief Executive Officer/Director Community Services Helen Sarcich

Helen is responsible for:

- Community Development
 - Youth Development
 - Seniors
 - Library Services
 - Community Projects and Facilities
 - Sport and Recreation
 - Corporate Communications
 - Customer Services
-



Director Corporate Services Frazer Sullivan

Frazer is responsible for:

- Corporate Services
 - Financial Services
 - Information Communication Technology
-



Director Development Services Andrew Trosic

Andrew is responsible for:

- Statutory Planning and Compliance
 - Strategic Planning
 - Health and Building Services
 - Emergency Services and Community Safety
-



Director Infrastructure Services Steven Harding

Steven is responsible for:

- Operations
- Infrastructure and Assets
- Subdivisions and Environment
- Waste and Fleet

Reporting against our Strategic Community Plan

Integrated Planning and Reporting Framework

All Western Australian local governments are required to prepare a Plan for the Future for their district under Section 5.56(1) of the *Local Government Act 1995*. The Plan for the Future comprises the following two key strategic documents, which a local government is required to have regard for when forming its annual budget.

Strategic Community Plan

The Strategic Community Plan is Council's principal 10-year strategy and planning tool. In 2013, the Shire of Serpentine Jarrahdale adopted its first Strategic Community Plan, following extensive community engagement and consultation. The Plan sets out a vision for the community to be 'a sustainably developed Shire, where the community, local economy and natural environment are interconnected and thriving.'

As part of the Integrated Planning and Reporting cycle, a major review of the Plan was undertaken in 2017, following extensive community consultation.

In June 2019, a minor review of the Plan was undertaken, following the results of the 2018 Community Perceptions Survey.

This process identified four new focus areas for the community which are highlighted and summarised within the Strategic Community Plan as follows:

1. Safety and improvement of roads

While the community has always had a desire for improved transport networks in the Shire, emphasis on the safety and improvement of local roads was a greater focal point in the feedback received. The community would like to see roads upgraded to manage the current population and for the quality and maintenance of road surfaces to be improved. This area is a priority for 40% of the community.

2. Playgrounds, parks and reserves

The community feels that there are not enough local parks in the Shire and that there is a lack of play equipment. The community would like the number of parks and open spaces to increase and highlighted the need for a designated dog park.

3. Public transport

Investment in infrastructure that supports greater transportation choices was a key visionary outcome for SJ2050. More specifically however, the 2018 survey results demonstrate a desire from the community for improved public transport connectivity throughout the Shire. This is a priority for 12% of the community.

4. Streetscapes

Beautifying suburb entrances, increasing verge maintenance and litter management was identified as a priority for 11% of the community.

It was determined that the Shire's Strategic Objectives, Outcomes and Strategies within the Strategic Community Plan remain relevant to the needs and aspirations of the Community and as such no amendments were made in this regard. The period of the Strategic Community Plan remains 2017 to 2027.

The revised Strategic Community Plan is available electronically on the Shire's website and hard copies are available at the Mundijong Public Library or the Shire's Administration building.

Corporate Business Plan

The Corporate Business Plan is Council's four-year planning document. Achieving the community's vision and the Shire's strategic objectives requires the development of actions to address each strategy contained within the Strategic Community Plan.

Careful operational planning and prioritisation is required to achieve the objectives and desired outcomes due to the limited resources available. This planning process is formalised by the

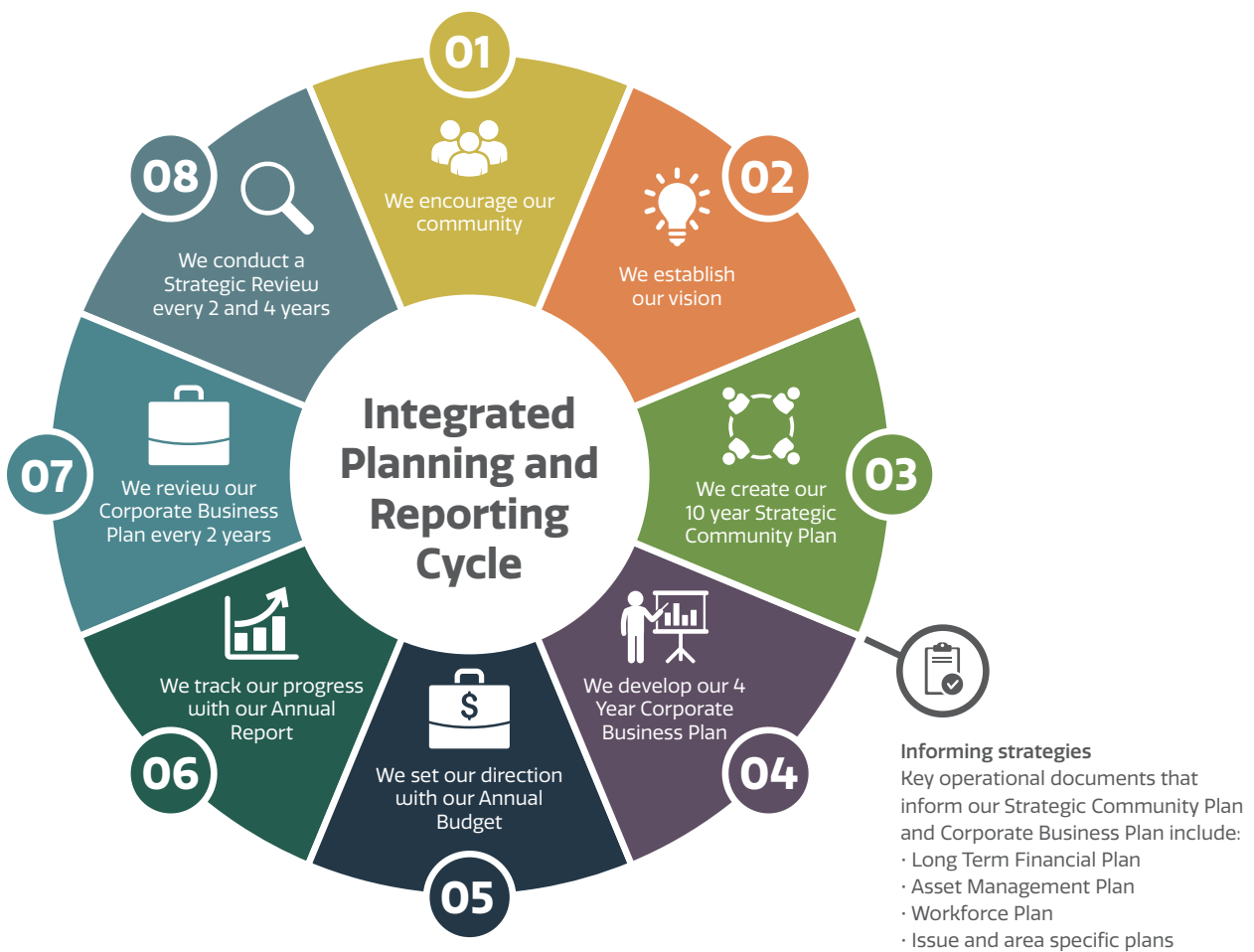
development of our Corporate Business Plan. The Corporate Business Plan then converts the Strategic Community Plan into action through the adoption of an Annual Budget.

Actions requiring funding will only be undertaken once approved within the statutory budget and subject to funding availability. Along with achieving the community aspirations and objectives, the Corporate Business Plan draws on information contained within the following strategic documents.

Integrated Planning reporting cycle

The connection between the community and the Shire's strategic plans, annual budget and corporate documents has been developed to guide the Shire in delivering services to the community are shown in the diagram below.

The term of each key plan is shown in the following infographic.



The following pages of this document outlines our achievements against our Strategic Community Plan.

Our vision

Shire of Serpentine Jarrahdale:
City living offering a rural lifestyle with abundant opportunities for a diverse community.



A connected, thriving, active and safe community

People



A protected and enhanced natural, rural and built environment

Place



An innovative, commercially diverse and prosperous economy

Prosperity



A resilient organisation demonstrating unified leadership and governance

Progressive







Strategic outcome

People

A connected, thriving, active and safe community

The community wants to retain its strong sense of community and country lifestyle. Maintaining the level of safety and where possible increasing this aspect of the Shire is a desired outcome.

A healthy and active lifestyle is highly valued, with potential to further develop facilities and services. Increased engagement and integration was identified as essential to maintain the connected and inclusive community lifestyle as the population grows.

Outcome 1.1: A healthy, active, connected and inclusive community



Provided **\$89,000** to 26 community and sporting groups through our Community Grants Program



Coordinated and delivered a Sports Expo that attracted **120 participants**



26 library volunteers provided **1,252 volunteer hours**



37,570 people visited Mundijong Public Library and borrowed nearly **70,000 items**



653 people joined as a library member, with a total of **3,774 members**



16 people recognised through our Volunteer Recognition Program



More than **800 people** attended the Opera at the Mill event



Community, sport and recreation facilities

We continued to provide facilities and services to support community and sporting groups.

Council endorsed the BMX Relocation Feasibility Study, while preliminary planning for Keirnan Park Recreation Precinct has commenced.

Feasibility works for Jarrahdale Oval are progressing as planned, and the Briggs Park lower oval upgrade project is significantly progressed and is scheduled to open in October 2019.

CCTV was installed at Briggs Park Pavilion and construction of a new dog park in Byford commenced, which is planned to open in November 2019.

Volunteer support

We continued our Volunteer Recognition Program, which celebrates the efforts of volunteers in our community. There were 23 applications, with 16 awards presented.

A \$1,000 grant from Department of Communities was provided to the Shire for a Thank a Volunteer Day luncheon hosted in December 2018, where 150 volunteers attended with support from local schools and Men's Shed.

A new local volunteer commenced to provide the SJ Study Group at Mundijong Public Library. This group supports adults undertaking, or returning to, higher education.

The Bush Fire Volunteer Awards and Recognition evening was held on 28 June 2019, with 240 people in attendance. Bush fire volunteers were recognised for their service and achievements, and former Shire Chief Bush Fire Control Officer Kim Maddern presented the Bushfire Meritorious Service Award to Ray Elliott.

Ray has been a member of the Serpentine Volunteer Bush Fire Brigade and a member of the Shire's Emergency Services department for more than 30 years. Ray has assisted over the years in public awareness and recruitment open days, as well as attending 000 callouts over his long career.

Over the past year, 26 library volunteers provided 1,252 hours towards Books on Wheels (77), community history (144) and general tasks (1031). Two volunteer management workshops were also delivered to three sporting clubs.

Events

The Community Barbeque Series were delivered in the lead up to Christmas, with the aim of creating safer, more inclusive neighbourhoods.

The events allow residents the opportunity to speak with Shire employees, Neighbourhood Watch volunteers and WA Police about strategies to promote safety and a sense of community. They also allow residents to interact with neighbours, make new friends and establish meaningful connections with those who live nearby.

Other events delivered include school holiday activities, Australia Day, Community Christmas, Wellness Series, ANZAC Day and Thank a Volunteer Day.

We also delivered Opera at the Mill at Jarrahdale Heritage Mill in March. More than 800 people attended and enjoyed a quartet of opera singers who performed some of the biggest opera numbers in the open air of Jarrahdale forest.

Youth development

Two dedicated Youth Development Officers were appointed in January as part of our renewed focus on helping local young people lead healthier, more engaged lifestyles.

Working within the Community Development Team, the Officers hosted a range of workshops, programs and activities designed to equip young people aged 12 to 18 with important life skills.

While based at the Shire's Mundijong office, the Officers spend much of their time interacting with young people at local schools, Briggs Park Youth Precinct and Byford Hall.

The design of youth events and activities have been developed in consultation with young people. A small group of young people have also been the driving force behind an urban art project at the skate park, which is planned to be delivered in the 2019/20 financial year.

A relationship has been developed with the WA Police and they have been invited to attend youth programs. WA Police have been very supportive of Youth Development programs, with the below excerpt from the February 2019 eWatch newsletter:

"Mundijong Police are very pleased to be part of a growth in community engagement within our community – driven by Serpentine Jarrahdale Shire Community Engagement team. The number of community experiences and events for youth has grown incredibly in recent times and that's good for all of us. Mundijong Police have noted a definite decline in youth offending as a result of a lot of interagency cooperation."

Community grants

Council adopted the revised Community Grants Policy in December 2018. Over the past 12 months the Shire provided \$89,087 to 26 community and sporting groups under the Community Grants Program.

Some of the grant recipients include:

Sports Aircraft Builders Club – \$50,000

The Club received \$50,000 towards the installation of an aircraft refuelling facility at

Serpentine Airfield to dispense Avgas 100LL and Mogas 95 aviation fuels. In March, the Club hosted Wings International Aircraft Championship and the Australian Light Aircraft Championships at Serpentine Airfield. It is the first time the event has been held in Serpentine and saw the best pilots from New Zealand and Australia battle it out against each other.

Byford Community Kindergarten – \$6,000

The centre was unable to operate from its home at Park Road after an assessment by the Department of Fire and Emergency Service in March 2017 deemed the site a bushfire risk to students and teachers.

We worked with the Department of Education, Byford Community Kindergarten and Byford Bushfire Brigade to address the bushfire risks identified in the assessment. The \$6,000 assisted with improvements to the outdoor area and the centre re-opened in February 2019.

Jarrahdale Heritage Society – \$2,263.80

The grant supported the Society to buy equipment to collect, preserve and display the heritage of Jarrahdale at their museum and external events. This equipment will ensure historical documents and artefacts are preserved for the community.

Serpentine Jarrahdale Cricket Club and Mundijong Centrals Junior Football Club – \$1,834

A new line-marking machine was purchased with the grant, which will reduce volunteer time commitments for two junior and one senior club, consisting of 758 members. The marker will also provide a professional finish to the public open space playing fields which will benefit the community as well as the clubs.

Eq Cetera Inc – \$1,500

The grant allowed the Darling Downs service provider to purchase new Hippotherapy sensory saddle pads and grooming kits. Hippotherapy uses horse riding as a way to assist people with muscular, sensory or cognitive disabilities.

KidSport

In conjunction with the Department of Local Government, Sport and Cultural Industries, 383 grant vouchers were issued to the value of \$54,239. The KidSport grants allow young people in our community to participate in sports by assisting with their fees. Clubs with the highest uptake of KidSport vouchers included:

- Mundijong Centrals Junior Football Club
- Serpentine Jarrahdale Netball Association
- Byford Basketball Association
- The Young Men's Christian Association of Perth Inc (YMCA)
- Byford Bushrangers Inc.
- Byford Little Athletics Club



Library Services



69,589 items borrowed



31,903 customer visits



3,621 library members



138 programs delivered and
1,520 participants



1,061 Facebook followers

SJ Writers and SJ Creators groups provided adult learning and community connection opportunities, with SJ Creators offering kokedama, mindfulness, woodturning and the ever-popular macramé. These sessions have been a great way for people to meet other like-minded people with similar interests in own community.

Children's programs and events have continued in the library and at external venues to bring families together offering fun and learning close to home. The SJ Explorers program was also provided during school holidays, with a focus on Science, Technology, Engineering, the Arts and Mathematics (STEAM).

We are proud to have a terrific group of volunteers for the Seed Swap, Books on Wheels delivery and the development of community history and oral history collection. Many of these people are from SJ Library Friends. Their support and advocacy for the library is an important part of promoting our library as a community library, with seven street libraries now provided across the Shire, as well as a visit by author Natasha Lester.

Community connection continues to grow for the library, with relationships continued with schools, child health nurse, Switch Your Thinking program and local community groups.

A focus for the library team has been to assist customers to increase their digital technology skills. We have attained eSmart accreditation and provided increased support for customers with technology and device training to assist them with smart, safe and responsible use of technology. Regular Appy Hour sessions have allowed for one-on-one training and introduction to e-resources available.



Health and Wellbeing



308 food safety assessments completed



169 other health premises assessments completed



139 Health Application assessments processed



95% swimming pool barrier compliance



23 event application assessments processed

We continued with the implementation of actions contained within our Health and Wellbeing Strategy.

We were also selected to participate in ECU's Pathways to Healthy Food Environments pilot program. This program aims to increase local government co-ordination and capacity to influence, activate and create safe, secure and healthy local food environments in Western Australia. As part of this program, the Shire secured a \$12,500 grant towards the Secure and Healthy Food action under the Health and Wellbeing Strategy.

We continued to deliver our environmental health services in compliance with legislative requirements. In addition to meeting our statutory obligations for matters such as food shop inspections and determining applications for mobile food vendors, we have also carried out proactive public health initiatives such as the "Fight the Bite" community education campaign.

Working in partnership with the Department of Water and Environmental Regulation, we have continued to carry out industrial audits on small businesses in the Shire as part of the Light Industry Program. This program aims to reduce the contaminants from non-residential land uses to groundwater and drainage systems and to increase the Shire's capability to regulate light industry under the EP Act. So far, we have visited seven businesses as part of the program.

Compliance and Regulatory Services

We continued to deliver regulatory and enforcement services in compliance with legislative requirements.

Since the last annual review, improvements were made to firebreak inspections, fire mitigation, proactive development compliance and enforcement, and swimming pool inspections.

Our Statutory Enforcement Team has commenced its pro-active and re-active compliance program. During the reporting period, 230 compliance applications were received, of which 185 of those were successfully dealt with. The remainder are still being processed.

We also pursued two prosecutions, both for unauthorised developments. In both instances, the Shire was successful with \$500,000 in costs and penalties awarded.



Outcome 1.2: A recognised culture and heritage

Following the establishment of the Arts, Culture and Heritage Advisory Committee, a key focus of the group has been the development of the Public Arts Strategy and Public Art Masterplan 2019 -2023, which will be presented to Council in August for adoption.

The intention of the Strategy and Masterplan is to guide the Shire in the development of quality public art projects, guide the use of public art contributions to the Shire, as well as in procuring relevant commissions.

The Public Art Strategy outlines the vision, principles, context and themes for public art and the Public Art Masterplan identifies a range of public art opportunities across the Shire.

In May, two Western Australian artists had their designs installed on two new bus shelters in Byford.

Artist Andrew Frazer had his design chosen for the bus shelter located on Plaistowe Boulevard, next to Bill Hicks Reserve in Byford, while the second shelter, located near Byford West Primary School on Kardan Boulevard, features a design by artist Peta Roebuck.

Experienced in public murals, Mr Frazer is the founder and creative director of Bunbury-based initiative Six Two Three Zero that uses street art to promote social change.

Mr Frazer's work is inspired by Byford's parks and nature reserves and acknowledges the area's equestrian culture.

With the Kardan Boulevard bus shelter, the Shire wanted to see themes of school and community represented as the bus stop would predominately be used by school children.

The flora and fauna found on the Munda Biddi Trail inspired Ms Roebuck's design, which also included children playing.



Outcome 1.3: A safe place to live



379 parking, **97** dust and building, **79** firebreak, **58** dog and **2** cat infringements issued



11 livestock in public places infringements and **27** warning notices issues



1 parking, **3** dog attack and **3** building site waste prosecutions



Registered **2,172** dogs and **53** cats



Licensed **2** kennels and **1** cattery



608 Certified Building Permit Applications assessed within an average of **8.25** days



399 Uncertified Building Permit Applications assessed within an average of **13.43** days

Regulatory services

The Ranger Team commenced a seven-day week roster in May 2019, which is aimed at increasing the Shire's presence within the community and providing greater support outside of standard office hours. The Ranger Team also visited four primary schools to educate students on ranger and emergency services.

A \$521,000 grant for Bushfire Mitigation upgrades and improvements in Oakford was provided from the Royalties for Regions component of the State Government's Mitigation Activity Fund, to implement priority fire mitigation initiatives on State held land within the Shire.

Two additional Statutory Enforcement Officers were employed to address the increase in unauthorised developments and works occurring in the Shire, with a statutory enforcement compliance programme implemented.

A review of the Volunteer Bush Fire Brigades Local Law was carried out and adopted by Council in June 2019.

Compliance services

Building plans continue to be assessed against regulatory compliance requirements including accessibility, bushfire construction requirements and safety.

In the four-year swimming pool barrier inspection regime, 95% of all swimming pools in the district were compliant on last inspection.

The remaining 5% of properties with a swimming pool have restricted access and we are seeking owners assistance to complete the four-year inspection regime.

The Compliance Team commenced the Form 2 Audit Program, whereby planning approvals, which have been previously granted, are assessed for compliance against the relevant conditions of approval.

Local Emergency Services

The Council adopted the Local Emergency Management Arrangements as well as the Recovery Plan. Quarterly meetings were convened for the Local Emergency Management Committee and Bush Fire Advisory Committee.

We are also working with the Department of Fire and Emergency Services and the Department of Primary Industries and Regional Development to establish animal welfare evacuation arrangements.

Our volunteer bushfire brigades attended 383 incident calls and our volunteer bushfire brigade members provided more than 22,700 hours of support to our community through attendance at emergencies, mopping up of fires, training, brigade administration, maintenance and busy bees around stations and public education and awareness.

There were 12,500 properties inspected within the Shire through our annual firebreak inspection from December 2018 through to March 2019. Of those properties, 523 came to notice for incomplete bush fire breaks.

Community safety

Creating and supporting an environment and community where residents feel safe and secure is a priority for the Shire. There are many factors that influence how safe people feel in their community and improving community safety requires all sections of the community to work together to create a safer environment for people to work, live and play in.

Community feedback was received on the draft Community Safety and Crime Prevention Plan 2019-2021 and will be presented to Council in late 2019.

We continued to deliver a range of community safety programs including Neighbourhood Watch, Eyes on the Street and eWatch in an effort to increase the community's perception of safety and to reduce crime and anti-social behaviour.

In partnership with the local Mundijong Police, Shire staff and Neighbourhood Watch volunteers attended 18 community events, working closely with local residents to find new and creative solutions to local safety and crime issues. By working together we can achieve an increase in community safety and crime prevention outcomes.





Serpentine Trails





Strategic outcome

Place

A protected and enhanced natural, rural and built environment

The community recognises that planning for the future is important for solving existing and future issues. They recognise the value of good design and hope future developments positively respond to the natural environment.

Conservation of natural vegetation is important as the landscape offers an opportunity to promote the Shire as a 'trails hub'.

Outcome 2.1: A diverse, well planned built environment



Determined **481** development applications valued collectively at **\$41.5 million**



185 traffic management plans assessed and approved



Prepared the **Byford Town Centre Rail Advocacy** document and the **Mundijong Village Smart Cities advocacy document**



45 rural numbers installed



525 engineering assessments, **13** engineering clearances and **9** civil drawings of development applications approved



30 directional signs and **5** wildlife signs assessed and approved



400 permit for works in road reserves assessed and approved



24 storm water management/urban water management assessments completed for major developments



310 crossovers subsidy and construction plans assessed and approved



9 haulage endorsements applications endorsed



250 building applications assessed and commented

Land use planning

Over the past 12 months the Shire continued to advocate and lobby for the advancement of local planning priorities, which included a submission in response to the State Government's Green Paper and adoption of the Draft Local Planning Strategy.

Advocacy documents were developed for the Byford Town Centre Rail and the Mundijong Village Smart Cities and were presented to the responsible minister by the Shire President and Chief Executive Officer.

A detailed submission to the Metropolitan Region Scheme Minor amendment 1353/57 regarding Lot 33 Hopkinson Road, Cardup, was prepared to ensure that the Shire's concerns were communicated to the Department of Planning, Lands and Heritage.

We also engaged with the Cardup Structure Plan applicant to deliberate on the planning need for two district open spaces within the area and meetings were held with the Department of Planning, Lands and Heritage (DPLH) to align greater consistency between Shire recommendations and DPLH decision outcomes.

The West Mundijong Industrial Structure Plan and Local Planning Strategy progressed to receive community feedback, while work commenced on a submission on the draft State Planning Policy 3.6 Developer Contributions.

The Western Australian Planning Commission's (WAPC) Internal Statutory Planning Committee has assessed and approved the revised Local Planning Strategy and Local Planning Scheme No. 3 for formal advertising. We have also continued with the review and evaluation of our 44 Local Planning Policies to ensure they are clear, current and contemporary.

The Byford District Structure Plan and Mundijong District Structure Plan is with the WAPC for assessment and the Byford Local Area Plan and Mundijong Local Area Plan will be presented to the Shire's Executive Team in August and November 2019 respectively.

The Local Development Strategies have now been split into a planning component (as District Structure Plans in accordance with the provisions of the Planning and Development Act) and a Council component (as Local Area Plans within the Integrated Planning and Reporting Framework).

The WAPC has advised the Shire that additional studies will be required in order to complete the Serpentine Local Structure Plan. Drafting of the Serpentine Local Area Plan will proceed upon completion of the Mundijong Local Area Plan.

The Local Area Plan for Jarrahdale will be completed internally as a component of the Integrated Planning and Development Framework.

Planning applications and compliance

Our Statutory Planning Team determined 526 development applications, valued collectively at \$54.3 million. Five of these applications were determined by the Joint Development Assessment Panel. The Shire also dealt with eight State Administrative Tribunal appeals of which two were decided in favour of the Shire and the remainder are still under SAT review.

The annual Local Planning Policy (LPP) review was undertaken whereby all LPPs were reviewed and amended to reflect best practice. The Strategic Planning Team reviewed procedures for strategic planning applications and successfully secured WAPC support to advertise the draft local planning scheme.

Subdivisions

Our Subdivision Team carried out the following activities throughout each phase of construction:

Approval Phase	Assessment and approval of drawings and plans.
Construction Phase	Attend meetings, inspections and manage public complaints.
Post Construction Phase	Assess clearance applications, manage fees and bonds, manage quality control and as-built data and attend defect liability period inspections.

The Subdivision Team also approved nine Civil Drawings (processed 11), 13 Engineering Clearances and 525 Engineering Assessment of Development Applications (492 statutory planning referrals and 33 strategic referrals).

Outcome 2.2: A sustainable natural environment



Urban and Rural Forest Strategy adopted in September 2018



Tonkin Street Reserve, Bella Cummings Reserve and King Road Pony club successfully **treated for dieback**



Peel Regional Trails Strategy 2019 adopted by Peel Regional Leaders Forum



King Road Pony Club (twice), Serpentine Sports Reserve, Foxtton Drive Reserve, Brickwood Reserve and Feast Road Reserve **treated for feral animal control**



\$20,000 provided by Peel Development Commission to develop a trails business case



11 reserves revegetated as part of our tree-planting program



Commenced development of a **Waste Management Strategy**



Weed control carried out at nature reserves and road reserves

Parks and Reserves Management

We have been busy controlling a large variety of weeds throughout reserves in the Shire, again focusing on the higher conservation areas and some of the key road reserves.

Many different weed species have been targeted including:

- Cottonbush
- Blackberry
- Arum Lily
- Watsonia
- Bridle Creeper
- Lovegrass
- Veldt Grass
- Paterson's Curse
- Freesia's
- Several woody weed species

We continued the control of dieback within the infected reserves, with each reserve treated on a rotational three-year time period. Several reserves and road reserves were also treated for the control of feral animals throughout the year, which assists in the preservation of keeping our native wildlife safe.

Several reserves were also targeted to have fire risk mitigation works completed on them, with prescribed burns and lime stoning of fire breaks being the main method of risk management.

Opportunities for alternative energy

We participated in the Climate Council's Cities Power Partnership program and collaborated with the Clean NRG Solar and Serpentine Jarrahdale Library Friends Inc. to deliver a solar storage workshop.

We continued to work with Westgen Solar, who are working towards the construction of a 30 MW solar farm in Byford.

The Smart Cities and Suburbs project, which investigated the impact of roof colour on internal temperatures in new homes, was completed and grant funding acquitted. We also continued our involvement in the Switch Your Thinking program.

Residents were invited to participate in a summer energy study by receiving an SMS encouraging them to shutdown non-essential appliances between 4pm and 8pm when electricity grid peak conditions were reached. More than 60% of respondents reported taking positive action to reduce energy use after the messages.

We also received an \$18,000 grant to deliver 20 events on the theme of Sustainability in the Suburbs during August 2019.

Energy and Water Efficiency

Council's Energy and Water Efficiency Policy provides information and education in achieving energy and water efficient outcomes contributing to sustainable development within the Shire.

The new State Planning Policies (SPP) 7.0 Design of the Built Environment and 7.3 R-codes Apartments have been made public by WAPC, which addresses the principles underpinning the effective design of the building environment for Western Australia.

We will maintain our policy framework relevant to the town centres of Byford, Mundijong, Jarrahdale and Serpentine to ensure development outcomes are localised to the rural and natural vernaculars of the district.

Waste management and recycling



Collected **773** tonnes of green waste



Collected **967** tonnes of bulk waste and **249** tonnes of scrap metal



Collected **7,967** tonnes of household and commercial waste



Helped residents recycle **2,474** tonnes of reusable waste.



Collected **551,632** residential waste bins and **539,736** residential recycling bins



Collected **19,292** commercial waste bins and **9,594** commercial recycling bins



Took **8,836** tonnes of waste to landfill

A Waste Coordinator was appointed and the development of a Waste Management Strategy was commenced.

Disposal points of hard waste from landfill to a transfer station were adjusted, and recovery of recyclable materials from residents waste is now occurring, increasing the Shire's recycling figures and delivering an expected \$50,000 saving on disposal costs.

A new service provider was appointed for the confidential document shredding, resulting in a cost saving, and recycling facilities have been introduced at the Shire's Administration Centre, Operations Depot and the Watkins Road Transfer Station. The Shire is also investigating recycling options/partners to offer 'eWaste' services to residents.

Reuse of verge collected green waste was provided, with residents able to receive free mulch in a close-the-loop cycle.

Community partnerships

We continued to work with Landcare SJ on community projects to enhance the reserves. Through the Plants to Residents program, a joint initiative between the Shire and Landcare SJ, 61 applications were received and 1,176 seedlings allocated in round 1, and 40 applicants and 1,071 seedlings allocated in round 2.

We are also working in partnership with the Darling Downs Residents Association to maintain reserves in Darling Downs. The Shire's Darling Downs Trails Network Reserve - Management Plan will be tabled at the July Council meeting for final adoption.

The Switch Your Thinking team continued to work with the community on environmental projects. The Peel Harvey Biosecurity Group also worked with the Department of Primary Industries, Research and Development and private residents to provide education and compliance for the control of declared weeds on private property, which often infests the surrounding road verges and other properties.

We have also continued to work with, and support, community groups who volunteer to protect and enhance reserves and road reserves in their local communities.

Outcome 2.3: A productive rural environment

Rural investment

We continue to work with industry groups and businesses to attract and support rural investment into our Shire. We have also targeted agricultural and associated industries to encourage relocation into the Shire. Discussions are continuing with interested parties on several large new business investment projects.

We are seeing more national and international investor interest in large scale agribusiness, and we continue to work closely with Tier 1 business investment introducers, who represent large national and international agricultural investment groups. We have also hosted several international investor delegations in the past year.





Strategic outcome

Prosperity

An innovative, commercially diverse and prosperous economy

The community has a desire for improved transport networks and linkage with both Perth and the Peel region. Improved connectivity with the wider region expands access to employment and education opportunities for local residents, this in turn promotes personal and economic growth within the Shire.

The community is open to new technologies and embracing innovation. The Shire has an opportunity to be progressive and embrace change by applying creative thinking.

Outcome 3.1: A commercially diverse and prosperous economy

Economic Development

The Economic Development Advisory Committee was established to progress actions contained within the Shire's Economic Development Strategy 2018–2023.

Over the past year hosted more than 250 face to face meetings with potential investors, developers and new businesses looking to relocate, signifying the growing importance of Serpentine Jarrahdale as an attractive investment destination for the private sector.

We continued our Traineeship Program, with two local young people successfully completing a nationally accredited Certificate III in Business Administration during their one-year traineeships. Two more participants have commenced traineeships with the Shire.

We have also continued as an active member of the Peel Regional Leadership Forum to promote economic and social development in the Shire, in a Peel regional approach with the City of Mandurah, Shire of Waroona, Shire of Murray and Shire of Boddington.

In March, the Shire hosted a CEDA Trustee event, which focused on "Forward thinking – Cohesive infrastructure planning". Guest speaker Mike Hollett, Board Chair at the Water Corporation and a Director of H and H Developments, shared his experiences in regional and metropolitan land development and his role in leading new pathways in water recycling, efficiency and strategic planning for Water Corporation.

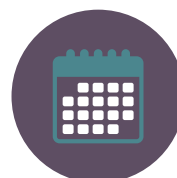
Outcome 3.2: A vibrant tourist destination experience



Launched our **Tourism Strategy 2018–2023**



Delivered the Opera at the Mill event at Jarrahdale Heritage Mill, with more than **800 people** attending



Sponsored local **community events**, including Jarrahdale Log Chop and SJ Lions Country Fair, Food & Farm Fest and the SJ Community Fair

Tourism

Council endorsed the Tourism Strategy 2018–23 in October 2018, which provides a strategic blueprint for the sustainable development of tourism in the Shire.

The purpose of this Tourism Strategy (Strategy) is to provide direction for the sustainable development of tourism in the Shire of Serpentine Jarrahdale.

Its aims are to:

- Identify opportunities for development of new and upgrading of existing tourism product to meet future visitor expectations and demands;
- Identify the need for new investment and infrastructure that supports the development of tourism in the Shire;
- Provide relevant, research-based information on current and future tourism supply and demand; and
- Provide recommendations on the focused priorities for engagement with key industry stakeholders, potential investors, customers and the community.

Tourism facilities

This is ongoing with key stakeholders and tourism organisations, and our Tourism Strategy 2018-23 will inform priorities moving forward. This is a priority for the Economic Development Advisory Committee.

We are also an investment participant in the recently formed Perth Hills Tourism Alliance. Through this alliance, we are actively pursuing major new tourism marketing and visitor activation strategies.

The Perth Hills Tourism Alliance has commissioned a Tourism Activation Strategy covering the five council areas of Serpentine Jarrahdale, Armadale, Swan, Kalamunda and Mundaring. This strategy is aimed at delivering a unified marketing campaign across all five local government areas, as well as developing new tourism products to attract more visitors to the Perth Hills region.

Partnerships

We continue to work with several private tourism industry businesses to facilitate new opportunities and tourism projects. We are also continuing to engage with the joint venture partners for Lot 814 Jarrahdale Road and are currently awaiting their response to geotechnical surveys to advance the project further.

Events

We provided sponsorship to the Food and Farm Alliance, the Jarrahdale Log Chop and SJ Lions Country Fair and cycling and mountain biking events. We also hosted a Business Leader Bus Tour to showcase the future tourism and investment potential of the Shire as part of moves to grow the local economy and create future jobs.

The signature event was Opera at the Mill, with more than 800 people attending the outdoor opera concert at Jarrahdale Heritage Mill in March. Feedback from 100 people who attended the event stated:

- 97% said they felt moved and inspired by the event
- 99% said it was one of the best examples of its type they've seen
- 99% said they would recommend the event to family, friends and colleagues

We are planning to deliver the event again in 2020.



Outcome 3.3: An innovative, connected transport network

Capital Works Program

In accordance with the Capital Works Program, the following major reconstruction/rehabilitation road works were undertaken this financial year:

- 600m of Gossage Road (Boomerang Rd to King Rd)
- 230m of Rowley Road (East from Nicholson Road)
- 380m of Jarrahdale Road (Jubb Road to Nettleton Road)
- Abernethy Road upgrade – 80% of civil works complete, 95% relocation of underground services complete and 100% complete from Kardan Boulevard to Doley Road.

Asset Management Plans

A review of the Asset Management Plans was endorsed by Council in April 2019. Council will consider budget allocations for the maintenance and renewal of roads, paths, drainage, buildings and parks and reserves through the Long Term Financial Plan and budgeting processes. The development of an Asset Management Strategy is also underway.

Plant Replacement Program

The Plant Replacement Program is 96% complete at 30 June 2019. 28 out of 29 assets were replaced. The remaining asset has been rolled forward to the following financial year.

We have moved towards a standardisation of our fleet and replaced many overdue assets, and developed a Fleet Renewal Plan for the next five years.

Innovative transport initiatives

The Hypergrowth Network Implementation project has been developed to advocate for funding to improve the road network in our southern localities.

We are also working in partnership with Peel regional members to assess the development of a regional transport plan that will support the transport initiatives identified in the *Perth and Peel@3.5million*.

Outcome 3.4: An innovation centre of excellence

Innovation and education opportunities

We are actively involved with industry partners and education providers to identify and promote innovative economic opportunities for businesses within the Shire.

We are currently pursuing several new initiatives including a business incubator, industry support groups and business education opportunities.







Strategic outcome

Progressive

A resilient organisation demonstrating unified leadership and governance

The community would like the Shire to continue to service the needs of the district through the provision and delivery of a high level of governance and accountability.

The Council is committed to strategic forward thinking, strong representation and providing the community with leadership. This is aligned to the aspirations of the community. Opportunities exist to leverage existing and future partnerships through greater collaboration.

A primary aim is to continually enhance community capacity and investment whilst maximising efforts to advocate and lobby for more funding, resources and better services.

Outcome 4.1: A resilient, efficient and effective organisation



2 staff members successfully completed a nationally-accredited Certificate III in Business Administration through our **Traineeship Program**.



Established of an **After Hours Call Centre**



No incidences of non-compliance identified in the Compliance Audit Report



More than **110,000** people visited our website



1,299 new likes on our Facebook page, with a total of **6,908 likes**.



Connected with more than **5,000** subscribers through our e-newsletters

Workforce

We established a Traineeship Program, with two staff members successfully completing a nationally-accredited Certificate III in Business Administration. The success of the program resulted in a further three traineeships being approved for the 2019/20 financial year. Discussions are underway with neighbouring local governments regarding the possibility of a joint venture traineeship program.

We have continued to invest in our people through organisation development training and initiatives. We are currently implementing a revised Health and Wellbeing plan and a staff satisfaction survey was also carried out, with results and actions to be addressed in the 2019/20 financial year.

Reporting against the Corporate Business Plan shows:

- 83% proceeding as planned/completed (73/88)
- 11.5% proceeding with minor issues (10/88)
- 3.4% with identified major issues (3/88)
- 2.1% have not started (2/88).

Administration and financial support

In September 2018, Council approved the Enterprise Resource Planning System, TechnologyOne (OneComm), which will be implemented over the next three years. Key project work is underway including the mapping of financial processes in preparation for OneComm, the review of processes to ensure robust internal controls, centralised procurement and the development of manager reporting to better support internal stakeholders.

A review of the current General Ledger structure has commenced to improve accuracy of reporting data, with training to be rolled out to staff once complete. The centralised procurement mapping project was completed and under final review.

Customer service

An After Hours Call Centre was established and of the 1,478 calls received from January to July, 289 were escalated as urgent, 102 were for operations and 187 were for the Rangers.

Customer feedback forms were developed and a review of the Customer Service Council Policy and Customer Service Charter was commenced.

Record management

HP Records Manager is in place and is currently used for best practice record management services compliant to ISO 15489-1:2016. This is operating effectively as part of business as usual. The system will be superseded by OneComm Records Management as part of phase four of the Enterprise Resource Planning project.

Information Communication Technology

The Strategic Information and Communications Technology Plan 2018–2021 and the Integrated Enterprise Resource Planning Strategy was adopted by Council in September 2018.

Implementation of the Enterprise Resource Planning system for the Shire is on track and to budget. A new server has been established to enhance security and ensure greater infrastructure reliability for the Shire. Upgrades to the Shire's anti-virus system was implemented and a disaster recovery centre is proposed for construction in the 2019-20 financial year.

Governance

Quarterly Corporate Business Plan reporting commenced and the first quarterly report endorsed by Council in May 2019. All agenda and minutes were distributed within statutory timeframes.

An Internal Audit function commenced in January 2019 and a draft Audit Charter was developed.

A Compliance Audit Report was completed in January 2019 and adopted by Council in February 2019.

Nil incidences of non-compliance were identified and a report submitted to the Department of Local Government, Sport and Cultural Industries in March 2019.

The 2019 Interim Internal Audit Plan and Risk Maturity Journey was endorsed by the Audit, Risk and Governance Committee and Council at its May meetings.

The ward boundary review completed and the 8-year review of local laws in accordance with s 3.16 of the Local Government Act 1995 was completed and approved by Council in February 2019.

Advanced Local Government Act training was delivered by the WA Local Government Association to 25 Shire staff in May and the Bush Fire Brigades Local Law was adopted by Council in June 2019.

A new Conflict of Interest Business Operating Procedure was implemented and the development of an in-house Conflict of Interest Governance Training Module was commenced.

The annual review of the Shire's Register of Delegations and Sub-delegations was completed and adopted by Council in May 2019.

Marketing

Our Corporate Communications Team manage our corporate website, Facebook page, LinkedIn profile and the unearthsj Instagram account. We also communicated to our community through a range of e-newsletters including a Library e-newsletter, Sports e-newsletter and school holiday e-newsletter and the Scarp Voice publication in the Examiner Newspaper.

We also launched an Instagram account for our Youth Development Team, @youthofsj and commenced work on a new website, which is expected to go live in November 2019.

The Corporate Communications Team also promoted the Shire's work and achievements through media releases and responding to media enquiries, while communication plans were developed and implemented for all Shire projects and events.

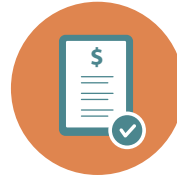
In April, we launched our Advocacy Video at an event which was attended by Federal and State politicians, neighbouring local governments and key stakeholders. The video was also shared across our digital channels to engage the community on the Shire's infrastructure priorities.

We also commenced work to develop an organisation-wide Corporate Communications Strategy and a new website. Both projects are scheduled to be completed in November 2019.

Outcome 4.2: A strategically focused Council



\$505 million of State and Federal government funding was secured for the extension of the Tonkin Highway from Thomas Road to South Western Highway.



A review of the **Long Term Financial Plan** was completed and approved by Council in June 2019.



Quarterly reporting against the **Corporate Business Plan** established.



Minor Strategic Review of the **Strategic Community Plan** complete and adopted by Council in June 2019.



New **finance key performance indicators** established March 2019 and reported on a monthly basis.

Strategic relationships

We were a partner of the Growth Areas Perth and Peel project, which sought Federal Government funding for 12 projects put forward by the participating 11 members, over a six-year period.

The Chief Executive Officer, Shire President and Council continued to meet with Federal and State Government Ministers, MPs and government agencies to advocate for local projects and initiatives within their respective portfolios. \$505 million of State and Federal government funding was secured for the extension of the Tonkin Highway from Thomas Road to South Western Highway.

We continued our work to build the profile of Serpentine Jarrahdale in the Peel region through meetings with the Peel Regional Leaders Forum and the Peel Chamber of Commerce and Industry.

Long term strategic and operational planning

A review of the Asset Management Plans was completed and endorsed by Council in April 2019 and a review of the Long Term Financial Plan was completed and approved by Council in June 2019.

A significant finding in relation to ratios was noted by the Auditor in the 2017-18 Significant findings, which required a report to be prepared and sent to the Minister of Local Government, Sport and Cultural Industries in accordance with s7.12A (4)(a) of the Local Government Act 1995. This report for the Minister was endorsed by Council and submitted to the Minister in February 2019.

New finance key performance indicators established March 2019 and reported on a monthly basis.

Governance

Quarterly reporting against the Corporate Business Plan was established and a minor Strategic Review of the Strategic Community Plan was completed and adopted by Council in June 2019.

A review of the Corporate Business Plan has commenced and inaugural Business Unit KPI report provided to the Executive Management Team in June 2019.

Council Support Officers provided administrative support to Elected Members on an ongoing basis and Elected Members also participated in training and development during the reporting period.

The Local Government Act 1995 requires that the Shire's Delegated Authority Register be reviewed annually. Council policies are reviewed on an ongoing basis in accordance with the Policy Review Schedule including feedback and review at Council Policy Concept Forums.

The following new Council policies were adopted by Council in 2018-19 and published on the Shire's website:

- Closed Circuit Television;
- Community Contributions;
- Elected Member Social Media; and
- Naming of Shire Owned or Administered Buildings, Structures and other Assets

The following reviewed Council policies were adopted by Council in 2018-19 and published on the Shire's website:

- Community Grants
- Flags
- Use of Shire Logos and Branding
- Christmas Closure
- Requests for Memorial Plaques and Trees
- Community Perception Survey

Looking forward – 2019/20

Our community will benefit in a number of ways over the next 12 months, as we focus on improving our buildings, community facilities, infrastructure, and public open spaces.

We will also be working hard on a number of plans and strategies that will provide direction and guidance for the future.

Major projects and initiatives include:

- Completion of the \$19 million upgrade of Abernethy Road
- Completion of the \$4.2 million Briggs Park lower oval upgrade
- \$996,000 allocated for our fire and emergency services and to support our volunteers
- \$480,000 to build a dedicated dog park in Byford
- \$300,000 contribution towards the initial planning of a Nature Play and Splash Park in Byford

Buildings and facilities

We will invest \$765,000 to refurbish and upgrade buildings and facilities, and renew existing ones. We will also spend \$1m on routine maintenance and the general running costs of our buildings and facilities.

Parks and gardens

The major project planned for 2019–20 is the initial stages of a Nature Play and Splash Park in Byford, which includes the design.

Our vast and beautiful trail network will also be a focus with funds allocated to refurbishing trails needing attention. A new dog park in Byford will also be completed in 2019 for our four-legged friends.

In addition, \$2.2m is budgeted to be spent on routine maintenance programs, ensuring that we maintain the natural beauty of our public open spaces.

Infrastructure – roads, footpaths and drainage

Serpentine Jarrahdale has a road network of approximately 830km and services 13 localities. In 2019/20 we will invest \$13.3m in new infrastructure and renewal programs, and spend \$2.9m on routine maintenance programs.

Planning for our future

This financial year, we will commit \$245,000 towards projects that continue to ensure communities are well planned and reflect community aspirations.

Preliminary site investigations will begin on the Keirnan Park Recreational Precinct. The precinct will accommodate an array of sports and alleviate pressures on our existing sporting infrastructure in the long term.

Our Youth Services Team established last year has been a huge success, with additional funds allocated to developing a Youth Strategy and Action Plan so that we can continue to support young people living in our community.

Community projects

This year, \$357,000 will be invested in community events and sponsorships, ensuring that there is something happening in our community that everyone can enjoy

We will continue to support community groups and individuals in the Shire through a range of grants. This financial year there is \$190,000 available in grants to assist our community.

Grants can assist with travel costs for individuals chosen to represent their sport at a national or international level, and there are opportunities for sponsorship of youth leadership and training.

Protection of the environment

Our environment is important to our community. We will continue to protect the biodiversity of significant areas of bush land, as well as supporting Landcare SJ who continue to carry out important environmental projects in our community. We will also continue the free verge plant scheme.

We look forward to reporting on these achievements and more in 2019/20.



Statutory Reports

Record Keeping Statement

Annual reviews are conducted on all record keeping procedures and policies, any resulting amendments are authorised and communicated to staff and Councillors. Audits are completed on a regular basis of all documents recorded to ensure compliance with the Shire of Serpentine Jarrahdale titling and naming conventions and correct registration. Staff are advised of amendments to records and offered additional assistance or training if required.

The Chief Executive Officer must instigate a comprehensive review of the Shire of Serpentine Jarrahdale's Record Keeping Plan a minimum of once every five years, evaluating effectiveness and efficiency. A full copy of the resulting report must be provided to all relevant stakeholders and made available to all staff.

As part of staff induction, the roles and responsibilities of every employee, in relation to compliance with the record keeping plan, are addressed. New staff are provided with relevant literature regarding compliance to the *State Records Act* and within five days of commencement participate in induction sessions on the correct recording of all documents.

Ongoing training sessions are conducted by Information Services, which are able to be more detailed and focused on the needs and work practices of the user. Refresher one-on-one training is also available on request. Future training offered will be more comprehensive with the inclusion of a dedicated trainer to cover all aspects of system and compliance training requirements.

Freedom of Information

As a public authority, the Shire has an obligation to provide certain information under the provisions of the *Freedom of Information Act 1992* (FOI). During the 2018/2019 year, 15 requests were received for information under FOI.

Register of Complaints

During 2018-19, there were no complaints of minor breaches that resulted in action as per Section 5.121 of the *Local Government Act 1995*.

National Competition Policy Statement

There are several tests to apply that assist in determining if there is a 'significant business enterprise':

1. Does the activity receive revenue from external sources that exceeds \$200,000 per annum? (In determining this amount, Council has been advised to disregard grant income, internal charges, and statutory fees.)
2. Would the benefits to be realised from the implementation of competitive neutrality exceed the costs?

From an examination of the revenue statement of the Shire for the preceding period, there is no activity that satisfies this first part of the test, and accordingly the principles of competitive neutrality do not apply to any Council activities.

Competitive Neutrality

There are several tests to apply that assist in determining if there is a 'significant business enterprise':

1. Does the activity receive revenue from external sources that exceeds \$200,000 per annum? (In determining this amount, Council

has been advised to disregard grant income, internal charges, and statutory fees.)

2. Would the benefits to be realised from the implementation of competitive neutrality exceed the costs?

From an examination of the revenue statement of the Shire for the preceding period, there is no activity that satisfies this first part of the test, and accordingly the principles of competitive neutrality do not apply to any Council activities.

Structural Reform

In this area, Council has no monopoly activities. What is basic to the function of restructuring public monopolies is the splitting or division of the regulatory role from the service provision role.

To address the question of monopoly, the following test has been applied to each activity:

- Definition: In regards to this service, does Council have 'exclusive or near exclusive control of the market supply of this service?'
- Dual function: Does Council have both a regulatory and supply function in this area of activity?

Council does not have a dual function role in any of the following service areas:

- Parks and gardens
- Roads
- Recreation services
- Cemetery management

When reviewed, these functions appeared to have substance to the sole provider argument, however it is considered that only in parks and gardens maintenance it is likely that there would be willing local competitors. On balance, therefore, it was concluded that a monopoly does not exist.

Legislation Review

Ward Boundary and Council Representation Review

Pursuant to Schedule 2.2 of the *Local Government Act 1995*, the Shire of Serpentine Jarrahdale is required to review its ward boundaries and the number of offices of Councillor for each ward every eight years.

During 2018-19 the Shire reviewed its ward boundaries and related council representation. Council adopted a revised ward structure and the number of councillor representation for each ward:

- Three wards with equal representation – the North ward, the North West ward, and the South ward. Each ward will be represented by three councillors;
- Except for the suburb of Byford, all suburbs are contained entirely within one ward only.

The new ward and councillor representation structure comes into effect at the 2019 ordinary local government election.

Local Laws

Legislation permits Western Australian local governments to make local laws considered necessary for the good government of their districts. The Shire of Serpentine Jarrahdale is required to review its Local Laws, in accordance with section 3.16 of the *Local Government Act 1995*. Local Laws are to be reviewed within an eight-year period after their commencement to assess their currency.

During 2018-19, Council reviewed its existing local laws and adopted a *Volunteer Bush Fire Brigades Local Law 2019* for the purpose of establishment, management and administration of volunteer bush fire brigades within the Shire of Serpentine Jarrahdale.

Work also progressed on a draft *Public Places and Local Government Property Local Law 2019* which is intended to consolidate and replace several existing local laws related to the management of Shire land and public property. Council will consider this draft law in 2019-20.

Council Policies

Council Policies guide the direction and operations of the Shire. In 2018-19, all existing policies were reviewed. The following new Council Policies were adopted by Council in 2018-19 and published on the Shire's website:

- Closed Circuit Television;
- Community Contributions; and
- Elected Member Social Media.

Disability Access and Inclusion

A key outcome of the Shire's Strategic Community Plan 2017 – 2027 is a healthy, active, connected and inclusive community.

The Shire aims to provide the opportunity for all residents and visitors to our Shire to be able to engage with our events, services and activities and have ease of access to our facilities.

The Access and Inclusion Advisory Committee met twice during the 2018/19 year to oversee the progress and achievements of the Access and Inclusion Implementation Plan. The Committee meetings also provide opportunities for the community to comment on the Disability Access and Inclusion Plan and disability issues.

In 2018/19, 13 new activities were commenced across the seven outcome areas and 14 activities were progressed.

Highlights include:

- Engagement of access consultants to undertake audits across 40 Shire owned facilities. The audit returned a report outlining required and best practice works to ensure the facilities are compliant to AS1428 (design for access and mobility – general requirements for access). The report has identified works required and a project has been initiated to develop a works program to remediate access issues.
- Appointment of an agency to assist in the delivery of a new corporate website. The project will ensure that the new website content is fully accessible.
- Community consultation identified a desire for bus shelters in key locations within the Shire. In response to this, two new bus shelters have been installed at stops in Byford. In choosing the design, it was ensured that the shelters met requests from the community to provide shelter and an opportunity to sit down.
- A disability awareness presentation has been developed from information provided by the Disability Services Commission to be rolled out as part of new employee and elected member inductions.

- The Shire has recently developed an Ageing Well Strategy and the public participation checklist informed the consultation process.

We have fulfilled our obligations under the Disability Services Act 1993 by reporting on new activities commenced and existing activities progressed for each of the seven outcome areas in 2018/19.

Statement of Salaries

	2019	2018	2017
210,000 – 219,999	1		1
200,000 – 209,999		1	
190,000 – 199,999			
180,000 – 189,999			
170,000 – 179,999			
160,000 – 169,999	4	3	
150,000 – 159,999			
140,000 – 149,999		1	3
130,000 – 139,999	1		
120,000 – 129,999	7	6	1
110,000 – 119,999	5	8	6
100,000 – 109,999	3	1	3



SERPENTINE - JARRAHDAL
STATE EMERGENCY SERVICE

3700



Shire of Serpentine Jarrahdale

Financial Report

FOR THE YEAR ENDED 30 JUNE 2019

Statement by Chief Executive Officer	60
Statement of Comprehensive Income by Nature or Type	61
Statement of Comprehensive Income by Program	62
Statement of Financial Position.....	63
Statement of Changes in Equity	64
Statement of Cash Flows	65
Rate Setting Statement.....	66
Notes to and forming part of the Financial Report.....	67
Independent Auditor's Report.....	116

Principal place of business:

6 Paterson Street
Mundijong WA 6123

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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Serpentine Jarrahdale for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Serpentine Jarrahdale at 30 June 2019 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards

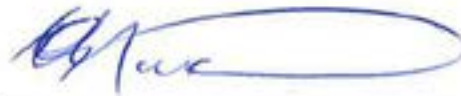
Signed on the

15

day of

November

2019



Paul Martin
Chief Executive Officer

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

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	23(a)	23,169,149	23,332,715	21,048,793
Operating grants, subsidies and contributions	2(a)	3,659,699	3,371,490	3,630,698
Fees and charges	2(a)	6,311,762	6,216,349	6,184,900
Interest earnings	2(a)	1,118,182	779,000	941,738
Other revenue	2(a)	601,092	694,568	832,322
		<u>34,859,884</u>	<u>34,394,122</u>	<u>32,638,451</u>
Expenses				
Employee costs		(14,784,468)	(15,785,404)	(13,915,741)
Materials and contracts		(10,958,191)	(12,744,627)	(12,855,250)
Utility charges		(976,149)	(1,008,390)	(974,300)
Depreciation on non-current assets	11(c)	(7,877,094)	(6,339,545)	(6,306,178)
Interest expenses	2(b)	(142,125)	(160,000)	(79,796)
Insurance expenses		(413,578)	(431,079)	(421,982)
Other expenditure		(1,124,811)	(1,146,535)	(910,769)
		<u>(36,276,416)</u>	<u>(37,615,580)</u>	<u>(35,464,016)</u>
		(1,416,532)	(3,221,458)	(2,825,565)
Non-operating grants, subsidies and contributions	2(a)	13,592,873	7,474,171	4,325,601
Profit on asset disposals	11(a)	7,765	0	4,305
(Loss) on asset disposals	11(a)	(161,357)	(175,200)	(58,915)
Fair value adjustments to financial assets at fair value through profit or loss	8	41,901	0	0
		<u>13,481,182</u>	<u>7,298,971</u>	<u>4,270,991</u>
		12,064,650	4,077,513	1,445,426
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	137,784,277
Changes on subsequent measurement of available for sale financial assets.		0	0	(5,040)
Re-classification to profit or loss due to application of AASB 9		14,340	0	0
Total other comprehensive income for the period		14,340	0	137,779,237
Total comprehensive income for the period		12,078,990	4,077,513	139,224,663

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

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

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue	2(a)			
Governance		0	0	160
General purpose funding		27,401,237	26,996,415	24,964,669
Law, order, public safety		614,470	633,590	704,875
Health		187,595	197,650	160,286
Education and welfare		1,455	500	8,190
Community amenities		4,984,285	4,929,799	4,870,964
Recreation and culture		617,231	368,768	625,392
Transport		400,129	325,000	314,266
Economic services		626,259	671,900	647,253
Other property and services		27,223	270,500	342,396
		<u>34,859,884</u>	<u>34,394,122</u>	<u>32,638,451</u>
Expenses	2(b)			
Governance		(2,167,430)	(2,518,663)	(1,639,257)
General purpose funding		(717,631)	(662,952)	(741,428)
Law, order, public safety		(3,450,665)	(3,099,495)	(2,634,866)
Health		(842,538)	(1,016,299)	(980,947)
Education and welfare		(31,747)	(38,859)	(41,295)
Community amenities		(8,364,567)	(9,110,173)	(9,497,891)
Recreation and culture		(9,311,826)	(9,416,154)	(8,459,051)
Transport		(8,900,205)	(8,712,886)	(8,530,847)
Economic services		(2,303,809)	(2,535,676)	(2,495,962)
Other property and services		(43,873)	(344,423)	(362,676)
		<u>(36,134,291)</u>	<u>(37,455,580)</u>	<u>(35,384,220)</u>
Finance Costs	2(b)			
Governance		(31,328)	(27,000)	(34,098)
Recreation and culture		(13,837)	(23,000)	(35,064)
Transport		(96,960)	(110,000)	(10,634)
		<u>(142,125)</u>	<u>(160,000)</u>	<u>(79,796)</u>
		<u>(1,416,532)</u>	<u>(3,221,458)</u>	<u>(2,825,565)</u>
Non-operating grants, subsidies and contributions	2(a)	13,592,873	7,474,171	4,325,601
Profit on disposal of assets	11(a)	7,765	0	4,305
(Loss) on disposal of assets	11(a)	(161,357)	(175,200)	(58,915)
Fair value adjustments to financial assets at fair value through profit or loss	8	41,901	0	0
		<u>13,481,182</u>	<u>7,298,971</u>	<u>4,270,991</u>
Net result for the period		12,064,650	4,077,513	1,445,426
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	137,784,277
Changes on subsequent measurement of available for sale financial assets.		0	0	(5,040)
Re-classification to profit or loss due to application of AASB 9		14,340	0	0
Total other comprehensive income for the period		14,340	0	137,779,237
Total comprehensive income for the period		12,078,990	4,077,513	139,224,663

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

SHIRE OF SERPENTINE JARRAHDALÉ
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019

	NOTE	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	3	18,423,980	21,775,333
Trade receivables	5	4,099,302	2,813,513
Other financial assets	8	3,781,288	0
Inventories	6	34,886	26,947
Other assets	7	75,085	43,562
TOTAL CURRENT ASSETS		26,414,541	24,659,355
NON-CURRENT ASSETS			
Trade receivables	5	164,590	149,504
Other financial assets	8	74,126	17,885
Property, plant and equipment	9	43,287,858	42,265,943
Infrastructure	10	373,367,371	358,609,486
Investment property	13	747,182	747,182
TOTAL NON-CURRENT ASSETS		417,641,127	401,790,000
TOTAL ASSETS		444,055,668	426,449,355
CURRENT LIABILITIES			
Trade and other payables	14	5,241,468	2,394,066
Borrowings	15	3,493,339	668,942
Employee related provisions	16	1,697,805	1,703,605
TOTAL CURRENT LIABILITIES		10,432,612	4,766,613
NON-CURRENT LIABILITIES			
Borrowings	15	2,687,415	3,048,421
Employee related provisions	16	468,578	246,248
TOTAL NON-CURRENT LIABILITIES		3,155,993	3,294,669
TOTAL LIABILITIES		13,588,605	8,061,282
NET ASSETS		430,467,063	418,388,073
EQUITY			
Retained surplus		112,657,036	95,912,567
Reserves - cash/investment backed	4	12,543,618	17,223,437
Revaluation surplus	12	305,266,409	305,266,409
Financial assets revaluation surplus		0	(14,340)
TOTAL EQUITY		430,467,063	418,388,073

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

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

	NOTE	RETAINED SURPLUS	RESERVES CASH/INVESTMENT BACKED	REVALUATION SURPLUS	FINANCIAL ASSETS REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$		\$
Balance as at 1 July 2017		92,336,281	19,354,297	167,482,132	(9,300)	279,163,410
Comprehensive income						
Net result for the period		1,445,426	0	0		1,445,426
Changes on revaluation of assets					(5,040)	(5,040)
Other comprehensive income	12	0	0	137,784,277		137,784,277
Total comprehensive income		1,445,426	0	137,784,277	(5,040)	139,224,663
Transfers from/(to) reserves		2,130,860	(2,130,860)	0		0
Balance as at 30 June 2018		95,912,567	17,223,437	305,266,409	(14,340)	418,388,073
Comprehensive income						
Net result for the period		12,064,650	0	0	0	12,064,650
Re-classification to profit or loss due to application of AASB 9		0	0	0	14,340	14,340
Other comprehensive income	12	0	0	0	0	0
Total comprehensive income		12,064,650	0	0	14,340	12,078,990
Transfers from/(to) reserves		4,679,819	(4,679,819)	0	0	0
Balance as at 30 June 2019		112,657,036	12,543,618	305,266,409	0	430,467,063

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

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

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		23,215,953	23,582,715	20,779,682
Operating grants, subsidies and contributions		3,177,537	3,371,492	3,619,996
Fees and charges		6,311,762	6,216,349	6,184,900
Interest received		1,118,182	779,000	941,738
Goods and services tax received		1,719,161	12,500	2,505,522
Other revenue		601,092	694,568	832,322
		<u>36,143,687</u>	<u>34,656,624</u>	<u>34,864,160</u>
Payments				
Employee costs		(14,567,938)	(15,760,404)	(14,144,842)
Materials and contracts		(8,741,141)	(12,744,127)	(13,156,288)
Utility charges		(976,149)	(1,008,390)	(974,300)
Interest expenses		(139,322)	(159,700)	(69,329)
Insurance paid		(413,578)	(431,079)	(421,982)
Goods and services tax paid		(1,996,591)	0	(2,526,088)
Other expenditure		(1,124,811)	(1,146,535)	(910,769)
		<u>(27,959,530)</u>	<u>(31,250,235)</u>	<u>(32,203,598)</u>
Net cash provided by (used in) operating activities	17	<u>8,184,157</u>	<u>3,406,389</u>	<u>2,660,562</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(3,144,607)	(3,175,642)	(1,992,041)
Payments for construction of infrastructure		(13,600,520)	(18,116,105)	(9,584,144)
Payments for investment property		0	0	(747,182)
Payments for purchase of financial assets		(3,781,288)	0	0
Non-operating grants, subsidies and contributions		6,092,765	7,474,171	4,325,601
Proceeds from sale of property, plant & equipment		434,749	353,400	169,786
Net cash provided by (used in) investment activities		<u>(13,998,901)</u>	<u>(13,464,176)</u>	<u>(7,827,980)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings		(510,609)	(652,000)	(408,519)
Proceeds from new borrowings		2,974,000	2,974,000	2,761,924
Net cash provided by (used in) financing activities		<u>2,463,391</u>	<u>2,322,000</u>	<u>2,353,405</u>
Net increase (decrease) in cash held		<u>(3,351,353)</u>	<u>(7,735,787)</u>	<u>(2,814,013)</u>
Cash at beginning of year		21,775,333	20,522,167	24,589,346
Cash and cash equivalents at the end of the year	17	<u><u>18,423,980</u></u>	<u><u>12,786,380</u></u>	<u><u>21,775,333</u></u>

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

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

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	24 (b)	1,126,999	441,441	3,105,535
		1,126,999	441,441	3,105,535
Revenue from operating activities (excluding rates)				
Governance		5,818	0	160
General purpose funding		4,273,989	3,663,700	3,915,876
Law, order, public safety		614,470	633,590	704,875
Health		187,595	197,650	160,286
Education and welfare		1,455	500	8,190
Community amenities		4,986,048	4,929,799	4,870,964
Recreation and culture		617,231	368,768	625,392
Transport		400,129	325,000	316,057
Economic services		626,441	671,900	647,253
Other property and services		27,223	270,500	344,910
		11,740,399	11,061,407	11,593,963
Expenditure from operating activities				
Governance		(2,199,250)	(2,545,663)	(1,673,355)
General purpose funding		(717,631)	(662,952)	(741,428)
Law, order, public safety		(3,463,104)	(3,130,345)	(2,654,004)
Health		(846,938)	(1,016,299)	(980,947)
Education and welfare		(31,747)	(38,859)	(41,295)
Community amenities		(8,373,483)	(9,138,673)	(9,497,891)
Recreation and culture		(9,348,719)	(9,439,154)	(8,494,115)
Transport		(9,018,552)	(8,849,236)	(8,570,733)
Economic services		(2,320,001)	(2,548,326)	(2,495,962)
Other property and services		(118,346)	(421,273)	(373,202)
		(36,437,771)	(37,790,780)	(35,522,932)
Non-cash amounts excluded from operating activities	24(a)	8,185,379	6,514,745	6,386,861
Amount attributable to operating activities		(15,384,994)	(19,773,187)	(14,436,573)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		13,592,873	7,474,171	4,325,601
Proceeds from disposal of assets	11(a)	434,749	353,400	169,786
Purchase of property, plant and equipment	9(a)	(3,144,607)	(3,175,642)	(1,992,041)
Purchase and construction of infrastructure	10(a)	(21,100,628)	(18,116,105)	(9,584,144)
Purchase of investment property	13	0	0	(747,182)
Amount attributable to investing activities		(10,217,613)	(13,464,176)	(7,827,980)
FINANCING ACTIVITIES				
Repayment of borrowings	15(b)	(510,609)	(652,000)	(408,519)
Proceeds from borrowings	15(b)	2,974,000	2,974,000	2,761,924
Increase/(decrease) in financial assets & revaluation surplus		14,340	0	(5,040)
Transfers to reserves (restricted assets)	4	(2,323,704)	(2,394,668)	(4,893,992)
Transfers from reserves (restricted assets)	4	7,003,523	9,977,316	7,024,852
Transfers to restricted cash		(2,516,194)	0	(2,145,924)
Transfers from restricted cash		2,143,516	0	9,458
Amount attributable to financing activities		6,784,872	9,904,648	2,342,759
Surplus/(deficit) before imposition of general rates		(18,817,734)	(23,332,715)	(19,921,794)
Total amount raised from general rates	23	23,169,149	23,332,715	21,048,793
Surplus/(deficit) after imposition of general rates	24(b)	4,351,415	0	1,126,999

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

1. BASIS OF PREPARATION

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

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of *AASB 1051 Land Under Roads paragraph 15* and *AASB 116 Property, Plant and Equipment paragraph 7*.

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 26 to these financial statements.

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Operating grants, subsidies and contributions			
General purpose funding	2,630,133	2,559,000	2,572,362
Law, order, public safety	399,930	513,490	530,081
Education and welfare	0	0	7,379
Recreation and culture	356,330	150,000	361,027
Transport	263,384	140,000	150,881
Economic services	9,922	9,000	8,968
	3,659,699	3,371,490	3,630,698
Non-operating grants, subsidies and contributions			
Law, order, public safety	481,278	90,000	431,382
Community amenities	2,612,241	0	112,273
Recreation and culture	3,972,200	1,200,000	50,000
Transport	6,527,154	6,184,171	3,731,946
	13,592,873	7,474,171	4,325,601
Total grants, subsidies and contributions	17,252,572	10,845,661	7,956,299

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

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

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

Grants, donations and other contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 22. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2019 Actual \$	2019 Budget \$	2018 Actual \$
Significant revenue			
Non-operating Grants, Subsidies & Contributions - Contributed Assets	7,500,108	0	0
Other revenue			
Reimbursements and recoveries	565,245	692,000	831,162
Other	35,847	2,568	1,160
	601,092	694,568	832,322
Fees and Charges			
General purpose funding	188,414	195,700	195,343
Law, order, public safety	211,787	119,600	173,729
Health	70,465	72,650	72,809
Education and welfare	1,455	500	811
Community amenities	4,984,283	4,929,799	4,870,964
Recreation and culture	108,745	59,700	71,777
Transport	136,536	185,000	162,455
Economic services	604,000	652,900	622,989
Other property and services	6,077	500	14,023
	6,311,762	6,216,349	6,184,900
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
Interest earnings			
Reserve accounts interest	395,116	268,000	389,827
Rates instalment and penalty interest (refer Note 23(c))	512,957	305,000	380,408
Other interest earnings	210,109	206,000	171,503
	1,118,182	779,000	941,738

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Auditors remuneration			
- Audit of the Annual Financial Report	50,000	42,000	21,146
- Other services	8,752	12,500	26,689
	58,752	54,500	47,835
Interest expenses (finance costs)			
Borrowings (refer Note 15(b))	142,125	160,000	79,796
	142,125	160,000	79,796
Rental charges			
- Operating leases	679,693	437,655	882,665
	679,693	437,655	882,665

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

3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		18,423,980	21,775,333
Financial assets at amortised cost (term deposits)	8 (a)	3,781,288	0
		<u>22,205,268</u>	<u>21,775,333</u>
Comprises:			
- Unrestricted cash and cash equivalents		5,870,853	2,340,648
- Restricted cash and cash equivalents		16,334,415	19,434,685
		<u>22,205,268</u>	<u>21,775,333</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Reserves cash backed - Administration Building	4	507,604	135,201
Reserves cash backed - Briggs Park	4	93,012	156,097
Reserves cash backed - Building Asset Management	4	780,739	841,034
Reserves cash backed - Byford BMX Track	4	264,352	273,005
Reserves cash backed - Byford Developer Contribution Fund	4	3,781,662	7,035,646
Reserves cash backed - Car Parking	4	88,903	87,273
Reserves cash backed - Committed Works	4	13,059	81,017
Reserves cash backed - Community Facilities	4	515	283,227
Reserves cash backed - Community Grants	4	343,448	425,399
Reserves cash backed - Community Infrastructure	4	509,336	0
Reserves cash backed - Drainage Asset Management	4	158,323	285,138
Reserves cash backed - Emergency Management Fund	4	259,293	254,540
Reserves cash backed - Fire Asset Management	4	6,472	28,307
Reserves cash backed - Footpaths Asset Management	4	41,641	40,878
Reserves cash backed - Investment	4	676,818	664,229
Reserves cash backed - Jarrahdale Communications Tower	4	195,503	179,662
Reserves cash backed - Jarrahdale Community Infrastructure	4	50,934	50,000
Reserves cash backed - Leave	4	0	315,607
Reserves cash backed - Light Fleet & Plant Acquisition	4	499,121	1,271,515
Reserves cash backed - Local Government Election	4	21,392	0
Reserves cash backed - Miscellaneous Developer Contribution	4	983,000	955,321
Reserves cash backed - Multi Use Trails	4	18,097	17,765
Reserves cash backed - Mundijong Whitby Shire Contribution	4	205,584	201,816
Reserves cash backed - Parks & Gardens Asset Management	4	150,793	199,558
Reserves cash backed - Public Art	4	77,327	17,500
Reserves cash backed - Rates Revaluation	4	21,392	0
Reserves cash backed - Renewable Energy	4	33,769	33,150
Reserves cash backed - Road Asset Management	4	221,343	776,987
Reserves cash backed - Serpentine Jarrahdale Locality Funding	4	27,783	27,274
Reserves cash backed - Serpentine Jarrahdale Sporting Precinct	4	319,763	392,838
Reserves cash backed - Tourism	4	12,474	14,373
Reserves cash backed - Waste	4	2,158,616	2,161,220
		<u>12,522,068</u>	<u>17,205,577</u>
Other restricted cash and cash equivalents			
Unspent grants/contributions	22	248,649	1,711,371
Unspent loans	15(d)	2,353,136	517,737
Bonds and deposits held	14 & 26	1,210,562	0
Total restricted cash and cash equivalents		<u>16,334,415</u>	<u>19,434,685</u>

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash

Cash and cash equivalents (Continued)

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

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

4. RESERVES - CASH/INVESTMENT BACKED

	2019		2019		2019		2019		2019		2019		2018		2018	
	Actual Opening Balance	Actual Closing Balance	Budget Opening Balance	Budget Closing Balance	Transfer (from)	Transfer (to)	Budget Opening Balance	Budget Closing Balance	Transfer (from)	Transfer (to)	Actual Opening Balance	Actual Closing Balance	Actual Transfer (from)	Actual Transfer (to)	Actual Opening Balance	Actual Closing Balance
(a) Reserves cash backed - Administration Building	135,201	507,604	124,611	322,134	(51,519)	0	124,611	322,134	(445,000)	0	296,173	1,745	186,350	5,378	296,173	135,201
(b) Reserves cash backed - Briggs Park	156,097	93,012	65,936	977	(66,000)	0	65,936	977	(66,000)	0	162,431	913	(9,284)	2,950	162,431	156,097
(c) Reserves cash backed - Building Asset Management	841,034	780,739	903,466	17,518	(75,999)	0	903,466	17,518	(218,000)	0	851,167	702,984	(215,813)	205,680	851,167	841,034
(d) Reserves cash backed - Byford BMX Track	273,005	284,352	251,478	3,728	(13,750)	0	251,478	3,728	(13,750)	0	330,595	255,206	(63,593)	6,003	330,595	273,005
(e) Reserves cash backed - Byford Developer Contribution Fund	7,035,646	3,781,662	7,228,012	107,160	(3,574,955)	0	7,228,012	107,160	(4,840,675)	0	7,480,763	2,494,497	(759,962)	314,845	7,480,763	7,035,646
(f) Reserves cash backed - Byford Locality Funding	0	0	0	0	0	0	0	0	0	0	33,505	0	(33,505)	0	33,505	0
(g) Reserves cash backed - Car Parking	87,273	88,903	87,273	0	0	0	87,273	0	(81,018)	0	87,273	87,273	0	87,273	87,273	87,273
(h) Reserves cash backed - Committed Works	81,017	13,059	81,017	0	(69,471)	0	81,017	0	(81,018)	0	1,212,470	0	(1,131,453)	0	1,212,470	81,017
(i) Reserves cash backed - Community Facilities	283,227	515	284,178	4,213	(288,000)	0	284,178	4,213	(288,000)	0	278,176	391	(98,083)	5,051	278,176	283,227
(j) Reserves cash backed - Community Grants	425,399	343,448	429,943	6,374	(89,894)	0	429,943	6,374	(194,000)	0	0	242,317	(98,083)	523,482	0	425,399
(k) Reserves cash backed - Community Infrastructure	0	509,336	0	500,000	0	0	0	500,000	0	0	500,000	0	0	0	500,000	0
(l) Reserves cash backed - Drainage Asset Management	285,138	158,323	254,105	3,767	(132,139)	0	254,105	3,767	(195,000)	0	250,000	62,872	(164,862)	4,540	250,000	285,138
(m) Reserves cash backed - Emergency Management Fund	254,540	259,293	255,395	3,786	(4,753)	0	255,395	3,786	(195,000)	0	259,181	259,181	(164,862)	4,540	254,540	254,540
(n) Reserves cash backed - Fire Asset Management	28,307	6,472	30,790	456	(22,364)	0	30,790	456	(26,000)	0	5,246	5,246	(18,345)	46,652	28,307	28,307
(o) Reserves cash backed - Footpaths Asset Management	40,878	41,641	763	0	0	0	41,641	0	(6,472)	0	(1)	0	(99,921)	140,800	40,878	40,878
(p) Reserves cash backed - Investment	674,229	686,818	675,690	10,017	(12,589)	0	675,690	10,017	(150,000)	0	661,419	535,707	(82,683)	12,810	661,419	674,229
(q) Reserves cash backed - Jarrahdale Communications Tower	179,662	195,503	172,285	55,554	(42,669)	0	172,285	55,554	(49,494)	0	157,358	178,345	(42,548)	64,852	157,358	179,662
(r) Reserves cash backed - Jarrahdale Community Infrastructure	50,000	50,934	50,000	741	0	0	50,000	741	0	0	96,455	50,741	(96,455)	50,000	96,455	50,000
(s) Reserves cash backed - Jarrahdale Local Infrastructure	0	0	0	0	0	0	0	0	0	0	0	0	(96,455)	0	0	0
(t) Reserves cash backed - Keysbrook Locality Funding	0	0	0	0	0	0	0	0	0	0	63,461	0	(63,461)	0	63,461	0
(u) Reserves cash backed - Leave	315,607	0	316,667	0	(315,607)	0	316,667	0	(316,667)	0	309,978	0	(316,667)	5,629	309,978	315,607
(v) Reserves cash backed - Light Fleet & Plant Acquisition	1,271,515	499,121	1,083,099	616,057	(1,398,135)	0	1,083,099	616,057	(1,465,400)	0	1,023,081	233,756	(238,212)	486,646	1,023,081	1,271,515
(w) Reserves cash backed - Local Government Election	0	21,392	21,392	0	0	0	21,392	0	0	0	21,000	21,000	0	0	21,000	0
(x) Reserves cash backed - Miscellaneous Developer Contribution	955,321	983,000	927,917	13,756	0	0	927,917	13,756	0	0	1,150,683	941,673	(241,872)	46,510	1,150,683	955,321
(y) Reserves cash backed - Multi Use Trails	17,765	18,097	17,824	264	0	0	17,824	264	0	0	17,448	18,088	(317)	317	17,448	17,765
(z) Reserves cash backed - Mundijong Locality Funding	0	0	0	0	0	0	0	0	0	0	93,915	0	(93,915)	0	93,915	0
(aa) Reserves cash backed - Mundijong Whiby Shire Contribution	201,816	205,584	202,158	2,997	0	0	202,158	2,997	0	0	100,000	205,155	(128,530)	101,816	100,000	201,816
(ab) Reserves cash backed - Oakford Locality Funding	0	0	0	0	0	0	0	0	0	0	128,530	0	(128,530)	0	128,530	0
(ac) Reserves cash backed - Parks & Gardens Asset Management	199,558	150,793	113,546	41,683	(92,491)	0	113,546	41,683	(113,000)	0	65,630	42,229	(92,864)	226,792	65,630	199,558
(ad) Reserves cash backed - Polocrosse Grounds Redevelopment	0	0	0	0	(80,410)	0	0	0	(75,000)	0	0	0	0	0	0	0
(ae) Reserves cash backed - Public Art	17,500	77,327	59,827	259	0	0	17,500	259	0	0	17,500	17,759	0	17,500	17,500	17,500
(af) Reserves cash backed - Rates Revaluation	0	21,392	21,392	0	0	0	21,392	0	0	0	21,000	21,000	0	0	21,000	0
(ag) Reserves cash backed - Renewable Energy	33,150	33,769	619	493	0	0	33,261	493	0	0	32,559	33,754	0	591	32,559	33,150
(ah) Reserves cash backed - Road Asset Management	776,987	221,343	1,058,433	15,691	(570,152)	0	1,058,433	15,691	(486,114)	0	365,728	588,010	(1,629,402)	2,040,661	365,728	776,987
(ai) Reserves cash backed - Serpentine Jarrahdale Locality Funding	27,274	27,365	27,365	406	0	0	27,365	406	0	0	27,771	27,771	0	486	27,771	27,274
(aj) Reserves cash backed - Serpentine Jarrahdale Sporting Precinct	392,838	319,763	394,156	5,843	(79,010)	0	394,156	5,843	(75,000)	0	385,832	324,999	(92,864)	7,006	385,832	392,838
(ak) Reserves cash backed - Serpentine Locality Funding	0	0	0	0	0	0	0	0	0	0	100,572	0	(100,572)	0	100,572	0
(al) Reserves cash backed - Tourism	22,233	24,024	1,791	0	0	0	1,791	0	0	0	21,056	0	(21,056)	1,177	21,056	22,233
(am) Reserves cash backed - Unspent Grants & Contributions	0	0	852,948	0	(42,958)	0	852,948	0	(852,948)	0	1,475,773	0	(1,475,773)	38,545	1,475,773	0
(an) Reserves cash backed - Waste	2,161,220	2,158,616	40,354	543,794	(42,958)	0	2,138,475	543,794	(40,000)	0	2,122,675	2,642,269	(92,864)	38,545	2,122,675	2,161,220
(ao) Reserves cash backed - Workers Compensation Premium	17,223,437	12,543,618	2,323,704	2,394,688	(7,003,523)	0	18,077,929	2,394,688	(9,977,316)	0	60,077	10,494,881	(60,077)	4,893,992	60,077	17,223,437

All of the reserve accounts are supported by money held in financial institutions and/or financial assets and match the amount shown as restricted cash in Note 8 to this financial report.

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

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

4. RESERVES - CASH/INVESTMENT BACKED (CONTINUED)

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Reserves cash backed - Administration Building	Ongoing	To provide for the building accommodation requirements of the Administration.
(b) Reserves cash backed - Briggs Park	2020	To provide for the future Briggs Park development as per the Briggs Park Master Plan.
(c) Reserves cash backed - Building Asset Management	Ongoing	To provide for asset renewal expenditure for assets that have reached the end of their useful life.
(d) Reserves cash backed - Byford Asset Management	Future Date	To provide for the future Byford BMX track.
(e) Reserves cash backed - Byford Developer Contribution Fund	Future Date	To provide for future community infrastructure funded from the Byford Developer Contribution Plan.
(f) Reserves cash backed - Byford Locality Funding	Closed	To provide funds for community purposes as per the Locality Funding for Townscape Projects Policy.
(g) Reserves cash backed - Car Parking	Future Date	To provide for future public car parking infrastructure funded from Developer contributions for cash-in-lieu of car parking.
(h) Reserves cash backed - Committed Works	2020	To transfer unspent municipal expenditure on specific projects, to enable identification of carryover expenditure into the next financial year.
(i) Reserves cash backed - Community Facilities	2020	This reserve is for the establishment of additional facilities in the community
(j) Reserves cash backed - Community Grants	Future Date	To provide funds for individuals and community groups to build capacity within the community, encourage volunteering and youth development, and deliver sustainable, accessible and demonstrated social, environmental and economic benefits.
(k) Reserves cash backed - Community Infrastructure	Future Date	To provide for future community infrastructure, matching funds from the Community Infrastructure Developer Contribution Plan.
(l) Reserves cash backed - Drainage Asset Management	Ongoing	To ensure minimal funding gap to asset management plan requirements.
(m) Reserves cash backed - Emergency Management Fund	Ongoing	To provide for unanticipated significant emergency services events or plant repairs
(n) Reserves cash backed - Fire Asset Management	Ongoing	To provide for the future additions and maintenance required for fire fighting assets and mitigation strategies.
(o) Reserves cash backed - Footpaths Asset Management	Ongoing	To provide for asset renewal expenditure for assets that have reached the end of their useful life.
(p) Reserves cash backed - Investment	Future Date	To support economic, subdivision and tourism development opportunities for the Shire.
(q) Reserves cash backed - Jarrahdale Communications Tower	Future Date	To provide for the upgrades and maintenance of the tower when required.
(r) Reserves cash backed - Jarrahdale Community Infrastructure	Future Date	To provide funds for the upgrade, renewal or replacement of community assets in the Jarrahdale locality.
(s) Reserves cash backed - Jarrahdale Locality Funding	Future Date	To provide funds for community purposes as per the Locality Funding for Townscape Projects Policy.
(t) Reserves cash backed - Keysbrook Locality Funding	Closed	To provide funds for community purposes as per the Locality Funding for Townscape Projects Policy.
(u) Reserves cash backed - Leave	Closed	To provide funds for community purposes as per the Locality Funding for Townscape Projects Policy.
(v) Reserves cash backed - Light Fleet & Plant Acquisition	2020	To be used to fund annual, sick (including depot EBA) and long service leave requirements.
(w) Reserves cash backed - Local Government Election	Ongoing	To provide for the replacement of Light Fleet, Plant and Equipment as required under the replacement and acquisition program.
(x) Reserves cash backed - Miscellaneous Developer Contribution	Future Dates	To provide for Bi-Annual, and other interim local government election expenses.
(y) Reserves cash backed - Multi Use Trails	Future Date	To be used to fund capital works and administration as per each agreement
(z) Reserves cash backed - Mundijong Locality Funding	Closed	To allow for the construction of Multi Use Trails.
(aa) Reserves cash backed - Mundijong Locality Funding	Closed	To provide funds for community purposes as per the Locality Funding for Townscape Projects Policy.
(ab) Reserves cash backed - Mundijong Whitby Shire Contribution	Future Dates	To provide towards the future contribution requirements of the Mundijong Whitby Community Development Contribution Scheme.
(ac) Reserves cash backed - Oakford Locality Funding	Closed	To provide funds for community purposes as per the Locality Funding for Townscape Projects Policy.
(ad) Reserves cash backed - Parks & Gardens Asset Management	Ongoing	To provide for asset renewal expenditure for assets that have reached the end of their useful life.
(ae) Reserves cash backed - Polocrosse Grounds Redevelopment	2019	To fund capital expenditure on the Polocrosse Grounds.
(af) Reserves cash backed - Public Art	Future Date	Public art development and provision.
(ag) Reserves cash backed - Rates Revaluation	Ongoing	To provide for the tri-ennial Gross Rental Valuation (GRV)
(ah) Reserves cash backed - Renewable Energy	Future Date	This reserve is to allow Council to undertake renewable energy projects.
(ai) Reserves cash backed - Road Asset Management	Ongoing	To provide for asset renewal expenditure for assets that have reached the end of their useful life.
(aj) Reserves cash backed - Serpentine Jarrahdale Locality Funding	Future Date	Council initiated townscape related projects in the Serpentine Jarrahdale Shire.
(ak) Reserves cash backed - Serpentine Jarrahdale Sporting Precinct	Closed	To provide funds for the Serpentine Jarrahdale Regional Sporting Precinct when grant applications require contribution funding.
(al) Reserves cash backed - Serpentine Locality Funding	Closed	To provide funds for community purposes as per the Locality Funding for Townscape Projects Policy.
(am) Reserves cash backed - Tourism	Future Date	To fund the implementation of the tourism strategy and development of tourism throughout the district and region.
(an) Reserves cash backed - Unspent Grants & Contributions	Closed	To restrict unspent grants & contributions.
(ao) Reserves cash backed - Waste	Future Date	To provide for waste management requirements and future waste infrastructure.
(ap) Reserves cash backed - Workers Compensation Premium	Closed	To transfer any surplus funds returned to the Shire as a result of good performance from the workers compensation insurer to assist in funding possible future compensation claims that exceed budget allocation.

5. TRADE RECEIVABLES

Current

Rates receivable	
Sundry receivables	
Allowance for impairment of receivables	
GST receivable	

Non-current

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

	2019	2018
	\$	\$
	2,845,717	2,319,520
	756,707	234,545
	(40,000)	0
	536,878	259,448
	<u>4,099,302</u>	<u>2,813,513</u>
	164,590	149,504
	<u>164,590</u>	<u>149,504</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

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

Previous accounting policy: Impairment of trade receivables

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

Classification and subsequent measurement

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

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

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

6. INVENTORIES

	<u>2019</u>	<u>2018</u>
	\$	\$
Current		
Fuel & Materials	13,110	9,539
History Books	2,321	2,321
Inventory	19,455	15,087
	<u>34,886</u>	<u>26,947</u>

The following movements in inventories occurred during the year:

Carrying amount at 1 July	26,947	61,421
Inventories expensed during the year	(163,540)	(195,431)
Additions to inventory	171,479	160,957
Carrying amount at 30 June	<u>34,886</u>	<u>26,947</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.

7. OTHER ASSETS

Other current assets

Prepayments

Other assets

	2019	2018
	\$	\$
Prepayments	50,900	43,562
Other assets	24,185	0
	<u>75,085</u>	<u>43,562</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 SERPENTINE JARRAHDAL
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019

8. OTHER FINANCIAL ASSETS

	NOTE	2019 \$	2018 \$
(a) Current assets			
Other financial assets at amortised cost		3,781,288	0
		<u>3,781,288</u>	<u>0</u>
Other financial assets at amortised cost			
- Financial assets at amortised cost - term deposits	3	3,781,288	0
		<u>3,781,288</u>	<u>0</u>
(b) Non-current assets			
Financial assets at fair value through profit and loss		74,126	17,885
		<u>74,126</u>	<u>17,885</u>
Financial assets at fair value through profit and loss			
<i>- Equity investments</i>			
Financial assets at fair value through profit and loss - Listed (Shares)		11,550	0
Financial assets at fair value through profit and loss - Unlisted (Shares)		10,025	0
Financial assets at fair value through profit and loss - Unlisted (Units in Local Government House Trust)		52,551	0
Available for sale financial assets		0	17,885
		<u>74,126</u>	<u>17,885</u>

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

Fair value gains/(losses) on equity investments at fair value through profit and loss are recognised in other gains/(losses) and classified as other property and services		56,241	0
Re-classification to profit or loss due to application of AASB 9		(14,340)	0
		<u>41,901</u>	<u>0</u>

As management did not make an irrevocable election to present gains and losses on equity instruments in other comprehensive income, the application of AASB 9 resulted in these amounts being re-classified to profit or loss as at 1 July 2018.

The following restrictions over other financial assets have been imposed by regulations or other externally imposed requirements:

Reserve accounts

Reserves cash backed - Investment	4	10,000	10,000
Reserves cash backed - Tourism	4	11,550	7,860
		<u>21,550</u>	<u>17,860</u>

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Previous accounting policy: available for sale financial assets

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

Previous accounting policy: Loans and receivables

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

Refer to Note 27 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Motor Vehicles	Computer Equipment	Capital Works in Progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	6,150,000	760,000	6,910,000	31,712,565	31,712,565	38,622,565	0	3,110,520	1,391,084	0	0	43,124,169
Additions	0	0	0	722,004	722,004	722,004	26,164	296,995	388,030	0	558,848	1,992,041
(Disposals)	0	0	0	0	0	0	0	(119,458)	(104,938)	0	0	(224,396)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	(907,173)	(907,173)	(907,173)	0	0	0	0	0	(907,173)
Depreciation (expense)	0	0	0	(1,250,630)	(1,250,630)	(1,250,630)	0	(342,981)	(125,087)	0	0	(1,718,698)
Carrying amount at 30 June 2018	6,150,000	760,000	6,910,000	30,276,766	30,276,766	37,186,766	26,164	2,945,076	1,549,089	0	558,848	42,265,943
Comprises:												
Gross carrying amount at 30 June 2018	6,150,000	760,000	6,910,000	45,269,571	45,269,571	52,179,571	40,876	3,532,944	1,767,748	1,200	558,848	58,081,187
Accumulated depreciation at 30 June 2018	0	0	0	(14,992,805)	(14,992,805)	(14,992,805)	(14,712)	(587,868)	(218,659)	(1,200)	0	(15,815,244)
Carrying amount at 30 June 2018	6,150,000	760,000	6,910,000	30,276,766	30,276,766	37,186,766	26,164	2,945,076	1,549,089	0	558,848	42,265,943
Additions	0	0	0	498,655	498,655	498,655	0	563,329	891,894	0	1,190,729	3,144,607
(Disposals)	0	0	0	(5,280)	(5,280)	(5,280)	0	(14,111)	(565,400)	0	0	(584,791)
Depreciation (expense)	0	0	0	(1,029,339)	(1,029,339)	(1,029,339)	(3,271)	(357,448)	(147,843)	0	0	(1,537,901)
Carrying amount at 30 June 2019	6,150,000	760,000	6,910,000	29,740,802	29,740,802	36,650,802	22,893	3,136,846	1,727,740	0	1,749,577	43,287,858
Comprises:												
Gross carrying amount at 30 June 2019	6,150,000	760,000	6,910,000	45,762,946	45,762,946	52,672,946	40,876	4,067,138	2,021,103	1,200	1,749,577	60,552,840
Accumulated depreciation at 30 June 2019	0	0	0	(16,022,144)	(16,022,144)	(16,022,144)	(17,983)	(930,292)	(293,363)	(1,200)	0	(17,264,982)
Carrying amount at 30 June 2019	6,150,000	760,000	6,910,000	29,740,802	29,740,802	36,650,802	22,893	3,136,846	1,727,740	0	1,749,577	43,287,858

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

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	3	Cost approach	Independent Valuers	June 2017	Improvements to land using current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent Valuers	June 2017	Price per hectare
Land - vested in and under the control of Council	3	Cost approach	Independent Valuers	June 2017	Improvements to land using current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent Valuers/ Management Valuation	June 2017	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Furniture and equipment	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Purchase costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Plant and equipment					
- Management valuation 2016	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Purchase costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
- Independent valuation 2016	2	Sales comparison approach	Independent Valuers	June 2016	Comparison to sales of similar items that have been transacted in the market
Motor Vehicles	2	Market approach using recent observable market data for similar assets	Management Valuation/ Independent Valuation	June 2016	Price per item
Computer Equipment	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Purchase costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs

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

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

10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks & Ovals	Capital Works in Progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	172,055,691	10,644,112	18,208,731	14,012,838	0	214,921,372
Additions	8,920,891	256,131	176,774	230,348	0	9,584,144
Revaluation increments / (decrements) transferred to revaluation surplus	62,478,434	8,642,447	50,876,530	16,694,039	0	138,691,450
Depreciation (expense)	(3,872,185)	(181,611)	(273,624)	(260,060)	0	(4,587,480)
Carrying amount at 30 June 2018	239,582,831	19,361,079	68,988,411	30,677,165	0	358,609,486
Comprises:						
Gross carrying amount at 30 June 2018	301,179,799	24,983,440	95,603,691	41,838,006	0	463,604,936
Accumulated depreciation at 30 June 2018	(61,596,968)	(5,622,361)	(26,615,280)	(11,160,841)	0	(104,995,450)
Carrying amount at 30 June 2018	239,582,831	19,361,079	68,988,411	30,677,165	0	358,609,486
Additions	5,619,110	532,209	2,640,047	3,544,821	8,764,441	21,100,628
(Disposals)	0	0	0	(3,550)	0	(3,550)
Depreciation (expense)	(4,143,047)	(321,436)	(924,048)	(950,662)	0	(6,339,193)
Carrying amount at 30 June 2019	241,058,894	19,571,852	70,704,410	33,267,774	8,764,441	373,367,371
Comprises:						
Gross carrying amount at 30 June 2019	306,798,909	25,515,650	98,243,738	45,379,277	8,764,441	484,702,015
Accumulated depreciation at 30 June 2019	(65,740,015)	(5,943,798)	(27,539,328)	(12,111,503)	0	(111,334,644)
Carrying amount at 30 June 2019	241,058,894	19,571,852	70,704,410	33,267,774	8,764,441	373,367,371

10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (level 2) residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (level 2) residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (level 2) residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Parks & Ovals	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (level 2) residual values and remaining useful life assessments (level 3) inputs

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

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

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control

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

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

Land under roads

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

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

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

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

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

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

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

(a) Disposals of Assets

	2019				2019				2018			
	Actual Net Book Value	Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	Budget Net Book Value	Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
Buildings - specialised	5,280	0	0	(5,280)	0	0	0	0	0	0	0	0
Plant and equipment	14,111	2,049	1,383	(13,445)	0	0	0	0	119,458	90,386	0	(29,072)
Motor Vehicles	565,400	432,700	6,382	(139,082)	528,600	353,400	0	(175,200)	104,938	79,400	4,305	(29,843)
Infrastructure - Parks & Ovals	3,550	0	0	(3,550)	0	0	0	0	0	0	0	0
	588,341	434,749	7,765	(161,357)	528,600	353,400	0	(175,200)	224,396	169,786	4,305	(58,915)

The following assets were disposed of during the year.

	2019		2019	
	Actual Net Book Value	Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Governance	\$	\$	\$	\$
Motor Vehicles	36,000	41,818	5,818	0
Motor Vehicles	29,400	17,045	0	(12,355)
Law, order, public safety				
Motor Vehicles	50,400	37,727	0	(12,673)
Community amenities				
Motor Vehicles	24,600	15,682	0	(8,918)
Recreation and culture				
Motor Vehicles	169,000	120,455	0	(48,545)
Transport				
Plant & Equipment	666	2,049	1,383	0
Motor Vehicles	77,200	53,864	0	(23,336)
Economic services				
Motor Vehicles	15,700	15,882	182	0
Motor Vehicles	31,400	30,909	0	(491)
Other property and services				
Motor Vehicles	15,300	15,682	382	0
Motor Vehicles	116,400	83,636	0	(32,764)
	566,066	434,749	7,765	(139,082)

Assets expensed due to change in accounting policy (note 30)

Community amenities				
Buildings	5,280	0	0	(5,280)
Recreation and culture				
Infrastructure - Parks & Ovals	3,550	0	0	(3,550)
Transport				
Plant & Equipment	13,445	0	0	(13,445)
	22,275	0	0	(22,275)
	588,341	434,749	7,765	(161,357)

(b) Fully Depreciated Assets in Use

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

	2019	2018
	\$	\$
Furniture and equipment	14,712	14,712
Plant and equipment	22,324	21,151
Computer Equipment	1,200	1,200
	38,236	37,063

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

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

(c) Depreciation	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Buildings - specialised	1,029,339	630,537	1,250,630
Furniture and equipment	3,271	17,722	0
Plant and equipment	357,448	332,644	342,981
Motor Vehicles	147,843	161,496	125,087
Computer Equipment	0	1,446	0
Infrastructure - Roads	4,143,047	4,314,433	3,872,185
Infrastructure - Footpaths	321,436	215,580	181,611
Infrastructure - Drainage	924,048	329,620	273,624
Infrastructure - Parks & Ovals	950,662	336,067	260,060
	<u>7,877,094</u>	<u>6,339,545</u>	<u>6,306,178</u>

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Land	Not depreciated
Buildings	
Structural	50 - 100 years
Internal Fit-Out	15 - 25 years
Mechanical Services	25 - 35 years
Security	15 years
Fire systems	15 years
Other Building Structures	15 - 25 years
Plant and Equipment	5 - 15 years
Motor Vehicles	2 - 5 years
Furniture and Equipment	4 - 10 years
Computer Equipment	2 - 5 years
Roads	
Subgrade	Not depreciated
Pavement	
Unsealed	5 - 10 years
Urban and Regional	60 - 100 years
Surface	5 - 20 years
Surface Water Channel	
Kerbing	20 - 40 years
Drains	8 - 15 years
Drainage	
Culvert	80 years
Stormwater Drainage	50 - 100 years
Footpaths	40 - 80 years
Parks and Reserves	
Land	Not depreciated
Softscapes	50 years
Hardscapes	40 - 80 years
Reticulation	10 - 20 years
Parks Furniture	10 - 20 years
Lighting	15 - 25 years
Other Structures	10 - 40 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 SERPENTINE JARRAHDALÉ
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2019
 12 REVALUATION SURPLUS

	2019		2019		2019		2018		2018		2018	
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Revaluation Movement on	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Revaluation Movement on	Closing Balance		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Revaluation surplus - Land - freehold land	5,381,214	0	0	0	5,381,214	5,381,214	0	0	0	5,381,214		
Revaluation surplus - Buildings	11,174,017	0	0	0	11,174,017	12,081,190	0	(907,173)	(907,173)	11,174,017		
Revaluation surplus - Furniture and equipment	45,243	0	0	0	45,243	45,243	0	0	0	45,243		
Revaluation surplus - Plant and equipment	17,648	0	0	0	17,648	17,648	0	0	0	17,648		
Revaluation surplus - Computer Equipment	6,246	0	0	0	6,246	6,246	0	0	0	6,246		
Revaluation surplus - Infrastructure - Roads	176,540,880	0	0	0	176,540,880	114,062,446	62,478,434	0	62,478,434	176,540,880		
Revaluation surplus - Infrastructure - Footpaths	16,746,136	0	0	0	16,746,136	8,103,689	8,642,447	0	8,642,447	16,746,136		
Revaluation surplus - Infrastructure - Drainage	67,928,039	0	0	0	67,928,039	17,051,509	50,876,530	0	50,876,530	67,928,039		
Revaluation surplus - Infrastructure - Parks & Ovals	27,426,986	0	0	0	27,426,986	10,732,947	16,694,039	0	16,694,039	27,426,986		
	305,266,409	0	0	0	305,266,409	167,482,132	138,691,450	(907,173)	137,784,277	305,266,409		

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

13. INVESTMENT PROPERTIES

Non-current assets - at fair value

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Carrying balance at 1 July	747,182	0	0
Acquisitions	0	0	747,182
Closing balance at 30 June	747,182	0	747,182

Leasing arrangements

Investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:			
Within one year	5,200	0	0
Later than one year but not later than 5 years	0	0	0
Later than 5 years	0	0	0
	5,200	0	0

SIGNIFICANT ACCOUNTING POLICIES

Investment properties

Investment properties are principally freehold buildings, held for long-term rental yields and not occupied by the Shire. They are carried at fair value. Changes in the fair values are presented in profit or loss as a part of other revenue.

Fair value of investment properties

A management valuation was performed to determine the fair value of investment properties. The main Level 3 inputs used in the valuation were discount rates, terminal yields, expected vacancy rates and rental growth rates estimated by management based on comparable transactions and industry data.

14. TRADE AND OTHER PAYABLES

Current

Trade payables
 Rates paid in advance
 Accrued Interest on Long Term Borrowings
 Bonds & deposits held (refer to note 3)

	2019	2018
	\$	\$
Trade payables	2,833,310	1,787,360
Rates paid in advance	1,183,777	595,690
Accrued Interest on Long Term Borrowings	13,819	11,016
Bonds & deposits held (refer to note 3)	1,210,562	0
	5,241,468	2,394,066

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts

Trade and other payables (Continued)

are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition. Rates paid in advance were previously offset against the rates debtors balance in the 2018 financial report but have now been re-classified to payables in the 2019 financial report.

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

15. INFORMATION ON BORROWINGS

(a) Borrowings

	2019	2018
	\$	\$
Current	3,493,339	668,942
Non-current	2,687,415	3,048,421
	6,180,754	3,717,363

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2019			30 June 2019			30 June 2019			30 June 2019			30 June 2019			30 June 2018			30 June 2018		
				Actual New Loans	Actual Principal repayments	Actual Interest repayments	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual New Loans	Actual Principal repayments	Actual Interest repayments			
Government																								
Council Chambers Refurbishment	117	WATC	4.36%	0	117,444	31,328	523,872	641,827	0	117,000	27,000	524,827	753,802	0	112,486	34,098	641,316	0	0	0	0	0	0	0
Recreation and culture																								
Recreation Centre	91	WATC	6.02%	0	154,733	13,837	159,390	314,123	0	305,000	23,000	9,123	610,156	0	296,033	35,064	314,123	0	0	0	0	0	0	0
Briggs Park		Drawdown 1 WATC	1.65%	0	2,974,000	0	2,974,000	0	2,974,000	0	0	2,974,000	0	0	0	0	0	0	0	0	0	0	0	0
Transport																								
Abemethy Road	121	WATC	3.20%	0	238,432	96,960	2,523,492	2,761,924	0	230,000	110,000	2,531,924	0	0	0	10,634	2,761,924	0	0	0	0	0	0	0
				2,974,000	510,609	142,125	6,180,754	3,717,874	2,974,000	652,000	160,000	6,039,874	1,363,958	2,761,924	408,519	79,796	2,761,924	3,717,363	0	0	0	0	0	0

All other loan repayments were financed by general purpose revenue.

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

15. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2018/19

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2019 Actual	2019 Budget	2019 Actual	2019 Budget		
Briggs Park Lower Oval Upgrade	WATC	Debenture	3	Variable	2,974,000	2,974,000	620,864	2,974,000	0	2,353,136
					2,974,000	2,974,000	620,864	2,974,000	0	2,353,136

Loan of \$2,974,000 for Briggs Park Lower Oval Upgrade to be partially repurposed to fund Abernethy Road improvements in accordance with adopted statutory budget for the year ended 30 June 2020.

(d) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance 1 July 2018	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2019
Briggs Park Lower Oval Upgrade	May-19	\$ 0	\$ 2,974,000	\$ (620,864)	\$ 2,353,136
Construction of Abernethy Road	May-18	\$ 517,737	\$ 0	\$ (517,737)	\$ 0
		\$ 517,737	\$ 2,974,000	\$ (1,138,601)	\$ 2,353,136

(e) Undrawn Borrowing Facilities

	2019	2018
Credit Standby Arrangements	\$	\$
Bank overdraft limit	100,000	100,000
Bank overdraft at balance date	0	0
Credit card limit	25,000	25,000
Credit card balance at balance date	(4,306)	(1,264)
Total amount of credit unused	120,694	123,736
Loan facilities		
Loan facilities - current	3,493,339	668,942
Loan facilities - non-current	2,687,415	3,048,421
Total facilities in use at balance date	6,180,754	3,717,363

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 25.

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

16. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions	Provision for Annual Leave	Provision for Sick Leave	Provision for Long Service Leave	Total
	\$		\$	\$
Opening balance at 1 July 2018				
Current provisions	983,819	86,351	633,435	1,703,605
Non-current provisions	0	0	246,248	246,248
	983,819	86,351	879,683	1,949,853
Additional provision	84,150	(6,283)	138,663	216,530
Balance at 30 June 2019	1,067,969	80,068	1,018,346	2,166,383
Comprises				
Current	1,067,969	80,068	549,768	1,697,805
Non-current	0	0	468,578	468,578
	1,067,969	80,068	1,018,346	2,166,383
	2019	2018		
	\$	\$		
Amounts are expected to be settled on the following basis:				
Less than 12 months after the reporting date	1,263,053	1,125,678		
More than 12 months from reporting date	853,330	774,175		
Expected reimbursements from other WA local governments	50,000	50,000		
	2,166,383	1,949,853		

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.

17. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	18,423,980	12,786,380	21,775,333

Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	12,064,650	4,077,513	1,445,426
Non-cash flows in Net result:			
Adjustments to fair value of financial assets	(41,901)	0	0
Depreciation	7,877,094	6,339,545	6,306,178
(Profit)/loss on sale of asset	153,592	175,200	54,610
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(1,300,875)	262,502	(300,379)
(Increase)/decrease in other assets	(31,523)	0	
(Increase)/decrease in inventories	(7,939)	5,500	34,474
Increase/(decrease) in payables	2,847,402	(4,700)	(325,045)
Increase/(decrease) in provisions	216,530	25,000	(229,101)
Grants contributions for the development of assets	(13,592,873)	(7,474,171)	(4,325,601)
Net cash from operating activities	8,184,157	3,406,389	2,660,562

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	<u>2019</u>	<u>2018</u>
	\$	\$
Governance	2,178,930	2,220,223
General purpose funding	14,274,291	10,423,151
Law, order, public safety	4,195,981	4,229,554
Health	514,159	500,000
Education and welfare	31,056	24,600
Community amenities	11,514,807	10,534,933
Recreation and culture	61,250,163	58,495,107
Transport	340,761,591	333,472,018
Economic services	609,248	621,307
Other property and services	8,725,442	5,928,462
	<u>444,055,668</u>	<u>426,449,355</u>

19. CONTINGENT LIABILITIES

The Shire of Serpentine Jarrahdale is currently engaged in the following legal matters which may result in a liability in the event in which damages are awarded against the Shire:

An outstanding matter exists in relation to a dispute regarding construction of a boundary fence of a type which contravenes the Shire's Fencing Local Laws and the Shire of Serpentine Jarrahdale Town Planning Scheme No. 2.

A second matter was recently determined in the Shire's favour with regard to an unauthorised development however is potentially subject to appeal.

A third matter in relation to a dispute with a contractor is currently being dealt with through an arbitration process. The dispute is in relation to application and interpretation of the contract.

In relation to all three matters the Shire does not believe that an unfavourable outcome is probable and so accordingly no provision has been raised.

20. CAPITAL AND LEASING COMMITMENTS

	2019	2018
	\$	\$
(a) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	8,838,549	9,054,944
	<u>8,838,549</u>	<u>9,054,944</u>
Payable:		
- not later than one year	8,838,549	9,054,944
The capital expenditure contracted but not yet spent at the end of the current reporting period relates to the following projects:		
Briggs Park Skate Park	0	15,739
Abernethy Road Upgrade Construction	5,731,954	8,032,526
Kalimna Cricket Net	0	20,676
Rowley Road - East of Blair Road	0	37,302
Wright Road	0	43,410
Rowley Road - West of Blair Road	0	24,081
Masters Road - South of Rowley Road	0	36,546
Kargotich Road - North of Lowlands Road	0	19,747
Abernethy Road - Downer EDI	0	824,917
Briggs Park	868,136	0
Byford Dog Park	480,150	0
Soldiers Road Footpath	193,573	0
Kargotich Road - Leipold to Mundijong	172,879	0
Webb Road Land Purchase	1,391,857	0
	<u>8,838,549</u>	<u>9,054,944</u>

(b) Operating Lease Commitments

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

	2019	2018
	\$	\$
Payable:		
- not later than one year	236,109	437,655
- later than one year but not later than five years	255,932	366,523
	<u>492,041</u>	<u>804,178</u>

20. CAPITAL AND LEASING COMMITMENTS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leases (Continued)

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

21. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
The following fees, expenses and allowances were paid to council members and/or the President.			
Meeting Fees	161,131	161,229	169,007
Mayor/President's allowance	47,045	47,045	50,600
Deputy Mayor/President's allowance	11,761	11,761	12,692
Travelling expenses	316	35,000	10,844
Telecommunications allowance	31,499	31,500	30,389
	251,752	286,535	273,532

Key Management Personnel (KMP) Compensation Disclosure

	2019 Actual	2018 Actual
	\$	\$
The total of remuneration paid to KMP of the Shire during the year are as follows:		
Short-term employee benefits	1,068,925	985,323
Post-employment benefits	118,420	82,364
Other long-term benefits	19,589	19,348
	1,206,934	1,087,035

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

21. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

Transactions between related parties and the Shire are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:	2019 Actual \$	2018 Actual \$
Sale of goods and services	2,004	1,996
Purchase of goods and services	0	70

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

iii. Entities subject to significant influence by the Shire

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

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

22. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received ⁽²⁾	Expended ⁽³⁾	Closing	Received ⁽²⁾	Expended ⁽³⁾	Closing
	Balance ⁽¹⁾ 1/07/17			Balance ⁽¹⁾ 30/06/18			Balance ⁽¹⁾ 30/06/19
	\$	\$	\$	\$	\$	\$	\$
Governance							
Byford Youth Forum	9,457	285	(9,742)	0	0	0	0
Law, order, public safety							
Emergency Services - Cadets	3,906	0	0	3,906	0	0	3,906
Emergency Services - Family Fun Day	7,644	0	0	7,644	0	0	7,644
Fire Contributions from Developers	40,868	0	(40,868)	0	0	0	0
Royalties for Regions - Peel Development Commission	116,350	0	(116,350)	0	0	0	0
Fire Services Grant	0	200,000	(5,150)	194,850	0	(194,850)	0
DFES Operating Grant Q1 18/19	0	99,373	0	99,373	0	(99,373)	0
Community amenities							
Environmental Works - TTREE Transfer	69,556	0	0	69,556	0	0	69,556
Briggs Park - Local Jobs, Local Projects	0	200,000	0	200,000	0	(200,000)	0
Public Art Fund	0	17,500	0	17,500	59,827	0	77,327
Recreation and culture							
Byford & Districts Country Club	5,836	0	(5,836)	0	0	0	0
Senior's Grant	0	10,000	0	10,000	0	(10,000)	0
SJ Rec Centre - Byford Sports & Rec Council	2,079	0	0	2,079	0	0	2,079
Transport							
17 Clifton St. Byford - Laneway Cont	23,942	178	0	24,120	791	0	24,911
Blackspot Funding	2,408	0	0	2,408	0	0	2,408
Byford by the Scarp	201,004	0	(201,004)	0	0	0	0
Byford Central Stage 6A	13,880	3,846	0	17,726	528	0	18,254
Byford Developer Contributions	7,480,762	314,844	(759,962)	7,035,644	320,971	(2,339,522)	5,017,093
Drainage Cont - Thomas Road (Rivermoon)	68,046	506	0	68,552	2,042	0	70,594
L3 Thomas Road, Byford - Maint Landscaping	29,008	216	0	29,224	870	0	30,094
L3 Thomas Road, Byford - Maint Water Quality	74,982	558	0	75,540	2,250	0	77,790
L40 Beenyup Road, Byford - Laneway cont	30,499	218	0	30,717	915	0	31,632
L7 Beenyup Road, Byford - Laneway cont	30,635	218	0	30,853	919	0	31,772
L88 South West Hwy - Laneway cont	30,800	229	0	31,029	924	0	31,953
Thomas Road Design - Main Roads Grant	5,844	0	(5,844)	0	0	0	0
Regional Road Group Funding	115,194	0	(115,194)	0	0	0	0
Rivermoon Drainage Contribution	136,684	0	0	136,684	4,071	0	140,755
Rivermoon Landscape Contribution	470,334	638	0	470,972	14,028	0	485,000
Special Projects - Bridges	917,208	0	(66,668)	850,540	0	(850,540)	0
Roads to Recovery Medulla Road	48,946	0	(48,946)	0	0	0	0
Roads to Recovery Kiln Road	73,000	0	(73,000)	0	0	0	0
Roads to Recovery Linton Street	85,000	25,000	(110,000)	0	0	0	0
Roads to Recovery Gossage Road	84,299	391,826	(350,540)	125,585	0	(125,585)	0
Megara Fifteen - Turning Point Soldiers/Abernethy Road	21,688	0	(21,688)	0	0	0	0
Regional Road Group Soliders Road - Daisy & Bushlar	0	145,431	0	145,431	0	(145,431)	0
Roads to Recovery Marsh Road	0	22,770	(22,770)	0	0	0	0
Cash in Lieu Car Parking	0	87,273	0	87,273	0	0	87,273
L12 Gull Road	0	10,035	0	10,035	299	0	10,334
Huizenga - Corbel Lane, Byford	0	1,420	0	1,420	42	0	1,462
Soldiers Road - Grant Funding	0	0	0	0	28,130	(16,427)	11,703
Mundijong Rd/Kargotich Rd - Roundabout - Grant Funding	0	0	0	0	36,000	(30,150)	5,850
Rowley Road Resurfacing - Grant Funding	0	0	0	0	46,506	0	46,506
Hopeland Road & Karnup Road Intersection - Grant Funding	0	0	0	0	100,000	(7,610)	92,390
Abernethy Road/Kargotich Road - Grant Funding	0	0	0	0	6,608	0	6,608
Total	10,199,859	1,532,364	(1,953,562)	9,778,661	625,721	(4,019,488)	6,384,894

	Note	2018	2019
Portion of unexpended grants/contributions held in Reserve Funds		8,067,290	6,136,245
Portion of unexpended grants/contributions held in Municipal Funds	3	1,711,371	248,649
		9,778,661	6,384,894

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

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

23. RATING INFORMATION

(a) Rates

RATE TYPE	Differential general rate / general rate	Rate in \$	Number of Properties	2018/19		2018/19		2018/19		2018/19		2018/19		2018/19		2017/18	
				Actual Rateable Value	Actual Rate	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Rate	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Revenue	Budget Total Revenue			
Gross rental valuations																	
GRV Improved	0.090135		6,815	131,379,212	11,843,868	565,119	0	0	12,408,987	11,841,868	737,529	0	0	12,579,397	12,083,009		
GRV Vacant	0.178467		492	5,762,700	1,028,451	0	0	0	1,028,451	1,028,451	0	0	0	1,028,451	470,907		
GRV Commercial/Industrial	0.103331		119	13,436,783	1,388,436	0	0	0	1,388,436	1,388,436	0	0	0	1,388,436	0		
Unimproved valuations																	
UV General	0		0	0	0	0	0	0	0	0	0	0	0	0	6,662,749		
UV Rural	0.003818		2,861	1,822,866,000	6,966,209	0	0	0	6,966,209	6,958,000	0	0	0	6,958,000	0		
UV Intensive Farming	0.007599		18	14,325,000	108,856	0	0	0	108,856	108,856	0	0	0	108,856	0		
Sub-Total			10,305	1,987,769,695	21,335,820	565,119	0	0	21,900,939	21,325,611	737,529	0	0	22,063,140	19,216,665		
Minimum payment		\$															
Gross rental valuations																	
GRV Improved	1,260		308	3,755,020	388,080	0	0	0	388,080	388,080	0	0	0	388,080	346,800		
GRV Vacant	960		454	2,064,169	435,840	0	0	0	435,840	435,840	0	0	0	435,840	1,084,200		
GRV Commercial/Industrial	1,416		19	215,528	26,904	0	0	0	26,904	26,904	0	0	0	26,904	0		
Unimproved valuations																	
UV General	0		0	0	0	0	0	0	0	0	0	0	0	0	630,500		
UV Rural	1,365		488	134,621,908	666,120	0	0	0	666,120	667,485	0	0	0	667,485	0		
UV Intensive Farming	1,365		0	0	0	0	0	0	0	0	0	0	0	0	0		
Sub-Total			1,269	140,656,625	1,516,944	0	0	0	1,516,944	1,518,309	0	0	0	1,518,309	2,061,500		
Discounts/concessions (refer Note 23(b))																	
Total amount raised from general rate			11,574	2,128,426,320	22,852,764	565,119	0	0	23,417,883	22,843,920	737,529	0	0	23,581,449	21,278,165		
															(229,372)		
															23,332,715		

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

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

23. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee	Discount	2019	2019	2018	Circumstances in which Discount is Granted
Discount Granted	%	Actual	Budget	Actual	
General Rates	2,000	\$ 2,000	\$ 2,000	\$ 2,000	Two prizes of \$1000 each, for payment of rates in full by 4.30pm on 15th August 2018. By paying on time rate payers automatically go in the draw to win.
		2,000	2,000	2,000	

Waivers or Concessions

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

Type	Discount	2019	2019	2018
	%	Actual	Budget	Actual
Farmland Conservation Concession	31.00%	\$ 241,943	\$ 241,943	\$ 226,753
UV Rural	50.00%	4,791	4,791	619
UV Rural		246,734	246,734	227,372

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

Concession is Granted	Discount	2019	2019	2018	Reasons for the Waiver or Concession
available	%	Actual	Budget	Actual	
Where properties meet the Council SEG1 farmland Policy criteria.					This concession is in line with the vision category Financial Sustainability, Council provides a rate concession to properties of the area in line with the strategic goals of maintaining genuine farming interests. It ensures that Council is protecting and developing appropriate agricultural and horticultural industries and pursuits within the Shire.

UV Rural

Where properties meet the conservation eligibility criteria.

Conservation zoning allows landowners with areas of high conservation value to receive reductions in council rates. The initiative has been established by Council to reward landowners who have retained and maintained bushland and wetland.

Council recognises that nature conservation on private land is essential to maintaining the quality of life that all residents of the Shire and Serpentine River Catchment area enjoy. Landowners must demonstrate to Council that their bush land and/or wetland area is of high conservation value by meeting the criteria.

23. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan	Instalment Plan	Unpaid Rates
		Admin Charge	Interest Rate	Interest Rate
		\$	%	%
Option One				
Single full payment	15 Aug 2018	0.00	0.00%	0.00%
Option Two				
First instalment	15 Aug 2018	0.00	0.00%	0.00%
Second instalment	16 Oct 2018	10.00	5.50%	11.00%
Option Three				
First instalment	15 Aug 2018	0.00	0.00%	0.00%
Second instalment	16 Oct 2018	10.00	5.50%	11.00%
Third instalment	18 Dec 2018	10.00	5.50%	11.00%
Fourth instalment	19 Feb 2019	10.00	5.50%	11.00%

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Interest on unpaid rates	392,805	185,000	263,517
Interest on instalment plan	120,152	120,000	116,891
Charges on instalment plan	104,968	110,000	108,303
	<u>617,925</u>	<u>415,000</u>	<u>488,711</u>

24. RATE SETTING STATEMENT INFORMATION

Note	2018/19	2018/19	2018/19
	(30 June 2019 Carried Forward)	Budget (30 June 2019 Carried Forward)	(1 July 2018 Brought Forward)
	\$	\$	\$

(a) Non-cash amounts excluded from operating activities

The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with *Financial Management Regulation 32*.

Adjustments to operating activities

Less: Profit on asset disposals	11(a)	(7,765)	0	(4,305)
Less: Recognition of units in Local Government House Trust		(52,551)	0	0
Movement in pensioner deferred rates (non-current)		(15,086)	0	280
Movement in inventory (non-current)		0	0	31,881
Movement in employee benefit provisions (non-current)		222,330	0	(6,088)
Add: Loss on disposal of assets	11(a)	161,357	175,200	58,915
Add: Depreciation on assets	11(c)	7,877,094	6,339,545	6,306,178
Non cash amounts excluded from operating activities		8,185,379	6,514,745	6,386,861

(b) Surplus/(deficit) after imposition of general rates

The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets

Less: Reserves - restricted cash	3	(12,522,068)	(10,494,881)	(17,205,577)
Less: Restricted cash - unspent borrowings		(2,353,136)	0	(517,737)
Less: Restricted cash - unspent grants, contributions & subsidies		(248,649)	0	(1,711,371)
Add: Current borrowings	15(a)	3,493,339	653,523	668,942
Total adjustments to net current assets		(11,630,514)	(9,841,358)	(18,765,743)

Net current assets used in the Rate Setting Statement

Total current assets		26,414,541	14,326,065	24,659,355
Less: Total current liabilities		(10,432,612)	(4,484,707)	(4,766,613)
Less: Total adjustments to net current assets		(11,630,514)	(9,841,358)	(18,765,743)
Net current assets used in the Rate Setting Statement		4,351,415	0	1,126,999

25. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2019					
Cash and cash equivalents	0.97%	18,423,980	12,422,071	5,699,392	302,517
Financial assets at amortised cost - term deposits	2.04%	3,781,288	3,781,288	0	0
2018					
Cash and cash equivalents	1.98%	21,775,333	17,866,760	3,908,573	0

Sensitivity

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

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	222,053	219,542

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 15(b).

25. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade Receivables

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

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

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

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

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

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	1,078,901	866,270	525,441	375,105	2,845,717
Loss allowance	0	0	0	0	0
01 July 2018					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	1,650,795	374,216	129,231	165,278	2,319,520
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2019 (on adoption of AASB 9) was determined as follows for sundry receivables. No credit loss was deemed applicable at 1 July 2018.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry Receivables					
Expected credit loss	1.50%	2.10%	5.00%	7.50%	
Gross carrying amount	260,925	19,453	1,991	474,338	756,707
Loss allowance	3,914	411	100	35,575	40,000
01 July 2018					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	155,047	5,093	478	73,927	234,545
Loss allowance	0	0	0	0	0

25. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 15(e).

The contractual undiscounted cash flows of the Shire’s payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<u>2019</u>					
Payables	5,241,468	0	0	5,241,468	5,241,468
Borrowings	3,598,534	1,735,315	1,299,685	6,633,534	6,180,754
	<u>8,840,002</u>	<u>1,735,315</u>	<u>1,299,685</u>	<u>11,875,002</u>	<u>11,422,222</u>
<u>2018</u>					
Payables	2,394,066	0	0	2,394,066	2,394,066
Borrowings	796,412	1,878,432	1,624,605	4,299,449	3,717,363
	<u>3,190,478</u>	<u>1,878,432</u>	<u>1,624,605</u>	<u>6,693,515</u>	<u>6,111,429</u>

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

26. TRUST FUNDS

In previous years, bonds and deposits were held as trust monies. In the current year they are included in the restricted cash at Note 3 and shown as a current liability at Note 14.

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2018	Amounts Received	Amounts Paid	Reclassification to Restricted Cash	30 June 2019
	\$	\$	\$		\$
Maintenance Bonds	145,602	39,957	(39,073)	(146,486)	0
Builders Registration Board Levy	0	154,378	(155,617)	1,239	0
BCTIF Collections	0	168,404	(148,275)	(20,129)	0
Footpath Bonds	442,383	363,764	(285,353)	(520,794)	0
Halls / Ovals Bonds	25,335	22,750	(22,300)	(25,785)	0
Sundry Bonds	24,969	8,824	(10,640)	(23,153)	0
Road Closures / Street Events	2,180	0	0	(2,180)	0
Fence Bonds	906	0	0	(906)	0
Excavation Bonds	28,498	41	0	(28,539)	0
Cash in Lieu of Public Open Space	302,234	283	0	0	302,517
Capital Projects Retention Funds	346,142	30,838	(70,457)	(306,523)	0
Temporary Accommodation	3,000	0	0	(3,000)	0
Development Assessment Panel	0	28,957	(19,546)	(9,411)	0
Subdivision Clearance Bonds	89,419	38,069	(7,200)	(120,288)	0
SJ Tourism Association Trust	4,607	0	0	(4,607)	0
	1,415,275	856,265	(758,461)	(1,210,562)	302,517

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.

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Shire applied AASB 9 retrospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies, however there were no adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139.

The effect of adopting AASB 9 as at 1 July 2018 was, as follows:

	<u>Adjustments</u>	<u>01 July 2018</u>
		\$
Assets		
Trade receivables	(a),(b)	0
Available for sale financial assets	(a)	<u>0</u>
Total Assets		0
Total adjustments on Equity		
Accumulated surplus/(deficit)	(a),(b)	<u>0</u>
		0

The nature of these adjustments are described below:

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Shire's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. The following are the changes in the classification of the Shire's financial assets:

- Trade receivables classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.
- The Shire designated financial assets as at fair value through profit and loss.

In summary, upon the adoption of AASB 9, the Shire had the following required (or elected) reclassifications as at 1 July 2018:

AASB 139 category	AASB 139 value \$	AASB 9 category amortised cost \$	Fair value through OCI \$	Fair value through P/L \$
Loans and receivables				
Trade receivables	2,554,065	2,554,065	0	0
Available for sale financial assets	17,885	0	0	17,885
	<u>2,571,950</u>	<u>2,554,065</u>	<u>0</u>	<u>17,885</u>

(b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L.

Set out below is the reconciliation of the ending impairment allowances in accordance with AASB 139 to the opening loss allowances determined, in accordance with AASB 9:

	Impairment under AASB 139 as at 30 June 2018 \$	Remeasurement \$	ECL under AASB 9 as at 01 July 2018 \$
Loans and receivables under AASB 139 / Financial assets at amortised cost under AASB 9	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

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

28. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Shire.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

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

Note	AASB 118	Reclassification	AASB 15
	carrying amount		carrying amount
	30 June 2019		01 July 2019
	\$	\$	\$
Contract liabilities - current			
Unspent grants, contributions and reimbursements	0	248,649	248,649
Contract liabilities non-current			
Developer contributions	0	4,764,662	4,764,662
Cash in lieu of parking	0	88,903	88,903
Adjustment to retained surplus from adoption of AASB 15	28(d)	0	(5,102,214)

(b) Leases

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

On adoption of AASB 16, the Shire will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 is 2.03%.

Note	2019
	\$
Operating lease commitments disclosed as at 30 June 2019	492,041
Lease liability recognised as at 1 July 2019	
discounted using the Shire's incremental borrowing rate of 2.03%	470,673
Right of use asset recognised as at 1 July 2019	470,673
Low-value leases recognised on a straight-line basis as an expense	11,642

On adoption of AASB 16, the Shire will recognise a right-of-use asset in relation to a lease which had previously been classified as an operating lease' applying AASB 117. This right-of-use asset is deemed to be equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments. Property, plant and equipment increases by \$470,763 on 1 July 2019 and the net impact on retained earnings on 1 July 2019 will be nil.

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

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

(c) Income For Not-For-Profit Entities

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

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 no changes will occur to the following financial statement line items by application of AASB 1058 as compared to AASB 1004 Contributions before the change:

	AASB 1004 carrying amount		AASB 1058 carrying amount	
	Note	30 June 2019	Reclassification	01 July 2019
Trade and other payables		\$ 5,241,468	\$ 0	\$ 5,241,468

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. In accordance with the Shire's current accounting policies, prepaid rates have been recognised as a liability as at 30 June 2019. Therefore, the initial application of AASB 1058 Income for Not-for-Profit entities on 1 July 2019 will not have an impact on the recognition and classification of prepaid rates.

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

Volunteer Services in relation to Volunteer Fire Services will not be recognised in revenue and expenditure as the fair value of the services cannot be reliably estimated.

(d) Impact of changes to Retained Surplus

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

	Note	Adjustments	2019
			\$
Retained surplus - 30 June 2019			112,657,036
Adjustment to retained surplus from adoption of AASB 15	28(a)	(5,102,214)	(5,102,214)
Adjustment to retained surplus from adoption of AASB 16	28(b)	0	0
Adjustment to retained surplus from adoption of AASB 1058	28(c)	0	0
Retained surplus - 01 July 2019		(5,102,214)	107,554,822

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

29. CORRECTION OF ERROR

On 30 June 2018 the Shire of Serpentine Jarrahdale undertook a revaluation of Infrastructure assets. Subsequent to the revaluation it was identified that some of the assets which had been captured as part of the revaluation had previously been classified as Buildings and duplication of the value of these assets had occurred as a result.

It is management's view that the assets should be classified as Park Infrastructure and not Buildings and accordingly an adjustment to Buildings was necessary by debiting the revaluation surplus in the Shire's equity and recognising this as a Change on Revaluation of non-current Assets in the Statement of Comprehensive Income.

The error has been corrected by restating each of the affected financial statement line items in the prior period as follows:

Statement of Comprehensive Income (Extract)	2018 \$	Increase/ (Decrease) \$	2018 (Restated) \$
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By Nature or Type

Other comprehensive income

Changes in asset revaluation surplus	138,691,450	(907,173)	137,784,277
Total comprehensive income for the period	140,131,836	(907,173)	139,224,663

By program

Other comprehensive income

Changes in asset revaluation surplus	138,691,450	(907,173)	137,784,277
Total comprehensive income for the period	140,131,836	(907,173)	139,224,663

Statement of Financial Position (Extract)	30 June 2018 \$	Increase/ (Decrease) \$	30 June 2018 (Restated) \$
Property, plant and equipment	43,173,116	(907,173)	42,265,943
Net assets	43,173,116	(907,173)	42,265,943
Revaluation surplus	306,173,582	(907,173)	305,266,409
Total equity	306,173,582	(907,173)	305,266,409

Statement of Changes In Equity (Extract)	2018 \$	Increase/ (Decrease) \$	2018 (Restated) \$
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Revaluation Surplus

Balance as at 1 July 2017	167,482,132	0	167,482,132
Changes on revaluation of assets	138,691,450	(907,173)	137,784,277
Balance as at 30 June 2018	306,173,582	(907,173)	305,266,409

**Note 9 - Property, Plant and Equipment
(Extract)**

	2018 \$	Increase/ (Decrease) \$	2018 (Restated) \$
Buildings - Revaluation increments / (decrements) transferred to revaluation surplus	0	(907,173)	(907,173)
Carrying Amount at 30 June 2018	31,183,939	(907,173)	30,276,766

**Note 12 - Revaluation Surplus
(Extract)**

	2018 \$	Increase/ (Decrease) \$	2018 (Restated) \$
Revaluation surplus - Buildings	12,081,190	(907,173)	11,174,017
Total Asset Revaluation Surplus	306,173,582	(907,173)	305,266,409

**Note 18 - Total Assets Classified by Function & Activity
(Extract)**

	2018 \$	Increase/ (Decrease) \$	2018 (Restated) \$
Community Amenities	11,442,106	(907,173)	10,534,933

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

30. IMPACT OF CHANGE IN ACCOUNTING POLICY

On the 26 June 2018 Paragraph 17A (5) was inserted into Local Government (Financial Management) Regulations 1996. The regulation stated an asset is to be excluded from the assets of a local government if the fair value of the asset at the date of acquisition by the local government is under \$5,000.

Australian Accounting Standard AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, requires this amendment to the asset values to be treated as a change in accounting policy. This standard requires balances to be adjusted retrospectively, unless it is impracticable to determine the period-specific or cumulative effects of the change. As the overall impact was immaterial, an adjustment to prior period balances was not required.

As a result, during the year assets with a fair value at the date of acquisition of under \$5,000 and purchased prior to 30 June 2018 have been excluded from the assets of the Shire along with those assets acquired during the year ended 30 June 2019 with a fair value of under \$5,000 which were capitalised in error (refer to Note 11). See below for further details.

Asset Class	Carrying Amount - 1 July 2018	Depreciation Expense	Carrying Amount - 30 June 2019
Buildings	5,763	483	5,280
Infrastructure - Parks & Ovals	4,011	461	3,550
Plant & Equipment	17,923	4,478	13,445
	<u>27,697</u>	<u>5,422</u>	<u>22,275</u>

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

31. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

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

32. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES

ACTIVITIES

GOVERNANCE

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

Members of Council and Chief Executive Office.

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

Rate revenue, late payment penalty, general purpose grants, untied road grants, commissions, interest on investments, reimbursements and banking costs.

LAW, ORDER, PUBLIC SAFETY

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

Volunteer bushfire brigades, fire prevention, animal control, emergency management and public safety.

HEALTH

To provide an operational framework for environmental and community health.

Health services including infant health, inspection of premises, pest control, and preventative maintenance.

EDUCATION AND WELFARE

To provide services to disadvantaged persons, the elderly, children and youth.

Pre-schools, community services and family centres.

COMMUNITY AMENITIES

To provide services required by the community.

Waste management including household refuse and recycling, bulk verge green and hard waste collections, environmental and sustainability, town planning, public conveniences and cemeteries.

RECREATION AND CULTURE

To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community.

Provision of facilities and support of organisations with leisure activities and sport including halls, sports grounds, parks and gardens, community development and the Mundijong Library.

TRANSPORT

To provide safe, effective and efficient transport services to the community.

Construction and maintenance of roads, bridges, footpaths, Council depot, purchases of plant and equipment and engineering design.

ECONOMIC SERVICES

To help promote the shire and its economic wellbeing.

Rural services such as weed control of reserves, tourism and area promotion, management of building applications and economic development.

OTHER PROPERTY AND SERVICES

To monitor and control overhead operating accounts.

Private works, public works overheads, plant operation, Jarrahdale Heritage Park development, finance and administration costs.

33. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	1.46	1.28	1.73
Asset consumption ratio	0.74	0.77	0.96
Asset renewal funding ratio	0.70	0.46	0.67
Asset sustainability ratio	0.94	0.66	0.64
Debt service cover ratio	9.94	7.18	12.25
Operating surplus ratio	(0.05)	(0.10)	0.00
Own source revenue coverage ratio	0.86	0.82	0.86

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Serpentine Jarrahdale

Report on the Audit of the Financial Report

Opinion

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

In my opinion the annual financial report of the Shire of Serpentine Jarrahdale:

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

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the annual financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the annual financial report, including the disclosures, and whether the annual financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

- (i) All required information and explanations were obtained by me.
- (ii) All audit procedures were satisfactorily completed.
- (iii) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The annual financial report of the Shire for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2017 and 2018 in Note 33 of the audited annual financial report were included in the supplementary information and/or audited annual financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

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



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
18 November 2019





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