

ANNUAL REPORT 2016-2017

SHIRE OF GNOWANGERUP



Heart of the Stirlings



SHIRE OF GNOWANGERUP

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AT A GLANCE

Population:	1,215 (2016 CENSUS - LGA)
Area:	5,000 km ²
Number of Electors:	844
Towns:	Borden, Gnowangerup, Ongerup
Post codes:	6338, 6335, 6336
Localities:	Amelup
Libraries:	Gnowangerup, Ongerup
Primary Schools (K-6):	Borden, Gnowangerup, Ongerup
Secondary Schools:	Gnowangerup District High (Govt) Woodthorpe Secondary (Private)
Doctor:	Gnowangerup Shire Medical Practice (1 x GP)
Hospitals:	Gnowangerup District Hospital (A&E)
Aged Care:	Mallee Springs Aged Care Facility, Gnowangerup Homes for the Aged Residential Units, Gnowangerup
Length of sealed roads:	226km
Length of unsealed roads:	838km
Rates levied:	\$ 3,494,454
Total revenue:	\$ 9,509,737

OUR VISION

A thriving, inclusive and growing community built on opportunity.

OUR MISSION

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

OUR VALUES

Honesty through integrity, ethical behavior and trustworthiness.

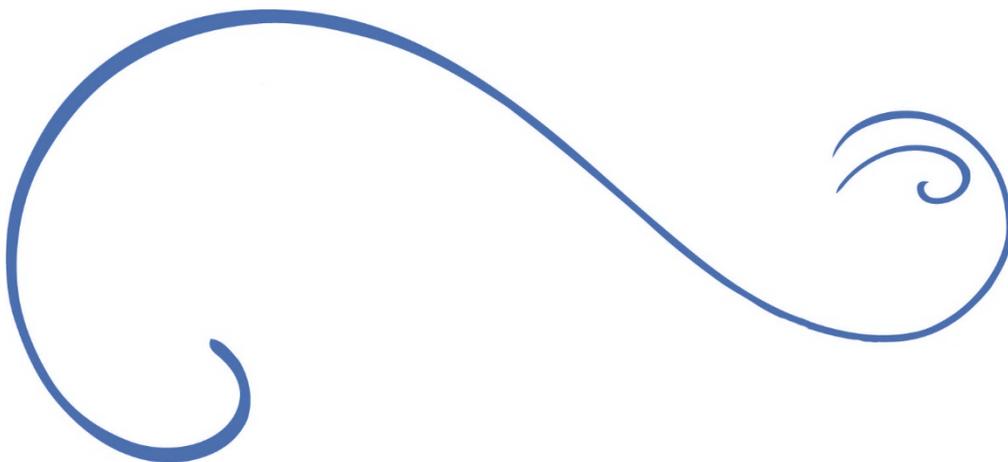
Responsibility through accountability, transparency and ownership.

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

Excellence by a continual pursuit of excellence.

Fairness through justice and equality.

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



OUR HISTORY

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

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

Within four months of the new entity, the first Gnowangerup District Road Board was elected. Of the 256 ratepayers in the district, only 74 cast a vote for the 13 candidates who were vying for the 7 board positions.

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

For many years the perimeters of the board extended all the way to the coast in the east and past Bluff Knoll in the Stirling Ranges to the south.

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

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

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

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

OUR COUNCIL

Shire President's Report



The Gnowangerup Shire conducted a diverse array of major events this year.

July started with a wonderful new initiative for NAIDOC week, a recognition awards dinner, celebrating the Aboriginal community's achievements with a fun positive event.

This year was the 50th anniversary of the Battle of Long Tan. The Vietnam Veterans Association coordinated and funded commemorative services for fallen soldiers. Private David Raleigh Webster, a resident of the Ongerup district, was commemorated with a dignified service at his burial site in Gnowangerup, attended by the Shire with his neighbours of the day and local veterans present.

The Community Pool had its official opening on the 5th November 2017 with an excellent attendance. The Pool was also the venue for the Shire's Australia Day event which again proved very popular.

The last major event I will note is the Yongergnow 10-year anniversary; congratulations to the board and the community for a special day celebrating the achievements of community, conservation and culture in the district.

These significant events are most enjoyable, but they are underpinned by many small community sporting volunteer groups' functions which most genuinely define the strength of our community.

The formal process of community consultation is always ongoing. Council were pleased to endorse the process for the development of our Strategic Community Plan, engaging Peter Kenyon as a highly credentialled facilitator, combined with a comprehensive range of forums to include as many stakeholders as possible. Contributions from over 10% of the community will be acknowledged in the new plan. Congratulations and well done to all who engaged and provided valuable input.

In the 2016/17 financial year, Council approvals for land development showed positive growth. Developments were varied and included Landcorp residential blocks and industrial blocks provided by the Shire. Specifically, the Shire:

- Successfully purchased the Old Ongerup Police Station from the Crown to enable the anticipated sale of the asset.
- Approved the Structure Plan for a private residential development in Gnowangerup on Lot 3587 Gnowangerup-Tambellup Rd and Lot 3913 Jordan St in accordance with provisions of Council's Local Planning Scheme No. 2.
- Progressed the creation and sale of a new lot at Lot 556 Yougenup Road (Cuneo Close), Gnowangerup to Landmark (next to Afgri).
- Supported a community project by altering the purpose of Lot 29 Whitehead Rd, Gnowangerup to include parking and community purposes, via a scheme amendment to enable the Gnowangerup Community Church to develop a community garden on the site.

Shire Infrastructure project funding for the year included maintenance of the Toompup and Airport dams, major works on the Ongerup effluent ponds, and remedial works at our three landfill sites.

All major road funding projects undertaken during the 2016/17 financial year are detailed in the Annual Report under "GOAL 3: Built Environment and Infrastructure – Safe and Reliable Transport System". Total spend on road capital upgrades was approximately \$1,580,000, with \$1,250,000 spent on road maintenance.

Congratulations to staff for completing all planned projects for the year, on time and on budget, in a year where significant natural disaster damage (approximately \$11million worth) resulted in the Shire accessing the WANDRRA (Western Australia Natural Disaster Relief and Recovery Arrangements) funded contracted works programme.

Regretfully, the Shire has been affected by extreme weather events in each of the past two years impacting nearly everyone in the community. Fortunately, the staff have achieved a high level of competency with regard to managing the WANDRRA funding model, and I sincerely acknowledge their professionalism to mitigate the impact on the Shire.

Further to budgeted road network programmes, Council also:

- Resolved to dedicate land as a Road to support Main Roads WA's project to re-align Albany Lake Grace Rd (Chester Pass Rd) at Amelup. These works will provide a section of road network with an improved alignment with suitable seal and shoulder widths to accommodate expanding traffic requirements. This will meet current expectations whilst providing added safety benefits to the community and industry.
- Approved an out of budget expenditure of \$90,350 (ex GST) to realign the intersection of Eldridge St and Bulk Way in Ongerup to enable the intersection to be reinstated to the Main Roads WA RAV 7 Network providing access to the CBH site.

RAVs (Restricted Access Vehicles) must only operate on roads approved by Main Roads, under either an order (notice) or a permit. These roads constitute the RAV Network and are critical to local agricultural producers' ability to transport their commodities from farm gate to receival points

I wish to extend my thanks to the Council Deputy President Fiona Gaze and my fellow councillors for their diverse interests and skills, providing a stable team based on care and respect. Council continues to be very busy. I look forward to the coming year and progressing the Corporate Business Plan. I appreciate all those who are considering nominating for elections in future years and encourage them to do so.

Finally, I would like to congratulate our CEO, Shelley Pike, and her stable team of staff on what has been, at times, a challenging year. Council has a strong relationship with Shire officers which allows for a positive and productive partnership.

Keith House
Shire President

OUR COUNCILLORS



From Left to Right Front Row: *Deputy Shire President Fiona Gaze, Cr Sue Lance, Chief Executive Officer Shelley Pike, Shire President Keith House, Cr Lex Martin*
Back Row: *Cr Bronwyn Gaze, Cr Richard House, Cr Frank Hmeljak, Cr Shelley Hmeljak & Cr Ben Moore*

COUNCIL MEETINGS

Ordinary Council Meetings are held on the fourth Wednesday of each month in the Council Chambers at the Shire administration office, 28 Yougenup Rd, Gnowangerup from 3:30pm. All meetings are open to the public. Special Meetings of Council are held as and when they are needed. No special meetings were held in this reporting period.

Minutes of the meetings are available on the Shire's website:
www.gnowangerup.wa.gov.au

ANNUAL MEETING OF ELECTORS

An Annual Meeting of Electors is held each financial year in accordance with the Local Government (Administration) Regulations 1996 and the Local Government Act 1995 Part 5, Division 2, Subdivision 4. The purpose of the meeting is to present the Annual Report and Auditor's Report to electors.

COUNCIL ELECTIONS

Councillors are elected for four-year terms with council elections held every two years on the third Saturday in October. The next council election will be held in October 2017.

COUNCIL DELEGATES TO EXTERNAL COMMITTEES

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

COMPLAINTS

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

ORDINARY COUNCIL MEETING ATTENDANCE									
	House Cr K	Gaze Cr F	Hmeljak Cr F	Moore Cr B	Gaze Cr B	Martin Cr L	House Cr R	Lance Cr S	Hmeljak Cr S
July 2016	X	X	X	X	X	X	O	X	X
August 2016	X	X	O	X	X	O	O	X	X
September 2016	X	X	X	X	O	X	X	X	X
October 2016	X	O	X	O	O	X	X	X	X
November 2016	X	X	X	X	X	X	X	X	X
December 2016	X	X	X	X	X	X	X	X	X
February 2017	X	X	X	X	X	X	X	X	O
March 2017	X	X	X	X	X	X	O	O	X
April 2017	X	X	X	X	X	X	X	X	X
May 2017	X	X	X	X	X	X	X	X	O
June 2017	X	X	O	X	X	X	X	X	X
OTHER MEETINGS									
Audit Committee 24 th August 2016	X	X	O	X	X	O	O	X	X
Audit Committee 23 rd November 2016	X	X	X	X	X	X	X	X	X
Audit Committee 15 th February 2017	X	X	X	X	X	X	X	O	O
Annual Electors' Meeting 29 th March 2017	X	X	X	X	X	X	X	X	X

Attendance: x

Apology: o

OUR COUNCILLORS



Keith House JP - Shire President 2013 - 2017

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



Fiona Gaze - Deputy Shire President 2015 - 2019

A councillor since 2008, Cr Fiona Gaze has served as Deputy President from 2009 – 2011 and again in 2013/14 and 2015/16. Cr Gaze holds a Bachelor of Education and a Masters of Education Management from UWA. Since 1986, Cr Gaze has been employed in a variety of teaching and senior administration roles, including Principal at Gnowangerup District High School. As a member of the Great Southern Development Commission board, Cr Gaze offers first-hand knowledge of regional development and the Shire's role in the region's progress. Cr Gaze is also involved in the running of her family farm and has a passion for the local community via her work with families, children and youth.



Cr Bronwyn Gaze 2013 – 2017

Cr Bronwyn Gaze has strong family ties to farming, a deep commitment to the Shire of Gnowangerup and to the Great Southern in general. A career in both print and radio journalism was interspersed with work and travel overseas before settling in Borden 28 years ago. Cr Gaze is involved with the running of the family farm and is an established artist and caterer. Through her involvement in various community organisations, she is a strong advocate for any project that strengthens the lives of all Great Southern residents.



Shelley Hmeljak 2015 - 2019

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



Cr Frank Hmeljak 2013- 2017

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



Cr Richard House 2013 –2017

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



Cr Sue Lance 2013 - 2017

A resident of Gnowangerup for 42 years since marrying and moving to the district, Cr Lance was first elected to Council in 2008. Cr Lance is involved in the running of her family's broadacre farming operation and is also a qualified swimming instructor, teaching generations of local children to swim at the Gnowangerup Pool during the annual swimming lesson season. Cr Lance is an active member of the Hidden Treasures of the Great Southern Committee and its annual Bloom Festival, is also involved with the Gnowangerup Progress Association and volunteers at the local Caravan Park.



Cr Lex Martin 2015 - 2019

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



Cr Ben Moore 2015 - 2019

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

OUR ORGANISATION

Chief Executive Officer Report



The Shire of Gnowangerup's Annual Report for 2016/17 is an opportunity for us to report on the past year's achievements and reflect on our work to meet the objectives outlined in our Strategic Community Plan 2012-22 (SCP). This is the principal strategy and planning document for the Shire, which was developed in consultation with our community and outlines a collective vision, aspirations and objectives. Our SCP will be under review in 2017/18, with opportunities for public comment, to ensure it continues to meet the needs of our community. We are proud of many of our achievements throughout the year, and particularly the opening of our community swimming pool.

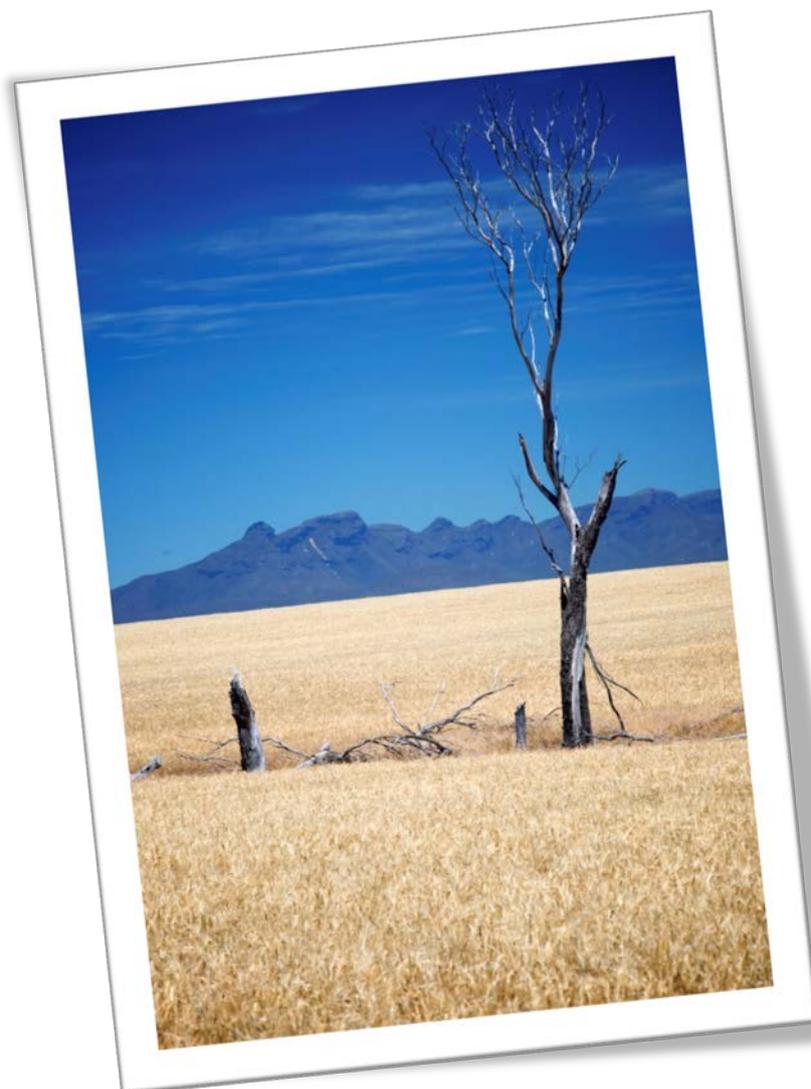
It has been a very busy year for the Shire of Gnowangerup. Two major events impacted significantly on the workload of staff. The February floods resulted in an estimated \$11M of damage to the road network and substantial work was required to rectify the culverts, drains and roads however due to an outstanding effort by the works crew the 2016/17 works program was completed by 30 June 2017. The completion of the construction and subsequent opening of our new swimming pool in November 2016 was a major milestone for the Shire. The \$2.85M community facility located at the Gnowangerup Sporting Complex provides the opportunity for efficiencies in staffing and managing the sporting complex.

Our Annual Report is the primary means of providing our community with information on the key milestones achieved throughout the year, our major projects, services and facilities as well as important financial data. Whether it is our community's demographic or our land uses, the Shire of Gnowangerup with our three towns, is one of diversity.

We are blessed with beautiful rural landscapes, a thriving industrial area, and residential and industrial land developments still under construction. Our three towns also have different demographics and diverse cultural backgrounds. These communities all have different needs and we are better able to understand the differences in and needs of our communities by widely consulting on important issues. We aim to become an organisation that is better in step with its ratepayers and residents.

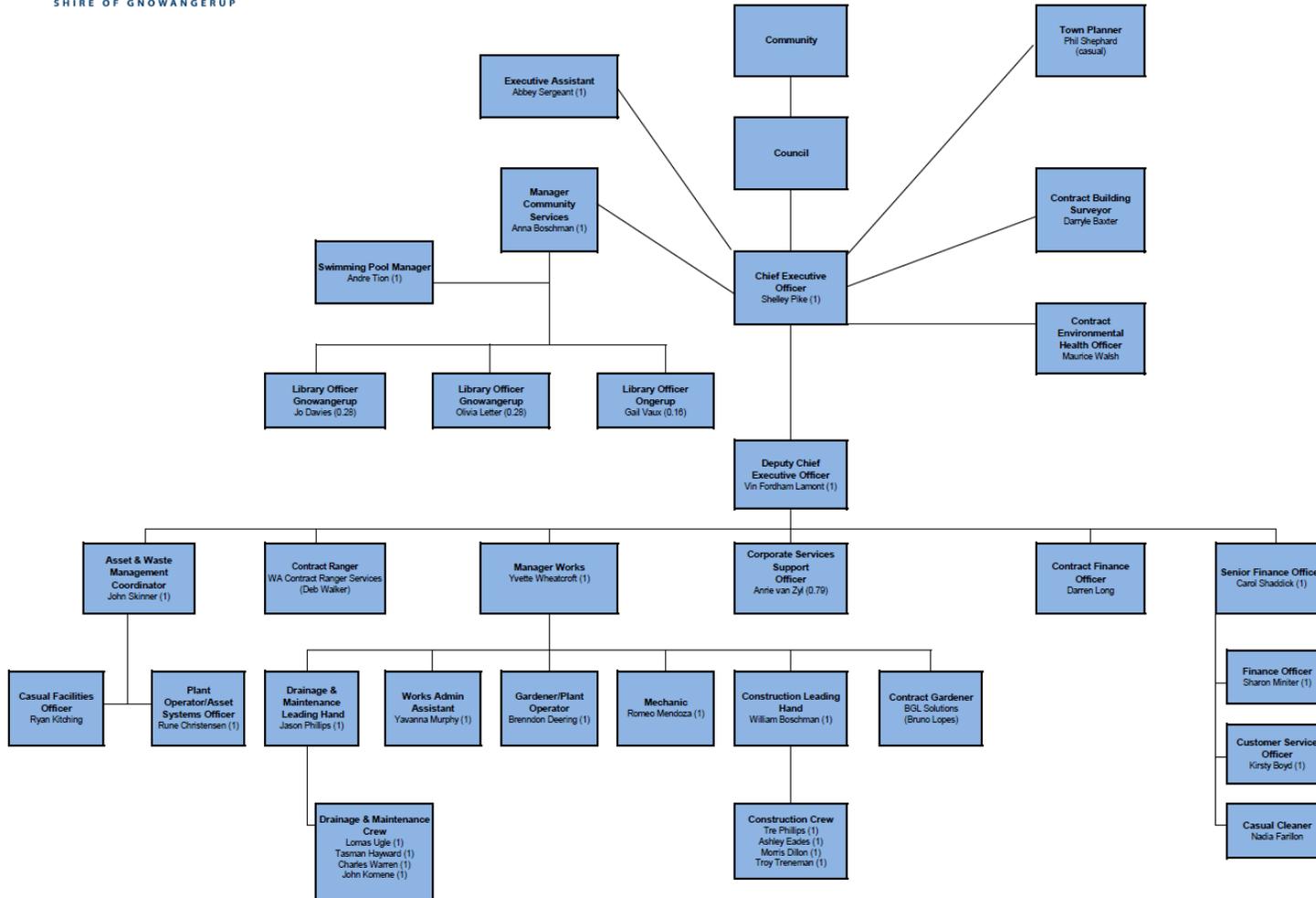
The Shire faces the challenge of ensuring infrastructure and facilities are provided which meet the needs of our communities whilst also ensuring maintenance and renewal is planned for. Despite this challenge, the Shire is committed to maintaining financial sustainability and has ended the year in a sound financial position.

To achieve all that we have in the past year is quite a feat and I would like to thank my Executive Team for their enthusiasm and leadership and all our staff for their contributions towards making this a successful year for the Shire of Gnowangerup. This is my fourth year as Chief Executive Officer and I am proud to lead the passionate and dedicated men and women who make up our workforce. I thank them and the Shire Council for their efforts throughout the year. Our Shire will continue to grow and I look forward to being a part of the committed team working towards an even brighter future.





SHIRE OF GNOWANGERUP ORGANISATIONAL CHART



EMPLOYEE REMUNERATION

Salary Range	14/15	15/16	16/17
\$100,000 - \$109,999		1	
\$110,000 - \$119,999			1
\$120,000 - \$129,999	1		
\$130,000 - \$139,999			
\$140,000 - \$149,999			
\$150,000 - \$159,999	1	1	1
\$160,000 - \$169,999			

Annual salary of \$100,000 or more in 2016/17

COUNCIL FACILITIES

Libraries:

Gnowangerup

Yougenup Centre
47 Yougenup Rd, Gnowangerup, WA, 6335
P: 08 9827 1635
E: gnplib@wn.com.au

Ongerup

Lot 50 Eldridge St, Ongerup, WA, 6336
P: 08 9828 2122
E: onglib@westnet.com.au

Recreation Centres:

Borden Pavilion

51 Stone St, Borden, WA, 6338
P: 08 9828 1116

Gnowangerup Sporting Complex

85 – 109 Yougenup Rd
Gnowangerup, WA, 6335
P: 08 9827 1386

Ongerup Sporting Complex

Jaekel St, Ongerup, WA 6336
P: 08 9828 2013

Swimming Pool:

85 – 109 Yougenup Rd, Gnowangerup WA 6335
P: 08 9827 1741

OUR STRATEGIC FOCUS

COMMUNITY

NATURAL ENVIRONMENT

BUILT ENVIRONMENT AND INFRASTRUCTURE

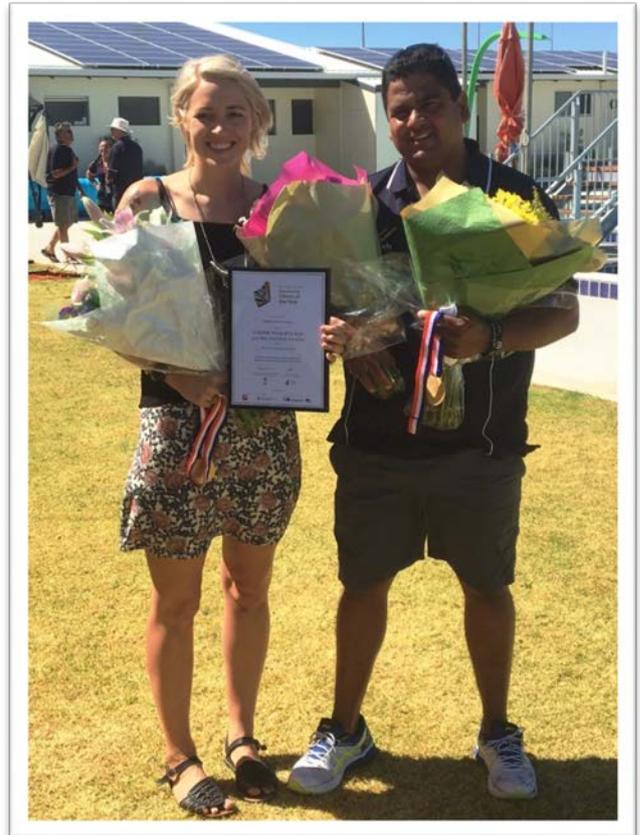
LOCAL ECONOMY AND BUSINESS

GOVERNANCE AND ORGANISATION



GOAL 1: COMMUNITY

A thriving, supportive and safe community



HEALTH SERVICES

Monthly meetings between the Gnowangerup Hospital, local doctor and Shire have continued throughout 2016/17.

2016/17 also saw the local doctor's contract extended until 31st March 2021 with the option to extend for one (1) additional year to 2022.

GNOWANGERUP DISTRICT HIGH SCHOOL

As part of maintaining a close working relationship with the Gnowangerup District High School, and supporting it in becoming an Independent Public School, the Shire's CEO has been appointed to the school's board.



YOUTH DEVELOPMENT

The Shire of Gnowangerup has limited resources and no allocated youth development staff, however youth and children's activities are delivered through value adding to existing Shire services.

In 2016 the Shire's youth activities focused on increasing usage of the two Shire run Libraries. Local libraries-hosted activities included:

- Story time - Every 2nd & 4th Tuesday of the month. Approximately 40 attendees in 2016.
- Lego Club - Every 1st and 3rd Monday of the month. Approximately 60 attendees in 2016.
- Better Beginning Program – Gnowangerup Kindergarten visited the library to collect packs, listen to stories and take part in a library tour. Approximately 20 students attended. 30 packs were also provided to the Child Health Nurse for new babies.
- Kids Furniture – New chairs, mats and beanbags were installed in the JK area of the Gnowangerup Library.
- Author Visits - As part of Children's Book Week, Leanne White, children's author and illustrator, visited the Gnowangerup Library. Approximately 60 students from Ongerup and Borden primary schools and Gnowangerup District High school attended.

There was also a focus on youth activities at the newly built Gnowangerup Community Swimming Pool. Activities at the Pool included:

- Synchronized Swimming Come and Try Days - School Holiday Program December 2016.
- Youth and Family Friendly Official Opening of the Pool in November 2016, attended by almost 400 people.



PROVISION OF APPROPRIATE FACILITIES AND SERVICES FOR AGED AND DISABLED PEOPLE IN OUR COMMUNITY

Where possible the Shire offers Seniors services through existing community activities such as the Library and the Swimming Pool.

The Gnowangerup Library conducts weekly visits to Mallee Springs to lend books to residents and also provides large print books and audio books on request. In 2016 the Gnowangerup Library also hosted a Social Media and E-reader Workshop which was attended by 5 participants over 50 years old. This workshop covered “how to” information on Facebook, Instagram, and Borrowbox.

The Shire hosts the Seniors Christmas Morning Tea which attracted over 40 participants in 2016. This event was held in partnership with the Gnowangerup SES and Gnowangerup Senior High School. Activities included live singing performances from the school choir, as well as the very important games of bingo.

The Shire has a Disability Access and Inclusion Plan (DAIP) that is aimed at enhancing disability access across Shire services and facilities. In late 2016, a community consultation program was implemented to develop a new DAIP. This consultation work included discussions with people who identified as having a disability, carers, and people living in the Shire who did not identify as having a disability. A community survey was also conducted.

The review resulted in a variety of outcomes including an identified need for opportunities for disability friendly physical activities and improved disability access at community events. In response to this identified need the Shire opted to host a subsidized trial of Gentle Exercise Classes at the Gnowangerup Community Swimming Pool which attracted 6 regular participants.

Additional elements of the new DAIP will be endorsed and implementation commenced in 2017.

The Shire also provided funding for the Gnowangerup Community Resource Centre’s Seniors Program which included a Seniors Cabaret Event, Seniors fitness classes and activities such as bingo and Seniors movie mornings. Between 16 and 22 attendees participated in each of these sessions.

ENVIRONMENTAL HEALTH SERVICES

A contract Environmental Health Officer provides health services to the Shire ensuring compliance with the relevant Health legislation.

SPORT, RECREATION AND LEISURE

The Shire provides support to community driven sport and recreation activities through the provision of three major sporting facilities – Ongerup Sporting Complex, Borden Pavilion and Gnowangerup Sporting Complex. The Shire provides building maintenance support and annual operational funding to each group. In 2016 the sporting complexes were provided a combined amount of \$26,337 in operational support.

In 2016 the Shire completed a major capital works program, the redevelopment of the Gnowangerup Community Swimming Pool. This \$2.85 million project began in 2015. The completed aquatic facility is co-located at the Gnowangerup Sporting Complex and features modern seating, picnic facilities, fully landscaped surrounds, heating, solar panels, refurbished change rooms, water features, shaded areas, a purple BBQ and locally built custom made bridge. The new pool is family and disability friendly and has a beach entry and kid's pool.

The new Pool has received overwhelmingly positive feedback from the community and funding bodies and is referred to as an outstanding regional model for a community / local government partnership approach to the development of community infrastructure. The Pool was built with support from a variety of funding partners including the Department of Sport and Recreation, the Department of Regional Development, the Great Southern Development Commission, Lotterywest and the Gnowangerup Sporting Complex. With support from funding partners and by using swimming pool reserve funds the Swimming Pool project was fully funded without the need to borrow funds, therefore reducing the long term financial burden on ratepayers. The Shire commends the suppliers, community supporters and Shire staff for their hard work in seeing the project through from inception to completion.



LIBRARY SERVICES

The Shire has Library facilities in Ongerup and Gnowangerup.

In 2016/17 the Ongerup Library had 12 members and was open for 3 hours a day on Tuesdays and Wednesdays.

In 2016/17 the Gnowangerup Library had 409 members and was open 4 days a week, all day on Tuesdays and Thursdays and half days on Mondays and Fridays. As the Gnowangerup Library is co-located with the Gnowangerup Community Resource Centre (CRC), Library users were also able to access basic Library services, such as borrowing and returning books, outside of Library operating hours when the CRC was open to the public. CRC staff were able to assist library users during these times. This partnership approach to service delivery has been successful in extending accessibility of the Gnowangerup Library service. This longstanding model of delivery will continue into the future.

The Gnowangerup Library has also delivered a range of other events and activities throughout 2016/17:



Author Linda Bettany and CEO Shelley Pike

- **AUTHOR VISITS** - Linda Bettany, Adult historical fiction author - presentation and promotion of new book. Attended by 10 participants.
- **BOOKS ON PRESCRIPTION** – Regional libraries initiative. Library has a large selection of books to lend on the subject of mental health.
- **e-SMART LIBRARY** – Gnowangerup Library is a member of this regional libraries initiative which provides training, documents and procedures to produce a cybersafe, e-smart library.
- **PROMOTION OF ONLINE BORROWING PROGRAMS** – Borrowbox, Overdrive, Zinio.

GNOWANGERUP SWIMMING POOL

In November 2016, the new Gnowangerup Community Swimming Pool was opened by the Shire President, the Honorable Tuck Waldron MLA and Ross Thornton, Chair of the Great Southern Development Commission Board. Almost 400 people attended the opening event which featured a live radio broadcast, kid's games and a triathlon.

Since opening, the Pool has seen a 30% increase in usage and has hosted a range of activities that promote the new disability and family friendly facilities. The co-located aquatic facility has also seen the Shire work in partnership with the Gnowangerup Sporting Complex Committee, the Gnowangerup Swimming Pool Advisory Committee and local businesses and contractors from development, construction and through to completion.



Chair of the GSDC Ross Thornton, Shire President Keith House and Local Member Terry Waldron

KIDSPORT

Kidsport enables eligible children aged 5-18 years within the Gnowangerup Shire to participate in community sport and recreation by offering them financial assistance towards club fees. The fees go directly from the Gnowangerup Shire to the registered Kidsport clubs participating in the project. The Shire distributed a total of \$3,613 through the Department of Sport and Recreation grant for the financial year 2016/17.

The last 12 months have seen a dramatic decrease in the allowance for the Gnowangerup Shire and also the removal of contributions from Kidsport for uniforms or equipment. To enable the shire to continue requesting funding from Kidsport, we need sporting clubs to register online through www.drs.wa.gov.au to enroll for funding.

CLUBS AND GROUPS

The Shire provides support to the three sporting complexes through the annual operational subsidy. Shire staff have also provided support to the complexes by maintaining regular contact with the Complex committees and representing the District at Regional Sport and Recreation meetings. Local sporting organizations are able to request support from Shire staff to access funding and access professional and skills development opportunities. In 2016/17 the Shire has provided support to the Gnowangerup Sporting Complex Committee, offering advice and promoting the Complex Manager position, and has also negotiated with the group to allow for the successful shared use of the change rooms at the Gnowangerup Swimming Pool.



COMMUNITY FINANCIAL ASSISTANCE GRANTS

The Shire supports a variety of community organisations through the Community Financial Assistance Grants (CFAG) Program. In 2016/17 the Shire Granted \$24,897 to community groups and organisations including:

1. \$500 to Ongerup Golf Club – SEDGA event
2. \$500 to WIFE Professional Development Group – event was cancelled and funds returned
3. \$1,500 to Southern Agcare – Promotion and Community Engagement
4. \$2,000 to A Smart Start – Information and Activity Sessions
5. \$3,500 to Yongergnow – 10 Year Anniversary
6. \$2,800 for Ongerup Community Development – Walk Trails
7. \$4,715 to Gnowangerup Community Resource Centre – Spring Fair
8. \$5,382 to Gnowangerup Community Resource Centre - Seniors Program
9. \$4,000 (\$12,000 over 3 years) to Hidden Treasures – various activities

Community Groups such as the Gnowangerup Community Church – Community Garden Project Committee and The Gnowangerup Aboriginal Corporation – Proposed Training Centre Group were also provided with support, guidance and advice in relation to grant applications, partnership development and planning and licensing matters.

Due to the project’s regional significance the Gnowangerup Aboriginal Corporation – Proposed Training Centre was also provided with \$10,000 in financial support to develop a feasibility study for their project. The project aims to work towards a variety of “closing the gap” targets and provide local Aboriginal people with economic and community based drivers for reconciliation action and positive social change.

The Community Garden Project demonstrates successful partnership development and was the catalyst for the creation of a Gnowangerup Men’s Shed which was established in 2016.

VOLUNTEERING

At the heart of the community grants process and the operational subsidy scheme for sporting complexes, the Shire aims to develop opportunities to increase volunteerism across the district.

In 2016, the Shire became an Act Belong Commit partner organization. The Act Belong Commit program is a preventative health campaign that encourages individuals to get involved in their community in order to protect their mental health. The Shire has undertaken a number of Act Belong Commit themed activities in 2016/17 including celebrating Mental Health Week.

ARTS AND CULTURE EVENTS

The Gnowangerup Library hosted a book sale at the Gnowangerup Community Fair in February, selling a large amount of old and donated local stock, and promoting new membership.

NAIDOC Week 2016 saw the first local NAIDOC Week Awards. This event was aimed at fostering ties between Aboriginal and non-Aboriginal people. The Awards acknowledged the contribution of local community members for the betterment of the Noongar people, the local traditional owners. The Shire provided financial support for this event and guidance and support to the organisers.



As part of the Bloom Festival the Shire hosted AnniMac, a Futurist. AnniMac presented an interesting talk on the future of the region and worldwide trends in a variety of areas including culture, evolving technology and social change. 34 people attended the event.

Through the community grants program, the Shire has funded a number of cultural activities including the Ongerup Heritage Walk, the Gnowangerup Spring Fair, the Yongergnow 10-year anniversary and the Gnowangerup Seniors Program movie screenings and Cabaret.

PROMOTE LIFESTYLE, FACILITIES AND SERVICES TO ENCOURAGE FAMILIES TO THE SHIRE

In 2016, Shire staff began work on a Communications Plan. This plan was aimed at providing clarity and direction on promotion of the Shire and marketing local facilities and services.

The Shire launched a Facebook page in September 2016. This new medium of advertising has been embraced by the community and has allowed the Shire to publish real time information about activities, facilities, services and emergency information. The Shire Facebook page has 237 followers.

COMMUNITY HOUSING OPTIONS

Stage one of the Quinn Street residential subdivision in Gnowangerup has been serviced and completed and the Shire is waiting for LandCorp to initiate the sale of the land.

POLICE PRESENCE

Early 2017 saw the arrival of two new staff to the Gnowangerup Police Station. Sergeant Tracey KEOWN transferred from Katanning and First Class Constable Rory LAWTY from Collie. In June 2017 Senior Constable Garry MASON also transferred from Collie returning the station to a full complement of three staff.



EMERGENCY AND FIRE MANAGEMENT PLANNING, PREPAREDNESS, RESPONSE AND RECOVERY

The Shire President (Chairperson), Deputy CEO, Manager of Works and Corporate Support Officer all contributed to the Local Emergency Management Committee (LEMC). The Shire fulfilled its obligations to the Office of Emergency Management (OEM) in terms of exercising our Local Emergency Management Arrangements (LEMA) on an annual basis. In 2016/17, the exercise was in the form of a desktop review of the February 2017 flood and how the member agencies of LEMC worked together during the emergency. The Shire's LEMA and Emergency Recovery Plan are current and compliant.

The Shire of Gnowangerup LEMC is also participating in the OEM's State Risk project. In 2009, the Council of Australian Governments (COAG) endorsed the National Partnership Agreement on Natural Disaster Resilience. This agreement provided Commonwealth funding to local regions to increase the resilience of their communities to natural disasters. As a condition of this initial funding, each State and Territory was required to undertake risk assessments to inform and address priorities for risk mitigation.

In 2013, the State Emergency Management Committee (SEMC) initiated the State Risk Project, which was designed to gain a comprehensive and consistent understanding of the risks faced at state, district and local levels. Consequently, a series of state-level risk assessment workshops were held to assess the risks posed by seven sudden-onset natural hazards. The initial hazards assessed were heatwave, flood, bushfire, cyclone, tsunami, earthquake and storm. The results were reported to the Commonwealth in 2013 and an update of the state's risk profile will be delivered in 2017.

Western Australia currently has 27 hazards prescribed within emergency management (EM) legislation. These hazards stem from natural and man-made origins or a combination of both. The State Risk Project has identified a range of potential vulnerabilities that may be affected by any of these hazards. These vulnerabilities, grouped under six key themes, are considered of critical importance to the wellbeing of the State (the state core objectives). The six themes are people, economy, infrastructure, social setting, government and environment. The State Risk Project seeks to gain a robust understanding of risks genuinely faced. From there, the state can use the information to formulate appropriate and cost-effective mitigation strategies that lower risk and contribute to building a more resilient state.

The State Risk Project uses both the methodology and criteria outlined in the National Emergency Risk Assessment Guidelines (NERAG) and internationally recognised standards for the risk assessment process (AS/NZS ISO 31000:2009). Assessments, based on a worst-case scenario event (and a near worst-case scenario event for State-level), are conducted in workshop settings. The scenarios are scalable for state, district and local levels and are tailored accordingly. This methodology ensures all data is consistent and can be compared.

The state level phase of the project, encompassing risk assessment workshops held in Perth during 2013, 2014, 2016 and 2017, is scheduled for completion in 2017.

The district level risk assessment workshop program (for priority hazards) across all of the State's EM districts took place during 2015 and 2016. OEM's understanding of risks has grown significantly, largely as a result of the risk data collected in the project's district phase. This risk data is currently being used to compile comprehensive risk reports and risk profiles for each EM district in WA (these reports will be available soon on the OEM website).

The local level phase of the project commenced in 2017, with local government take-up, participation and support of the project being very strong. The aim of the local level component is to provide training, support and tools to local governments to assist them in undertaking the emergency risk management process (as required by existing policy).



STREET LIGHTING

No developments relating to Street Lighting occurred during the 2016/17 financial year.

RANGER SERVICES

Western Australia Contract Ranger Services (WACRS) is the provider of Ranger Services to the Shire of Gnowangerup. Throughout the 2016/2017 financial year, the Rangers were kept busy patrolling Gnowangerup, Borden and Ongerup.

Generally, WACRS visits once a week for a period of four hours but as demand increased during our warmer summer months this was increased to a full day. In addition, the Rangers attended one after-hours emergency during the year.

The majority of complaints received related to wandering dogs of which there were 19 in Gnowangerup, 4 in Ongerup and 1 in Borden.

A total of 30 dogs were impounded with 17 of these being returned to their owners and 16 re-homed outside of the area by WACRS and the A1 Wheatbelt Rehoming facility in Northam. Three dogs were surrendered to the Shire of Gnowangerup due to their involvement with attacks on stock, other animals or people.

9 Dog owners received warnings in Gnowangerup, and 1 in each of Borden and Ongerup.

5 Dog owners received infringements for various offences in Gnowangerup.

The Shire of Gnowangerup and WACRS experienced a high level of demand for assistance across all three towns in relation to wandering or nuisance cats. WACRS supplied traps to community members and commenced trapping on Shire property to help curb the number of wandering and/or feral cats.

13 Cats were rehomed although this program was not as successful as hoped due to limited trapping opportunities for the Ranger. The Shire of Gnowangerup is working hard to combat this issue by upgrading the Cat Management Facility at the depot in the coming financial year. This will allow residents to humanely trap and deliver cats to the depot for identification and impoundment till the Ranger is able to visit.

Residents that don't comply with the Bushfire Act 1956 put all residents at risk by allowing their property to become overgrown and a fire hazard. In October 2016, WACRS conducted inspections for non-compliant properties and issued 26 warnings and 4 infringements in Gnowangerup. 3 warnings and 1 infringement were also issued in Ongerup.

Occasionally, abandoned vehicles become an eyesore within our towns and, this year, three owners were advised to move their vehicles from public land onto private property within an appropriate timeframe.

The microchipping service provided by WACRS has been in steady demand due to the legal requirement for all dogs and cats being released from a pound facility, or over a certain age, to be microchipped.



GOAL 2: NATURAL ENVIRONMENT

Natural Assets That Are Protected and Secured for Future Generations



NATIVE VEGETATION AND ENVIRONMENTAL PROTECTION

The Shire has continued to work with the Department of Parks and Wildlife (DPAW) on the Shire's roadside conservation management. Council is fully committed to the Shire's Strategy 3.3.2 *Conserve natural vegetation, Native reserve condition and bushland*. The Shire has several roads with high conservation value and Shire Works staff undertook training to gain a better understanding of the importance of road verge conservation and management, especially in the highly sensitive areas throughout the Shire. The Shire continues to meet and work with DPAW to monitor and conserve these roadside areas.

WATER RESOURCES INTO THE FUTURE

The new solar powered standpipe in Gnowangerup has been in place for 12 months and has been very successful in allowing 24hr a day access to water and offering a simplified accounting system.

Toompup dam sustained significant damage from the 2 consecutive flooding events so Council spent \$15,750 repairing the dam walls. The new Airstrip dam had some minor erosion so \$4,050 was spent repairing that damage.



ONGERUP EFFLUENT SYSTEM

This system was designed and built in the early 1960's and had worked well for 50 plus years. A 2015 operational audit discovered that while the system still worked, it was overdue for a full refurbishment.

The Shire allocated \$150,000 in the 2016/17 budget to begin this 3-year project, with the work focused on three main areas:

- Repairing the major pipe defects \$78,000.
- Desludging the pond system \$35,000.
- Pond wall repairs and new fencing \$30,000.

The works completed this year have addressed the immediate concerns raised in the audit.

Over the next two years the rest of this system will be refurbished to a level that will ensure its long-term viability for the town of Ongerup.



WASTE MANAGEMENT STRATEGY

During the last year, the Shire has continued to implement its Waste strategy with progress made in some key areas.

- There was good progress with the on-going rehabilitation of our landfills with areas rehabilitated at each site.
- The Shire conducted an extensive GIS mapping program at each of the landfills, which combined with onsite inspections, has given a reliable snapshot of the condition of each site. As these landfills age this information will be used to monitor all aspects of running these sites into the future.



WASTEWATER COLLECTION, TREATMENT AND DISPOSAL SERVICES

There were no changes in regard to issues relating to waste water collection and treatment in the 2016/17 year.

REGIONAL WASTE MANAGEMENT STRATEGIES

There were no changes in regard to issues relating to regional waste management in the 2016/17 year.

GOAL 3: BUILT ENVIRONMENT AND INFRASTRUCTURE

A built environment and infrastructure that supports the community and the economy



TOWN PLANNING SCHEME

New Planning Regulations were introduced in 2016 that affected new scheme preparation – nearing completion (estimated draft scheme available by October 2017).

PLANNING APPLICATIONS

Target turnaround times of 15 working days (no advertising required) and 40 working days (advertising required) for planning applications were achieved 100% of the time.

PLANNING & SCHEME AMENDMENTS

The Shire of Gnowangerup continually monitors its Local Planning Scheme No. 2 for possible modifications to improve its performance and effectiveness in responding to the Council and community aspirations for land use planning in the district.

In 2016/2017, 4 scheme amendments were completed as set out in the Table below:

No	Affected Property	Purpose of Amendment	Status of Amendment
8	Lot 96 cnr Corbett Street / Quinn Street / Whitehead Road, Gnowangerup	Rezone to Residential with a density code of R25	Completed
9	Rezoning Lot 3587 Gnowangerup-Tambellup Road and Lot 3913 Jordan Street, Gnowangerup	Rezone to Rural Residential (RR3)	Completed
10	Amelup locality	Including Tavern as a discretionary land use within the Amelup Tourist Special Control Area	Completed
11	Gnowangerup Community Church	To facilitate the development of a community garden on the church land.	Being Finalised

DEVELOPMENT APPROVALS

The Shire of Gnowangerup dealt with the following building matters during 2016/2017:

Month	Building / Demolition Permit	Value
July 2016	1	\$84,073
August 2016	1	\$45,000
September 2016	2	\$16,500
October 2016	3	\$42,640
November 2016	1	\$15,000
December 2016	1	\$100,000
January 2017	0	\$ -
February 2017	0	\$ -
March 2017	1	\$15,000
April 2017	2	\$115,000
May 2017	0	\$ -
June 2017	0	\$ -
Totals	12	\$433,213



HERITAGE BUILDINGS, ITEMS AND PLACES OF INTEREST

In 2016 the Shire commissioned the development of a Heritage Management Plan for the Old Gnowangerup Police Station and Conservation Plans for the Old Police Station and Gaol and the Old Gnowangerup Agricultural Machinery Shed. These documents will enable the Shire and local Heritage groups to effectively preserve these locally significant heritage buildings.

The Shire has supported the Gnowangerup Heritage Group to renovate the Old Gnowangerup Police Station and Gaol. \$10,000 was provided to the group to begin the renovation process. The Heritage Group has been guided by the Conservation Management Plan for the building with the eventual aim being to complete the works to preserve this important piece of local heritage.

In 2016, the Gnowangerup Library installed a local history section including extensive issues of the 'Gnowangerup Star' newspaper. The Gnowangerup Library also offered online access to historical resources such as Ancestry Library edition and Trove.

WESTERN AUSTRALIAN NATURAL DISASTER RELIEF RECOVERY ARRANGEMENTS

In February 2017 the Shire experienced another significant rainfall event. The Shire sustained \$10,882,500 worth of damage to the road and drainage infrastructure. This was declared an eligible event under Western Australian Natural Disaster Relief Recovery Arrangements (WANDRRA). The initial reinstatement works to open roads and make them trafficable was undertaken in the 2016/17 financial year and the restoration work will continue into the 2017/18 and 2018/19 financial years.



SAFE AND RELIABLE TRANSPORT SYSTEM

The 2016/2017 Works Program was completed as follows:

Ongerup Pingrup Road	<ul style="list-style-type: none"> ▪ Project to rebuild shoulders and widen pavement, reconstruct drains for 4km ▪ Reseal new shoulder 0.5m each side then reseal entire width of road ▪ Seal 4km shoulders from 15/16 year then reseal entire road width ▪ Total cost \$418,366 – Roads to Recovery funds \$117,865, Regional Road Group funds \$200,000, Council funds \$100,501
Salt River Road	<ul style="list-style-type: none"> ▪ Construct and seal 5.8km of Salt River Road ▪ Total project cost \$546,246 - Roads to Recovery funds \$173,331 and Council funds \$372,915
Gleeson Road	<ul style="list-style-type: none"> ▪ Project to form up and gravel re-sheet 4km ▪ Total project cost - \$92,328 Roads to Recovery funding
Buncle Street	<ul style="list-style-type: none"> ▪ Project to reconstruct and stabilise and seal 590m to CBH entrance ▪ Total project cost - \$93,975 Roads to Recovery funds
Tieline Road	<ul style="list-style-type: none"> ▪ Project to reseal and protect pavement integrity through renewing the running surface of the road 12km ▪ Total project cost \$224,583 - Roads to Recovery funds \$119,083, Regional Road Group funds \$70,000, Council funds \$35,500
Sandalwood Road	<ul style="list-style-type: none"> ▪ Project to reseal 1.5km of road for asset preservation including two floodways ▪ Total project cost - \$49,742 Regional Road Group funds
Sandalwood Road	<ul style="list-style-type: none"> ▪ Gravel re-sheet 4km of road ▪ Total project cost - \$22,383 Council funds
Road maintenance	<ul style="list-style-type: none"> ▪ Routine road maintenance program consists of: maintenance grading, tree pruning, road verge spraying, shoulder grading ▪ Total funds spent on road maintenance: \$1,250,962

LOBBY THE STATE GOVERNMENT FOR INCREASED ROAD FUNDING

The Regional Road Group and the WALGA Zone Councils successfully lobbied the State Government for additional funding to rectify a number of issues with Chester Pass Road, one of the main grain routes in the Shire.

Prior to the state election in March 2017 the government allocated funding to upgrade sections of Chester Pass Road.

GNOWANGERUP AIRFIELD

Council maintains the Gnowangerup airfield, which provides an important service to the local community, especially with respect to the Royal Flying Doctor Service. There were no upgrades during 2016/17, however there was some maintenance required due to slight erosion of the unsealed edges in the January 2017 floods. Other infrastructure such as lights, windsock and fencing are checked and maintained on a regular basis.

PARKS AND GARDENS

The street trees on Yougenup Road have been hand watered since they were planted. There is very little run off for the trees due to the brick paved footpath so this year reticulation was put in place for all the trees in the main street. This is safer than hand watering which, in the summer is needed twice a week and once a week in the winter months. Reticulation is a more cost effective and efficient way to ensure the longevity and health of these trees.

The Shire Office Gardens in Gnowangerup have been replaced with native trees to assist with water conservation into the future.



BUILDINGS AND FACILITIES

2016/17 has been the first full year using the Shire's new asset management system (BuildingsPlus). It has proved to be very useful, giving detailed reports and condition ratings for all the various components that make up each of the Shire's 70 plus buildings.

Having this detailed information has been very useful in developing maintenance and renewal plans for the 17/18 budget and the Long Term Financial Plan.

CEMETERIES

The Shire maintains the Gnowangerup Cemetery and the Ongerup Bush Cemetery and this year have made some improvements to the Gnowangerup niche wall. This is a two-stage plan with the first stage involving the rendering of the older bricks with a new limestone finish and the second stage will involve a new roof over the area. This will be completed in the 2017/18 year. The Shire Councilors gave their time voluntarily to undertake this work.

PLANT AND EQUIPMENT

Following our 10-year Plant Replacement Schedule the Shire replaced 4 utilities and the small construction truck. The Chief Executive Officer, Deputy Chief Executive Officer and Manager of Community Services vehicles were also replaced. There was no large equipment traded in the 2016/17 financial year.



ASSET MANAGEMENT PLAN

In 2016/17, officers worked with professionals from Talis Consultants to develop and draft an Asset Management Framework which will eventually include an AM Policy and Strategy, and an AM Plan for each separate class of assets. The Policy has already been adopted by Council and the Strategy has been substantially created.

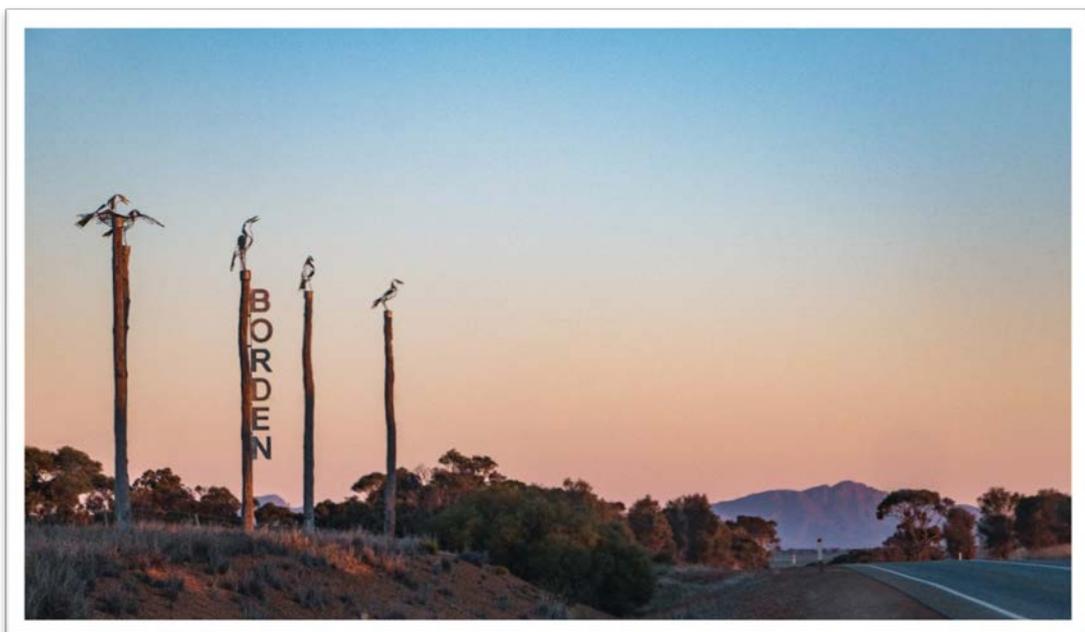
Officers have started on the AM Plan for the Infrastructure – Airports asset class and it is anticipated the Infrastructure – Roads will be the next to be worked on.

POWER AND TELECOMMUNICATION

No developments relating to these issues occurred during the 2016/17 financial year.

LIAISE WITH GOVERNMENT TO ENSURE COORDINATED PROVISION OF REGIONAL INFRASTRUCTURE

Ties were strengthened with our Federal Local Member, Mr. Rick Wilson. The member was able to provide assistance with a number of issues by lobbying on the Shire's behalf.



GOAL 4 LOCAL ECONOMY AND BUSINESS

A Strong and Diverse Local Economy



Gnowangerup Shire Works Crew

AIRPORT STUDY

A jointly funded study between the Shire of Gnowangerup and the Great Southern Development Commission was undertaken with the aim of identifying opportunities to generate an income from the Gnowangerup airport. Although the report explored numerous opportunities, most were for one off events which would not deliver a regular income contribution towards the maintenance of the airport. It was determined to investigate the possibility of contracting out the management of the airport to a local group with Council maintaining the responsibility for airport maintenance.

LOCAL INDUSTRY DEVELOPMENT INITIATIVES

A successful business forum attended by over 22 participants was facilitated by Peter Kenyon. The forum utilized case studies from across Australia identifying various ways small rural towns had marketed themselves and increased their population over time.

COMMERCIAL AND INDUSTRIAL LAND

A structure plan for Lot 556 Yougenup Rd Gnowangerup has been prepared with the view to selling lots when required. The Shire has received an offer to purchase a second lot and the sale will be completed shortly. Investigations relating to design and servicing and associated costs of the new lot will take place in the next financial year.



TOURISM

The Shire financially supports the Hidden Treasures Group which actively promotes nine (9) Councils in the inland Great Southern region. In 2016/2017, this support consisted of a commitment for \$4,000 per year for three years. These funds supported Tourism activities in the Shire and assisted the Hidden Treasures Group's Committee to deliver a range of activities including the Bloom Festival 2016. Hidden Treasures Group markets local sites, services and facilities to tourists with a focus on "Grey Nomads". The Hidden Treasures Group is represented annually at the Perth Camping and Caravan Show and each year in September and October the Bloom Festival promotes the wildflower season and local organic produce.

The Shire supported the Spring Fair which was hosted at the Gnowangerup Sporting Complex. The Fair was successful in attracting approximately 400 participants.

In 2016, the Shire hosted Anнимac, a futurist, as part of the Bloom Festival.

In 2016, the Shire allocated approximately \$16,000 towards the development of the Gnowangerup Heritage Trail. The walk trail guides visitors to historically significant sites in Gnowangerup Town site. The trail spans 2km with sign posted historical information, linked to additional web based content. The Shire intends to seek grant funding for this project which is due for completion in 2017.

The Shire supports the Gnowangerup Progress Association to operate the Gnowangerup Caravan Park. The Caravan Park offers access to powered and unpowered sites, toilet and ablutions facilities and an RV dump point. The Caravan Park creates a place for tourists to stop and stay in the Gnowangerup Town site close to local services and shops.

GOAL 5: GOVERNANCE AND ORGANISATION

Proactive Leadership, good governance and efficient service delivery



COMMUNICATIONS PLAN

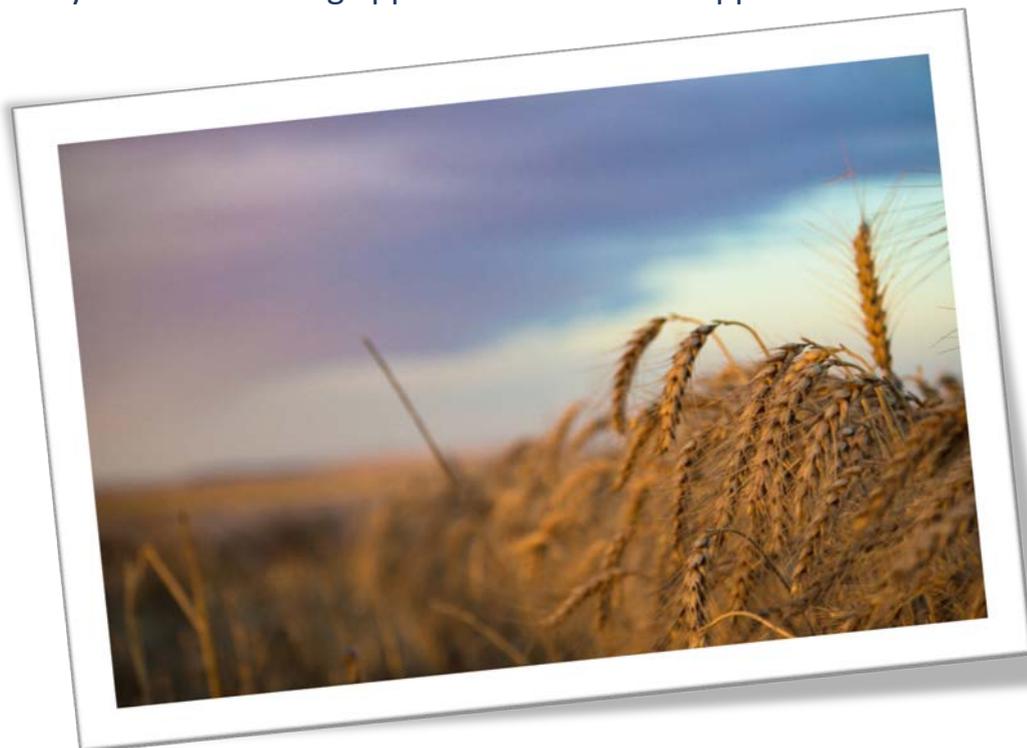
The Shire has developed a Communications Plan which is being used to improve internal and external communications. Communication Strategies have been identified in order to improve communication between the Shire, its community stakeholders and residents. Facebook has been shown to be a fast and effective way to communicate with the public. The new Facebook Page will keep residents informed about Shire matters and has the ability to engage the community to address the needs of a younger computer literate generation of residents.

STRENGTHEN THE GOVERNANCE ROLE OF COUNCILLORS

Councillors have been made aware of training programs to suit their needs and a number of Councillors have undergone training in the modules offered by WALGA.

PROMOTE OTHER COUNCILS ON A LOCAL AND REGIONAL LEVEL

The Shire of Gnowangerup partnered with nine local authorities in the Great Southern to apply for a Royalties for Regions grant to develop affordable well-aged housing. A second grant for federal funding was also submitted to leverage off the Royalties for Regions funding. Unfortunately, following the election of the Labor government in March 2016, the new Minister for Regional Development indicated that the government had a different set of priorities and it was unlikely that the housing application would be supported.



LOCAL LAWS

At its Ordinary Council Meeting held on Wednesday 27th July 2016 the Shire of Gnowangerup resolved to adopt and advertise the following Local Laws:

- Animals, Environment and Nuisance Local Law 2016;
- Bush Fire Brigades Local Law 2016;
- Dogs Local Law 2016;
- Health Local Law 2016
- Local Government Property Local Law 2016; and
- Standing Orders Local Law 2016

These local Laws were published in the Government Gazette on 15th November 2016.

WORKFORCE PLAN AND HR POLICIES AND PROCEDURES

The Shire of Gnowangerup Strategic Workforce Plan 2015-2018 was finalised during the 2015/2016 financial year.

This Workforce Plan aims to provide the Shire with the tools to attract and retain competent and hard-working staff that are committed to providing a high level of service to the Gnowangerup community in the face of a future which is uncertain and ever changing.

During 2016/2017, there was some staff turnover and one new position was created. An additional Plant Operator / General Hand in the Road Construction team commenced work during the year to provide more flexibility and efficiencies for the organization.

The Shire introduced or updated a number of human resource management policies/procedures:

- Personal Devices Policy
- Mobile Devices Policy

An updated Workforce Plan is due to be completed in the 2017/2018 year, once the new Strategic Community Plan has been completed.

FINANCIAL SERVICES TO SUPPORT THE SHIRE'S OPERATIONS AND TO MEET PLANNING, REPORTING AND ACCOUNTABILITY REQUIREMENTS

The Shire's Long Term Financial Plan was fully reviewed in 2016/2017 and adopted by Council at its Ordinary meeting of 24 May 2017.

The Executive Summary reads:

"The Shire of Gnowangerup's Long Term Financial Plan (LTFP) is an important part of Council's Integrated Planning process. The LTFP is aligned with Council's Strategic Community Plan and Corporate Business Plan, and will form the basis for the preparation of Council's annual budgets.

The Long Term Financial Plan covers a 10 year planning period, from 2017-18 to 2026-27 and therefore cannot be set in concrete. The Plan includes the modelling of three scenarios based on a range of assumptions and assesses the Council's revenue capacity against community demands and service levels.

Three scenarios have been modelled:

- (a) Best Case Scenario
- (b) Base Case Scenario
- (c) Worst Case Scenario

Projections contained in the schedules attached to this Plan reveal that over the next 10 years the Shire will require revenue from rates to grow faster than the anticipated Consumer Price Index, estimated to average 5.0% per annum over the life of the Plan.

In adopting such a strategy, the Shire will achieve a greater degree of financial independence with the ability to achieve balanced budgets, continue to improve performance ratios towards the minimum benchmark requirements of the Department of Local Government and Communities, and being to addressing infrastructure asset funding gaps in the latter years of the Plan."

RESPONSIVE CUSTOMER SERVICES

The Customer Service Charter sets out the service and standards that customers can expect from Shire of Gnowangerup staff members, as well as the behavior we expect from customers in return. It also details the process for lodging complaints and provides a range of contact details for the Shire.

The Shire also has an official Code of Conduct which sets the minimum requirements of conduct for Council officials (including staff) in carrying out their functions. The Code is prescribed by regulation and has been developed to assist Council officials to:

- understand the standards of conduct that are expected of them;
- enable them to fulfil their statutory duty to act honestly and exercise a reasonable degree of care and diligence (Section 3(1)(a) of the Local Government (Rules of Conduct) Regulations 2007); and
- act in a way that enhances public confidence in the integrity of the local government.

A copy of the Code of Conduct is provided to all new employees and elected members on their commencement with the Shire.

COMMUNICATION SERVICES

The Shire of Gnowangerup operates an SMS messaging service for emergency/urgent communications with the community. If you want to receive SMS messages relating to such things as fire bans and road closures, simply contact the Shire to register your mobile phone number.

The Shire website at <http://www.gnowangerup.wa.gov.au> also provides a wealth of information to community members. News items, corporate documents and Councillor information can all be found there.

In 2016/2017 the Shire established a Facebook page (<https://www.facebook.com/ShireofGnowangerup/>) to access a younger demographic within the District.

Shire news items are also published in the three local newsletters which circulate within the District.

CORPORATE RISKS, SUPPORTED BY APPROPRIATE POLICIES AND PROCEDURES

Consistent with statutory requirements, an annual review of the Shire's Policies and Procedures Manuals was conducted in 2016/2017. As a result, some existing policies/procedures were updated and some new ones were created:

- Asset Management Policy
- Personal Devices Policy
- Mobile Devices Policy
- Regional Price Preference Policy

The Shire reviews its insurance cover each year and currently maintains the following policies:

- Bushfire
- Liability
- Casual Hirers
- Crime
- Property
- Workcare
- Corporate Travel
- Cyber Liability
- Marine Cargo (Road Freight)
- Motor Vehicle
- Personal Accident (Councillors and Volunteers)
- Pollution Legal Liability

The Shire has a Risk Management Framework in place which includes access to a Regional Risk Coordinator through the Shire's insurer, LGIS, a Risk Management Policy and Risk Management Procedures. As part of the development of the framework, the major risks facing the organization were identified and corresponding risk profiles created. The management team reviews the profiles regularly and updates them as required.

INTEGRATED PLANNING AND REPORTING

In 2016/2017 the Shire conducted a number of community consultation sessions to guide the development of the new Strategic Community Plan. It is expected that the Strategic Community Plan and Corporate Business Plan will be adopted by council in late 2017.

The Shire updated its Long Term Financial Plan in 2016/2017, an annual requirement to ensure that it is always current and considers current trends and issues.

Council adopted its Asset Management Policy in 2016/2017. As part of its overall Asset Management Framework, an Asset Management Strategy and Asset Management Plans for each class of asset will be completed in 2017/2018.

The Shire will develop a new Workforce Plan in 2017/2018 to provide guidance in the area of workforce development into the future.

IMPROVEMENT OF SERVICES, CORPORATE SYSTEMS AND PROCESSES

The Shire is constantly seeking to improve its services, corporate systems and processes.

The following improvement projects were undertaken in 2016/2017:

- Added a checklist for basic office processes to the employee induction package.
- Reviewed our Records Management system and processes.
- Updated the Delegations Register.
- Conducted an audit of Names and Addresses records in Synergysoft.
- Organised a health check of our payroll system.
- Updated New Employee docket to include EEO questionnaire.
- Reviewed our master key system and key register. Established a maintenance schedule for Shire Building assets.

DISABILITY ACCESS AND INCLUSION PLAN

Part 5, sections 27, 28 & 29 of the Disabilities Services Act 1993 requires Local Governments to have and implement a Disabilities and Access Inclusion Plan and to report on the implementation of its Plan. The Shire of Gnowangerup Disabilities Access and Inclusion Plan 2011-2016 contains a number of strategies to address each of the desired outcomes of the Disabilities Services Act 1993. In May 2016 the Shire was required to provide a final progress report on the DAIP 2011 -2016.

Outcome 1: People with disabilities have the same opportunities as other people to access the services of, and any events organised by, a public authority.

The Shire of Gnowangerup ensures people with disabilities are consulted on their need for services and will continue to monitor services to ensure equitable access and inclusion. Shire services and activities are promoted in a variety of ways. Posters and marketing material is provided in large print format and where possible staff assist people with a disability to access services by working with individuals to indent their needs. The Gnowangerup Library supplies large print book and audio books as well as DVD with subtitles.

Outcome 2: People with disabilities have the same opportunities as other people to access the buildings and other facilities of a public authority.

The Shire of Gnowangerup is committed to ensuring that all buildings and facilities meet the standards for access and that all new or redevelopment work provides access to people with disabilities. The Shire has been able to integrate disability friendly access features into new infrastructure projects and continues to encourage the community to work on ways to improve physical access to older buildings in the district. The new Gnowangerup Community Swimming Pool has a beach entry and dedicated disabled toilet and shower/ family room.

Outcome 3: People with disabilities receive information from a public authority in a format that will enable them to access the information, as readily as other people are able to access it.

The Shire of Gnowangerup is committed to ensuring that information is available in alternative forms and in formats that recognise the needs of the person and that the website meets contemporary good practice. The Shire mainly relies on electronic mediums of communication when engaging with people who identify as having a disability.

This allows customers to access information in a convenient way with real time updates and in a format that is suitable for individual needs. In recent consultation activities it has been identified that issues with internet access may be a barrier to accessing electronic information. The Shire is looking at ways to improve access and awareness around electronic communication mediums available to the public.

Outcome 4: People with disabilities receive the same level and quality of service from the employees of a public authority as other people receive from the employees of that public authority.

Council staff are aware of disabilities and access issues and have the skills to provide appropriate services. In addition, the Shire is committed to improving community awareness about disabilities and access issues. Community groups are encouraged to consider disability access as part of their project planning and the Shire is investigating the possibility of delivering disability access training to staff and the community as part of the development of a new DAIP in 2017.

Outcome 5: People with disabilities have the same opportunities as other people to make complaints to a public authority.

The Shire is committed to ensuring that grievance mechanisms are accessible for people with disabilities and are acted upon. There is a complaints process in place to address any complaints or concerns. Written complaint/ request forms are available in large print format and can be accessed electronically. Staff are further able to assist people by documenting verbal complaints on their behalf and processing them in the same manner as written complaints. The Shire also invested in an audio recorder to allow for verbal complaints to be recorded electronically if required (with the complainant's consent).

Outcome 6: People with disabilities have the same opportunities as other people to participate in any public consultation by a public authority.

The Shire is committed to ensuring that people with disabilities are consulted about the DAIP and any other significant planning processes and will ensure that people with disabilities are aware of and can access other established consultative processes. The Shire adopted its Disabilities Access and Inclusion Plan 2011-2016 in February 2012. The Shire has reviewed the plan in 2016/17 and provided the annual DAIP Progress Report to the Commission. The Progress Report included comments on Outcome 7 - People with disability have the same opportunities as other people to obtain and maintain employment with a public authority.

Outcome 7 was introduced by the Commission recently and will be included in the Shire's DAIP when it is formally reviewed in 2017. The Shire has found that settings based consultation is most effective due to the small number of people with disabilities that live, work and visit the community. Local Seniors activities have been used as an opportunity to discuss DAIP outcomes with a captive audience and have proved successful in gathering feedback from the community.

Outcome 7: People with disabilities have the same opportunities as other people to obtain and maintain employment with a Public Authority.

“The Shire is committed to ensuring that people with disabilities are not excluded from its recruitment process and that existing employees with disability are not discriminated against.” At present the Shire has 3 staff who identify as having a disability.

In 2016 the Shire of Gnowangerup commenced community consultation for the development of a new DAIP. The new Disabilities Access and Inclusion Plan will address all 7 Outcomes and document corresponding strategies required under the Disabilities Services Act 1993. The new Plan was completed in February 2017, the outcomes of which will be reported on in the 2017 Annual Report.

ELECTED MEMBER CONDUCT

There were no complaints that resulted in action against Councillors pursuant to section 5.121 of the Local Government Act 1995 during 2016/17.



RECORD KEEPING PLAN

The State Records Act 2000 requires all local government authorities to develop and maintain a Recordkeeping Plan. This plan must be endorsed by the State Records Commission and reviewed at least every five years. Whilst undertaking a major Records Management review in 2017, Shire staff became aware that the current Recordkeeping Plan, adopted by Council in March 2013, had never been formally endorsed by the Commission.

It was decided that, once the recommendations of the Records Management review had been implemented, a new Recordkeeping Plan would be developed. It is anticipated that the new plan will be completed by late 2017.

Principle 6 (Compliance) of the State Records Commission Standard 2 requires that a government organisation ensures its employees comply with the relevant Recordkeeping Plan and include within its Annual Report a section that addresses points 1-4 of the Principle.

As a minimum compliance requirement, the Recordkeeping Plan is to provide evidence to adduce that:

- 1. The efficiency and effectiveness of the organization's recordkeeping systems is evaluated not less than once every 5 years.**
The Shire's recordkeeping systems will be reviewed in 2017 as part of the major Records Management review.
- 2. The organization conducts a recordkeeping training program.**
All relevant staff will be provided with recordkeeping training and a procedures manual as part of the major Records Management review.
- 3. The efficiency and effectiveness of the recordkeeping training program is reviewed from time to time.**
Senior officers will also attend recordkeeping training and will be able to assess the efficiency and effectiveness of the training first hand.
- 4. The organization's induction program addresses employee roles and responsibilities in regard to their compliance with the organization's recordkeeping plan.**
All relevant staff as part of the Shire's induction are provided with basic records training, addressing both the organisation's compliance requirements and the practical side of using the records system.

PUBLIC INTEREST DISCLOSURES ACT 2003

The Shire completed the Public Sector Commission's Integrity & Conduct Survey in 2016. This covered the annual reporting responsibilities under the *Public Interest Disclosure Act 2003*. The survey assists the PSC in monitoring ethical trends and building capacity through strengthening organizational structure, leadership and systems, and policies and processes, as part of its oversight of minor misconduct functions under the *Corruption, Crime and Misconduct Act 2003*.

The Shire of Gnowangerup did not receive any public interest disclosures during 2016/2017.

FREEDOM OF INFORMATION

In 2016/2017, the Shire published its annual FOI statement in accordance with the requirements of the Freedom of Information Act 1992. A copy of the statement is available via our website www.gnowangerup.wa.gov.au. We confirm that the Shire complies with the relevant legislation and welcomes FOI enquiries.

The Shire of Gnowangerup did not received any FOI applications during 2016/17.



OUR FINANCES

Financial Health Overview

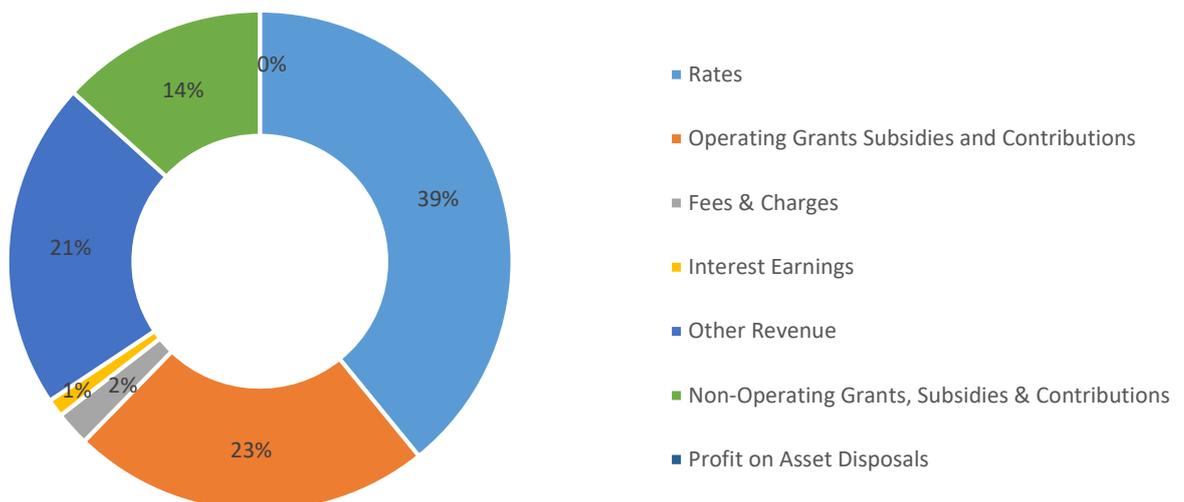
2016/17 RESULTS OVERVIEW	2015/16 ACTUAL \$	2016/17 ACTUAL \$	VARIANCE TO 2015/16
Total Operating Revenue	6,988,248	9,509,737	36%
Total Operating Expenses	7,012,378	8,535,605	22%
Net Result from Operations	(24,130)	974,132	43%
Total Assets	156,743,799	161,959,130	3%
Total Liabilities	1,839,670	1,661,651	(9%)
Net Assets	154,904,129	160,297,479	3%
Total Cash & Investments	2,404,876	3,074,039	15%

Operating Revenue

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

Operating Revenue By Nature	2014/15 Actual \$	2015/16 Actual \$	2016/17 Actual \$
Rates	3,206,966	3,491,477	3,724,132
Operating Grants, Subsidies & Contributions	2,243,730	924,977	2,195,338
Fees & Charges	317,467	327,594	211,038
Interest Earnings	96,805	145,550	109,837
Other Revenue	135,340	410,289	2,011,003
Non-Operating Grants, Subsidies, Contributions	1,919,078	1,674,514	1,258,389
Profit on Asset Disposals	1,925	13,847	0
Total	7,921,311	6,988,248	9,509,737

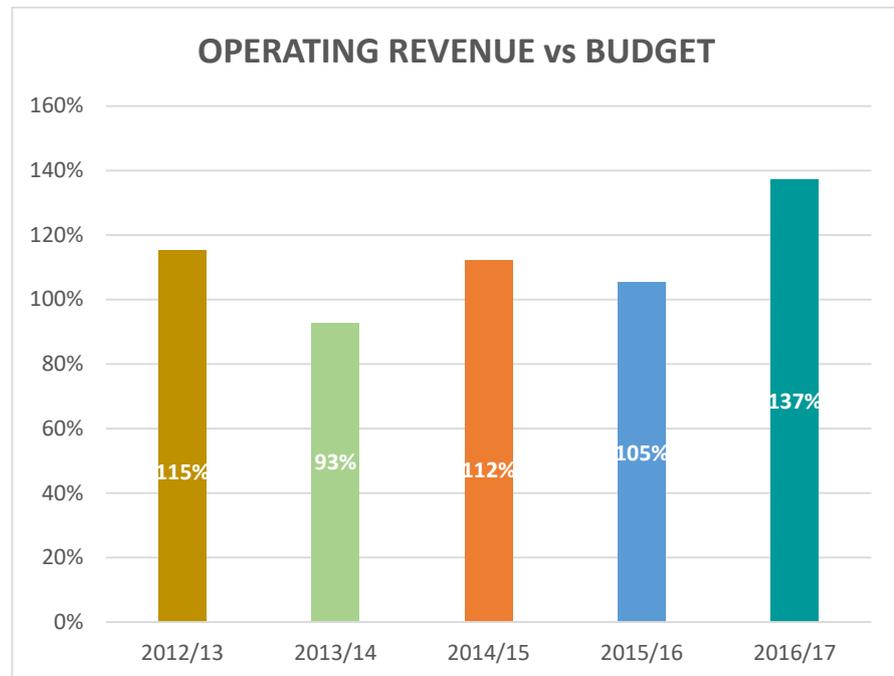
ACTUAL OPERATING REVENUE BY NATURE/TYPE



Actual vs Budget	2014/15 \$	2015/16 \$	2016/17 \$
Total Actual Revenue	7,921,311	6,988,248	9,509,737
Total Budget Revenue	7,052,508	6,636,957	6,932,513

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

A significant contribution is Rates income, which generated \$3.72 million, being slightly above the budget estimate due to additional interim rates.

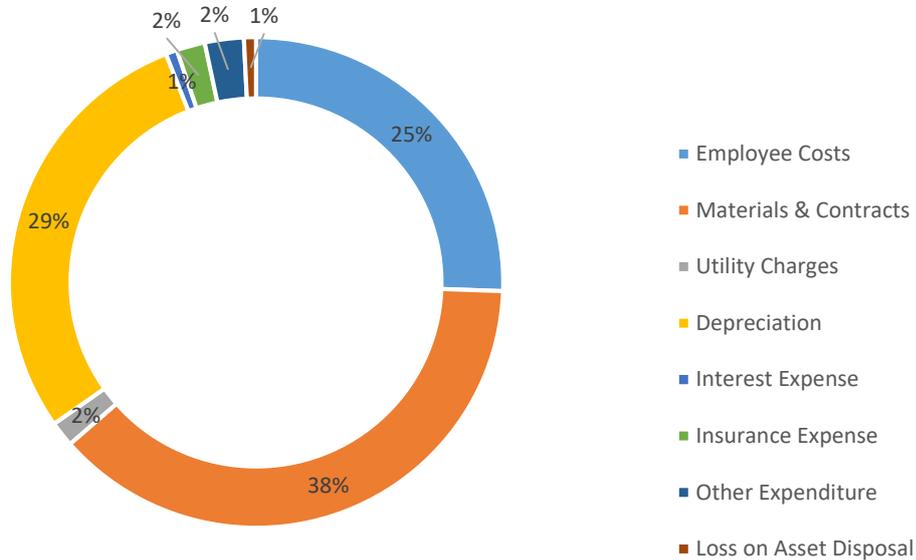


Operating Expenses

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

Operating Expenses By Nature	2014/15 Actual \$	2015/16 Actual \$	2016/17 Actual \$
Employee Costs	1,926,897	2,006,228	2,182,154
Materials & Contracts	1,113,920	1,712,540	3,242,984
Utility Charges	123,088	142,692	142,256
Depreciation	1,547,096	2,571,267	2,461,460
Interest Expense	78,516	67,208	63,490
Insurance Expense	210,091	178,991	158,494
Other Expenses	214,754	234,544	217,596
Loss on Asset Disposal	333,351	82,365	67,171
Loss on Asset Revaluation	79,805	16,543	0
Total	5,627,518	7,012,378	8,535,605

OPERATING EXPENSES BY NATURE/TYPE

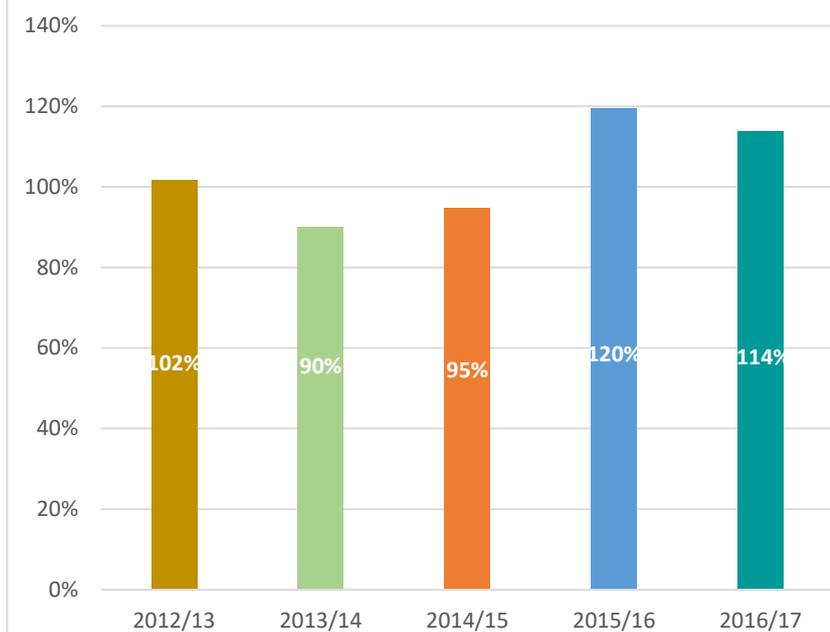


Actual vs Budget	2014/15 \$	2015/16 \$	2016/17 \$
Total Actual Expenses	5,627,518	7,012,378	8,535,605
Total Budget Expenses	5,940,591	5,867,292	7,506,425

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

When comparing actual spend to the budget, each expense category (except employee costs and Materials & Contracts) achieved an end of year result against budget of 3% or greater. Employee costs and Materials & Contract costs increased significantly due to flood damage works.

OPERATING EXPENSES vs BUDGET



Net Result from Operations

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

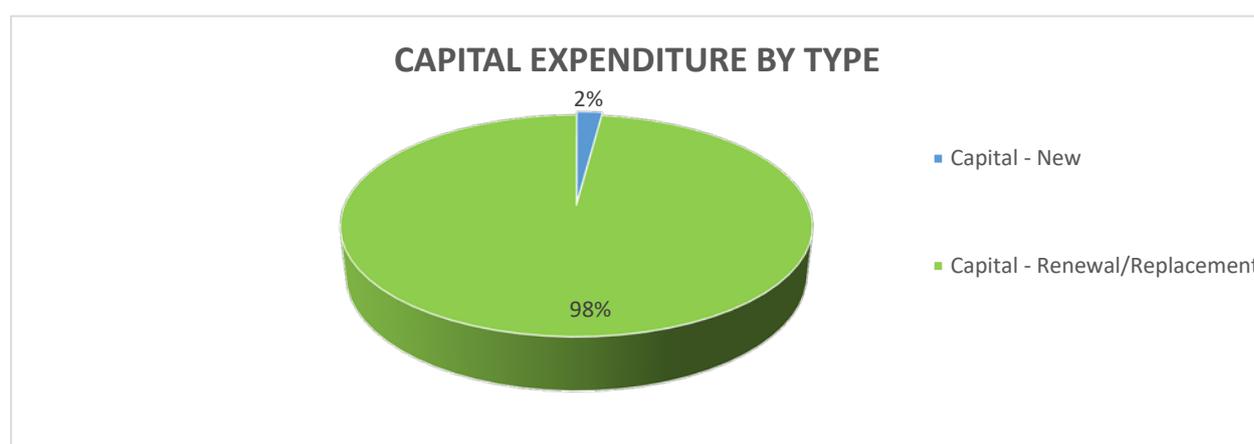
Description	2014/15 \$	2015/16 \$	2016/17 \$
Net Result from operations	2,299,793	(24,130)	974,132

The figure for 2016/17 shows a positive result, which is attributable to the significant increase in WANDRRA funding received for flood damage works and the advance payment of Financial Assistance Grants by the State Government.

Capital Expenditure

Effectively implementing capital projects is essential to achieve the Shire's vision. A total of \$2,568,164 of capital projects was delivered during 2016/17. A summary of projects is shown by Function below:

Operating Expenses By Nature	2016/17 Revised Budget \$	2016/17 Actual \$
Governance	31,189	28,917
Health	63,540	35,636
Housing	42,497	47,479
Community Amenities	488,783	197,676
Recreation & Culture	348,786	347,328
Transport	1,931,183	1,765,713
Other Property & Services	154,024	143,958
Total	3,058,544	2,568,164



Actual Performance Against Budget

The Shire's budget is regularly reviewed and revised where necessary. A statutory mid-year review is undertaken and presented to Council. The analysis below is based on the mid-year budget review for 2016/17.

Total Operating Revenue	2016/17 Actual \$	2016/17 Revised Budget \$	Variance \$	Variance %
Rates	3,724,132	3,684,732	39,400	1%
Operating Grants, Subsidies & Contributions	2,195,338	1,630,574	564,764	35%
Fees & Charges	211,038	284,532	(73,494)	(26%)
Interest Earnings	109,837	75,963	33,874	45%
Other Revenue	2,011,003	64,053	1,946,950	3040%
Non-Operating Grants, Subsidies, Contributions	1,258,389	1,786,568	(528,179)	(30%)
Total	9,509,737	7,526,422	1,983,315	26%

Total Operating Expenses	2016/17 Actual \$	2016/17 Revised Budget \$	Variance \$	Variance %
Employee Costs	2,182,154	1,997,838	(184,316)	(9%)
Materials & Contracts	3,242,984	2,665,230	(577,754)	(22%)
Utility Charges	142,256	184,507	42,251	23%
Depreciation	2,461,460	2,656,214	194,754	7%
Interest Expense	63,490	65,874	2,384	4%
Insurance Expense	158,494	176,043	17,549	10%
Other Expenses	217,596	348,754	131,158	38%
Loss on Disposal of Assets	67,171	53,832	(13,339)	(25%)
Total	8,535,605	8,148,292	(387,313)	(5%)

Total Capital Expenditure	2016/17 Actual \$	2016/17 Revised Budget \$	Variance \$	Variance %
Total	2,568,164	3,058,544	490,380	16%

Financial Position

Assets	2014/15 \$	2015/16 \$	2016/17 \$
Cash & Cash Equivalents	4,465,229	2,404,876	3,074,039
Trade & Other Receivables	530,022	930,122	1,164,074
Inventories	34,372	26,697	27,389
Property, Plant & Equipment	26,918,223	28,995,748	30,606,092
Infrastructure	124,775,412	124,386,356	127,087,536
Total	156,723,258	156,743,799	161,959,130

Total assets for 2016/17 increased by \$6,251,331 compared to 2015/16. Property, Plant and Equipment had the largest percentage increase of 5.6% due to the fair value revaluation of Land and Buildings.

Liabilities	2014/15 \$	2015/16 \$	2016/17 \$
Trade & Other Payables	236,740	222,389	224,247
Current Provisions	221,774	260,751	316,537
Non-Current Provisions	29,226	45,109	44,370
Long Term Borrowings	1,514,255	1,311,421	1,076,497
Total	2,001,995	1,839,670	1,661,651

Total liabilities for 2016/17 decreased by 9.7% compared to 2015/16, with the repayment of debt (long term borrowings) being the largest contributor. This was attributable to the payout of the self-supporting loan for Homes for the Aged.

Net Community Assets	2014/15 \$	2015/16 \$	2016/17 \$
Total	154,721,263	154,904,129	160,297,479

Community Equity	2014/15 \$	2015/16 \$	2016/17 \$
Retained Surplus	42,358,922	42,486,763	43,354,363
Reserves – Cash backed	1,941,816	1,789,845	1,896,378
Reserves – Asset Revaluation	110,420,525	110,627,521	115,046,738
Total	154,721,263	154,904,129	160,297,479

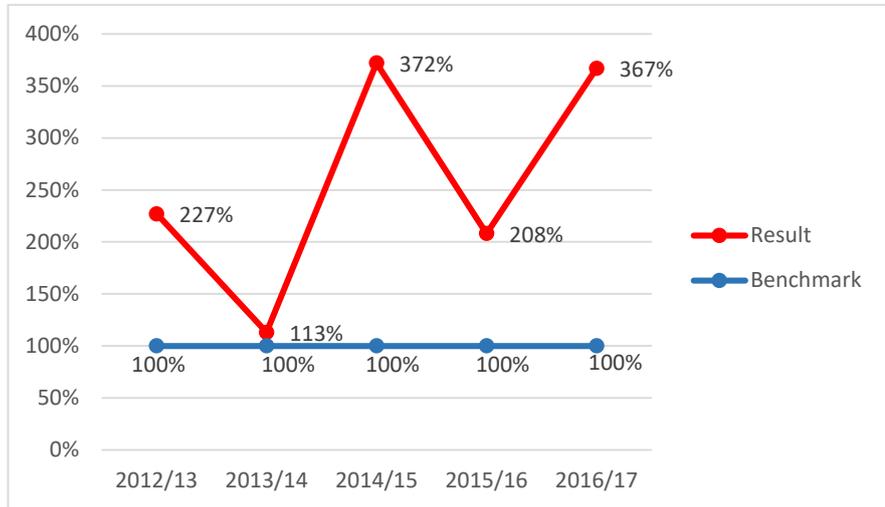
Cash Flows	2014/15 \$	2015/16 \$	2016/17 \$
Cash Flows from Operating Activities	2,363,245	551,700	1,988,014
Cash Flows from Investing Activities	297,454	(2,463,288)	(1,162,549)
Cash Flows from Financing Activities	(141,613)	(148,765)	(156,302)
Net Increase/(Decrease) in Cash Held	2,519,086	(2,060,353)	669,163

Financial Ratios

Current Ratio

This is a modified commercial ratio designed to focus on the liquidity position of the Shire that has arisen from past years' transactions.

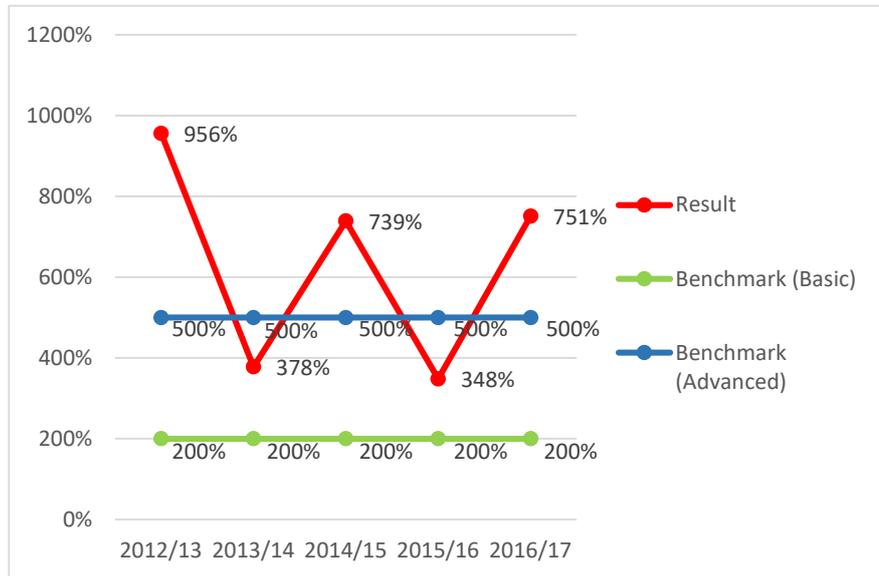
The benchmark standard for this ratio has been met, as it is more than 100%.



Debt Service Cover Ratio

This ratio is a measurement of the Shire's ability to repay its debt obligations including lease payments.

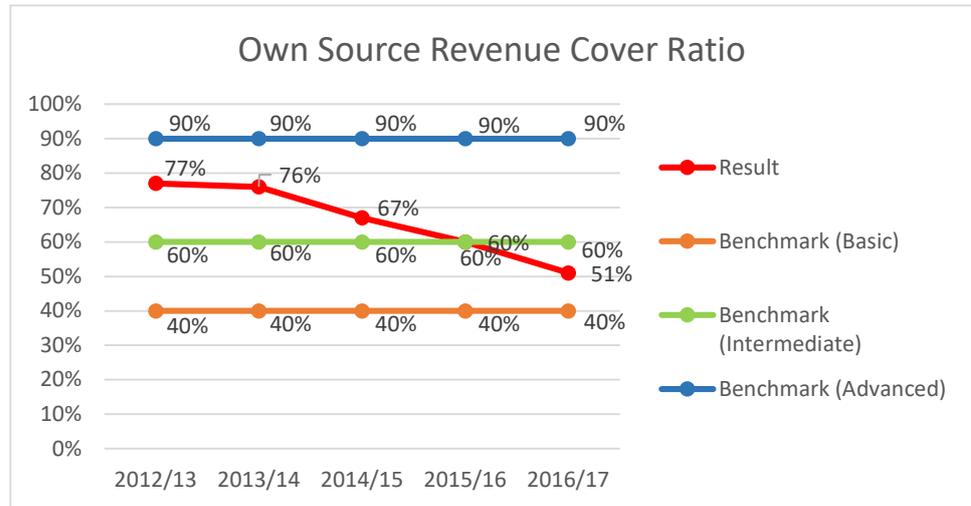
An advanced standard for this ratio has been achieved, as it is greater than 500%.



Own Source Revenue Coverage Ratio

This ratio is a measurement of the Shire's ability to cover its costs through its own revenue efforts.

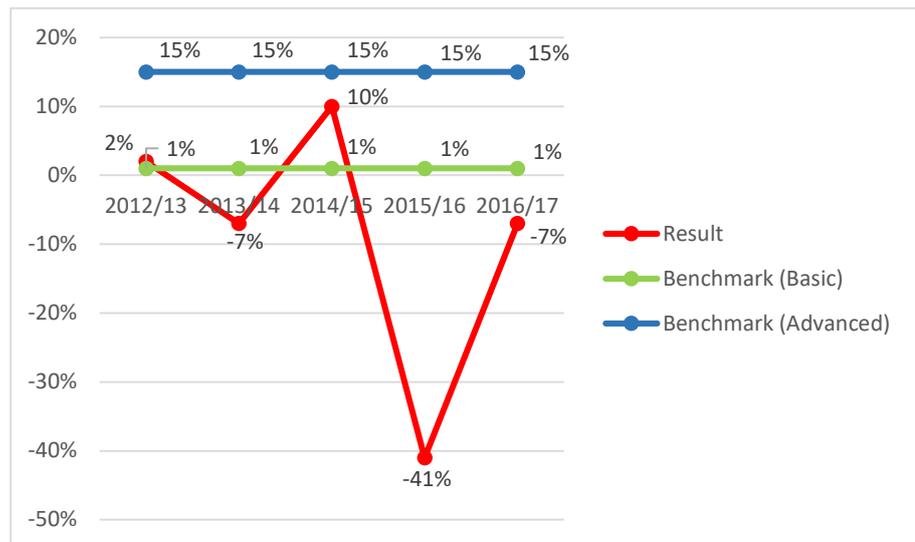
A basic standard has been achieved, as the ratio is greater than 40%.



Operating Surplus Ratio

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

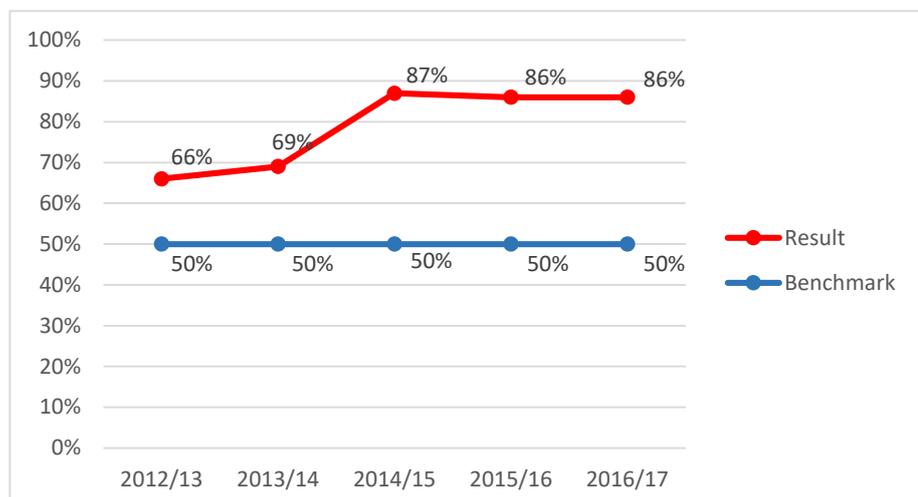
The standard has not been met, as the ratio is less than 1%.



Asset Consumption Ratio

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

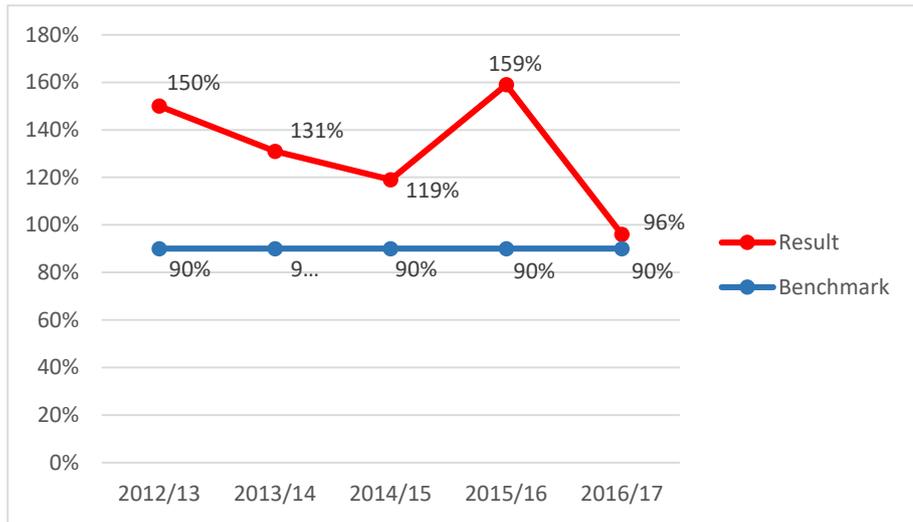
The standard has been met, as the ratio is greater than 50%.



Asset Sustainability Ratio

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

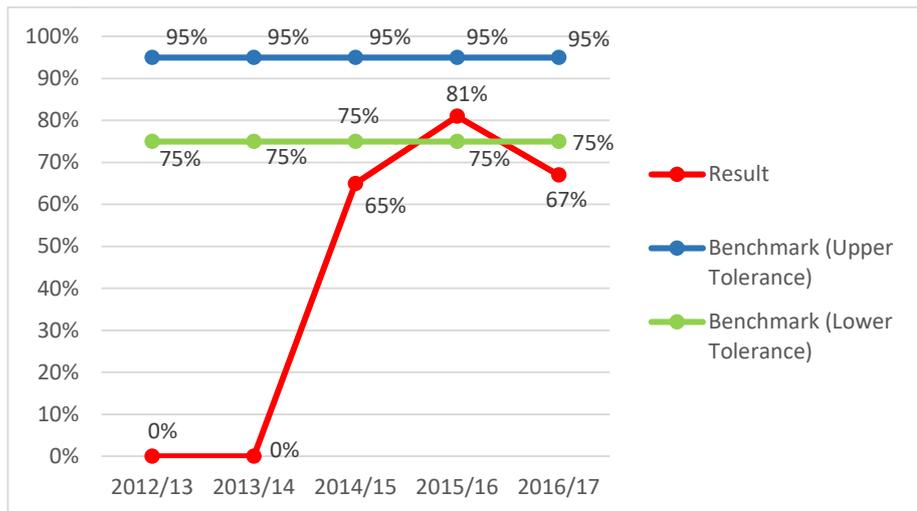
The standard has been met, as the ratio is greater than 90%.



Asset Renewal Funding Ratio

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

The standard has not been met, as the ratio is less than 75%.



SHIRE OF GNOWANGERUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

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Principal place of business:
28 Yougenup Road
GNOWANGERUP WA 6335

**SHIRE OF GNOWANGERUP
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

**LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Gnowangerup being the annual financial report and supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire of Gnowangerup at 30th June 2017 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the *tenth* day of *November* 2017



Shelley Pike
Chief Executive Officer

SHIRE OF GNOWANGERUP
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue				
Rates	22	3,724,132	3,697,886	3,491,477
Operating grants, subsidies and contributions	29	2,195,338	1,535,584	924,977
Fees and charges	28	211,038	282,957	327,594
Interest earnings	2(a)	109,837	89,500	145,550
Other revenue	2(a)	2,011,003	63,486	410,289
		<u>8,251,348</u>	<u>5,669,413</u>	<u>5,299,887</u>
Expenses				
Employee costs		(2,182,154)	(2,157,869)	(2,006,228)
Materials and contracts		(3,242,984)	(1,900,603)	(1,712,540)
Utility charges		(142,256)	(165,006)	(142,692)
Depreciation on non-current assets	2(a)	(2,461,460)	(2,656,214)	(2,571,267)
Interest expenses	2(a)	(63,490)	(61,013)	(67,208)
Insurance expenses		(158,494)	(201,010)	(178,991)
Other expenditure		(217,596)	(364,710)	(234,544)
		<u>(8,468,434)</u>	<u>(7,506,425)</u>	<u>(6,913,470)</u>
		(217,086)	(1,837,012)	(1,613,583)
Non-operating grants, subsidies and contributions	29	1,258,389	1,263,100	1,674,514
Profit on asset disposals	20	0	0	13,847
(Loss) on asset disposals	20	(67,171)	0	(82,365)
(Loss) on revaluation of furniture and equipment	6(b)	0	0	(16,543)
Net result		974,132	(573,912)	(24,130)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	4,419,218	0	206,996
Total other comprehensive income		4,419,218	0	206,996
Total comprehensive income		5,393,350	(573,912)	182,866

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

SHIRE OF GNOWANGERUP
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 \$	2017 Budget \$	2016 \$
Revenue	2(a)			
Governance		5,964	450	7,961
General purpose funding		5,626,722	4,923,955	4,122,193
Law, order, public safety		85,735	51,108	111,894
Health		297	300	329
Education and welfare		14,219	13,000	12,979
Housing		75,293	72,280	83,254
Community amenities		282,639	278,633	279,527
Recreation and culture		73,102	62,920	88,086
Transport		1,863,845	142,835	365,682
Economic services		17,373	19,832	20,068
Other property and services		206,159	104,100	207,914
		<u>8,251,348</u>	<u>5,669,413</u>	<u>5,299,887</u>
Expenses	2(a)			
Governance		(681,545)	(975,521)	(704,475)
General purpose funding		(82,805)	(95,228)	(68,141)
Law, order, public safety		(292,895)	(271,423)	(285,646)
Health		(221,466)	(234,667)	(220,168)
Education and welfare		(21,222)	(24,639)	(21,542)
Housing		(50,029)	(62,785)	(52,246)
Community amenities		(389,424)	(556,000)	(433,048)
Recreation and culture		(1,244,477)	(1,506,816)	(1,236,632)
Transport		(4,888,584)	(3,441,381)	(3,191,826)
Economic services		(64,385)	(108,281)	(87,710)
Other property and services		(468,112)	(168,671)	(544,828)
		<u>(8,404,944)</u>	<u>(7,445,412)</u>	<u>(6,846,262)</u>
Finance costs	2(a)			
Housing		(28,622)	(25,256)	(25,669)
Community amenities		(1,789)	(1,882)	(2,532)
Recreation and culture		(33,079)	(33,875)	(39,007)
		<u>(63,490)</u>	<u>(61,013)</u>	<u>(67,208)</u>
		<u>(217,086)</u>	<u>(1,837,012)</u>	<u>(1,613,583)</u>
Non-operating grants, subsidies and contributions	29	1,258,389	1,263,100	1,674,514
Profit on disposal of assets	20	0	0	13,847
(Loss) on disposal of assets	20	(67,171)	0	(82,365)
(Loss) on revaluation of furniture and equipment	6(b)	0	0	(16,543)
Net result		<u>974,132</u>	<u>(573,912)</u>	<u>(24,130)</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	12	4,419,218	0	206,996
Total other comprehensive income		<u>4,419,218</u>	<u>0</u>	<u>206,996</u>
Total comprehensive income		<u>5,393,350</u>	<u>(573,912)</u>	<u>182,866</u>

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

SHIRE OF GNOWANGERUP
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2017

	NOTE	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	3	3,074,039	2,404,876
Investments	3	0	0
Trade and other receivables	4	928,787	631,700
Inventories	5	21,203	20,511
TOTAL CURRENT ASSETS		<u>4,024,029</u>	<u>3,057,087</u>
NON-CURRENT ASSETS			
Other receivables	4	235,287	298,422
Inventories	5	6,186	6,186
Property, plant and equipment	6	30,606,092	28,995,748
Infrastructure	7	127,087,536	124,386,356
TOTAL NON-CURRENT ASSETS		<u>157,935,101</u>	<u>153,686,712</u>
TOTAL ASSETS		<u>161,959,130</u>	<u>156,743,799</u>
CURRENT LIABILITIES			
Trade and other payables	8	224,247	222,389
Current portion of long term borrowings	9	163,109	185,608
Provisions	10	316,537	260,751
TOTAL CURRENT LIABILITIES		<u>654,577</u>	<u>668,748</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9	913,388	1,125,813
Provisions	10	44,370	45,109
TOTAL NON-CURRENT LIABILITIES		<u>1,007,074</u>	<u>1,170,922</u>
TOTAL LIABILITIES		<u>1,661,651</u>	<u>1,839,670</u>
NET ASSETS		<u>160,297,479</u>	<u>154,904,129</u>
EQUITY			
Retained surplus		43,354,363	42,486,764
Reserves - cash backed	11	1,896,378	1,789,845
Revaluation surplus	12	115,046,738	110,627,520
TOTAL EQUITY		<u>160,297,479</u>	<u>154,904,129</u>

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

**SHIRE OF GNOWANGERUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2015		42,358,923	1,941,816	110,420,524	154,721,263
Comprehensive income					
Net result		(24,130)	0	0	(24,130)
Changes on revaluation of assets	12	0	0	206,996	206,996
Total comprehensive income		(24,130)	0	206,996	182,866
Transfers from/(to) reserves		151,971	(151,971)	0	0
Balance as at 30 June 2016		42,486,764	1,789,845	110,627,520	154,904,129
Comprehensive income					
Net result		974,132	0	0	974,132
Changes on revaluation of assets	12	0	0	4,419,218	4,419,218
Total comprehensive income		974,132	0	4,419,218	5,393,350
Transfers from/(to) reserves		(106,533)	106,533	0	0
Balance as at 30 June 2017		43,354,363	1,896,378	115,046,738	160,297,479

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

SHIRE OF GNOWANGERUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2017

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		3,685,469	3,702,378	3,460,767
Operating grants, subsidies and contributions		2,195,339	1,535,584	501,522
Fees and charges		211,038	573,968	327,594
Interest earnings		110,318	89,500	145,550
Goods and services tax		599,322	60,523	617,928
Other revenue		1,728,439	63,486	410,289
		<u>8,529,925</u>	<u>6,025,439</u>	<u>5,463,650</u>
Payments				
Employee costs		(2,121,800)	(2,109,103)	(1,943,185)
Materials and contracts		(3,196,799)	(2,067,115)	(1,725,683)
Utility charges		(142,256)	(165,006)	(142,692)
Interest expenses		(65,472)	(61,013)	(68,924)
Insurance expenses		(158,494)	(201,010)	(178,991)
Goods and services tax		(652,152)	(81,693)	(617,932)
Other expenditure		(204,938)	(364,711)	(234,543)
		<u>(6,541,911)</u>	<u>(5,049,651)</u>	<u>(4,911,950)</u>
Net cash provided by (used in) operating activities	13(b)	<u>1,988,014</u>	<u>975,788</u>	<u>551,700</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(812,289)	(1,202,934)	(2,939,645)
Payments for construction of infrastructure		(1,755,875)	(1,868,981)	(1,370,930)
Non-operating grants, subsidies and contributions		1,258,389	1,263,100	1,674,514
Proceeds from sale of fixed assets		147,227	187,000	172,773
Net cash provided by (used in) investment activities		<u>(1,162,549)</u>	<u>(1,621,815)</u>	<u>(2,463,288)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(234,924)	(185,607)	(202,834)
Proceeds from self supporting loans		78,622	29,306	54,069
Net cash provided by (used in) financing activities		<u>(156,302)</u>	<u>(156,301)</u>	<u>(148,765)</u>
Net increase (decrease) in cash held		669,163	(802,328)	(2,060,353)
Cash at beginning of year		2,404,876	2,404,923	4,465,229
Cash and cash equivalents at the end of the year	13(a)	<u><u>3,074,039</u></u>	<u><u>1,602,595</u></u>	<u><u>2,404,876</u></u>

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

**SHIRE OF GNOWANGERUP
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2017**

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
Net current assets at start of financial year - surplus/(deficit)		754,796	716,000	2,260,957
		<u>754,796</u>	<u>716,000</u>	<u>2,260,957</u>
Revenue from operating activities (excluding rates)				
Governance		5,964	450	7,961
General purpose funding		2,134,524	1,429,501	824,428
Law, order, public safety		85,735	51,108	111,894
Health		297	300	329
Education and welfare		14,219	13,000	12,979
Housing		75,293	72,280	83,254
Community amenities		282,639	278,633	279,527
Recreation and culture		73,102	62,920	88,086
Transport		1,863,845	142,835	379,529
Economic services		17,373	19,832	20,068
Other property and services		206,159	104,100	207,914
		<u>4,759,150</u>	<u>2,174,959</u>	<u>2,015,969</u>
Expenditure from operating activities				
Governance		(681,545)	(975,521)	(704,475)
General purpose funding		(82,805)	(95,228)	(68,141)
Law, order, public safety		(300,725)	(271,423)	(285,646)
Health		(221,466)	(234,667)	(220,168)
Education and welfare		(21,222)	(24,639)	(21,542)
Housing		(78,651)	(88,041)	(99,453)
Community amenities		(391,213)	(557,882)	(435,580)
Recreation and culture		(1,305,491)	(1,540,691)	(1,308,900)
Transport		(4,919,990)	(3,441,381)	(3,219,392)
Economic services		(64,385)	(108,281)	(87,710)
Other property and services		(468,112)	(168,671)	(561,370)
		<u>(8,535,605)</u>	<u>(7,506,425)</u>	<u>(7,012,377)</u>
Operating activities excluded from budget				
(Profit) on disposal of assets	20	0	0	(13,847)
Loss on disposal of assets	20	67,171	0	82,365
Movement for Loss on Revaluation of Fixed Assets				16,543
Movement in deferred pensioner rates (non-current)		(12,533)	0	(19,647)
Movement in employee benefit provisions (non-current)		(739)	48,766	15,883
Depreciation and amortisation on assets	2(a)	2,461,460	2,656,214	2,571,267
Amount attributable to operating activities		<u>(506,300)</u>	<u>(1,910,486)</u>	<u>(82,887)</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,258,389	1,263,100	1,674,514
Proceeds from disposal of assets	20	147,227	187,000	172,773
Purchase of land held for resale		0	0	0
Purchase of property, plant and equipment	6(b)	(812,289)	(1,202,934)	(2,939,645)
Purchase and construction of infrastructure	7(b)	(1,755,875)	(1,868,981)	(1,370,930)
Amount attributable to investing activities		<u>(1,162,549)</u>	<u>(1,621,815)</u>	<u>(2,463,288)</u>
FINANCING ACTIVITIES				
Advances to community groups		0	0	0
Repayment of advances to community groups		0	0	0
Repayment of debentures	21(a)	(234,924)	(185,607)	(202,834)
Proceeds from new debentures	21(a)	0	0	0
Proceeds from self supporting loans		78,622	29,306	54,069
Transfers to reserves (restricted assets)	11	(182,912)	(157,000)	(198,029)
Transfers from reserves (restricted assets)	11	76,379	351,148	350,000
Amount attributable to financing activities		<u>(262,835)</u>	<u>37,847</u>	<u>3,206</u>
Surplus(deficiency) before general rates		<u>(1,931,683)</u>	<u>(3,494,454)</u>	<u>(2,542,969)</u>
Total amount raised from general rates	22	<u>3,492,198</u>	<u>3,494,454</u>	<u>3,297,765</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	23	<u><u>1,560,515</u></u>	<u><u>0</u></u>	<u><u>754,796</u></u>

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

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) 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), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and 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 19 to these financial statements.

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) 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) 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.

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.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

(d) Inventories

General

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

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

Land held for sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

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

(e) Fixed Assets

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

Mandatory requirement to revalue non-current assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

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.

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

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 detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

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 asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Land under roads

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

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

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

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

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

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Fixed Assets (Continued)

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold 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.

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) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset are:

Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years
Airport infrastructure	13 to 100 years
Parks & ovals infrastructure	2 to 100 years
Other infrastructure	10 to 50 years

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.

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities

When performing a revaluation, the Shire uses a mix of both independent and management valuations using the following as a guide:

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.

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.

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fair Value of Assets and Liabilities (Continued)

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 an asset at its current service capacity.

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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

(g) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

(i) Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into 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.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Financial Instruments (Continued)

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

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.

(h) Impairment of Assets

In accordance with Australian Accounting Standards the Shire's 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 assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(i) 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 are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other 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 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.

(k) 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.

(l) 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.

(m) 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 amounts equal to 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.

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 in the periods in which they are incurred.

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

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investment in Associates

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(o) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

(p) Rates, Grants, Donations and Other Contributions

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

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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 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 2(c). 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.

(q) 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.

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

(s) Rounding Off Figures

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

(t) 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 statement, 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.

(u) 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.

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) New Accounting Standards and Interpretations for Application in Future Periods

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.

Management's assessment of the new and amended pronouncements that are relevant to the Shire, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

**SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

⁽¹⁾ Applicable to reporting periods commencing on or after the given date.

(w) Adoption of New and Revised 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 associate with the amendment of existing standards, the only new standard with material application is as follows:

<p>(i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</p> <p>[AASB 10, 124 & 1049]</p>	<p>The objective of this Standard was to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.</p>
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SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES	2017	2016
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
- Audit of the Annual Financial Report	18,100	17,937
- Other services	780	5,250
Depreciation		
Buildings - non-specialised	32,727	29,182
Buildings - specialised	335,219	365,828
Furniture and equipment	16,203	24,477
Plant and equipment	387,183	391,794
Infrastructure - Roads	1,127,176	1,103,378
Infrastructure - Footpaths	9,599	9,221
Infrastructure - Drainage	63,839	63,971
Infrastructure - Parks & Ovals	284,530	380,135
Infrastructure - Other	1,675	0
Infrastructure - Airports	174,912	174,911
Infrastructure - Sewer	21,248	21,221
Infrastructure - Solid Waste	7,149	7,149
	<u>2,461,460</u>	<u>2,571,267</u>
Interest expenses (finance costs)		
Debentures (refer Note 21 (a))	63,490	67,208
	<u>63,490</u>	<u>67,208</u>
Rental charges		
- Operating leases	11,830	11,830
	<u>11,830</u>	<u>11,830</u>
(ii) Crediting as revenue:		
Significant revenue		
Reimbursements from storm damage	1,717,904	221,206
Other revenue		
Reimbursements and recoveries	122,201	120,739
Significant revenue (refer above)	1,717,904	221,206
Other	170,898	68,344
	<u>2,011,003</u>	<u>410,289</u>
	2017	2016
	Actual	Budget
	\$	\$
Interest earnings		
- Loans receivable - clubs/institutions	15,991	0
- Reserve funds	42,222	28,000
- Other funds	18,357	35,000
Other interest revenue (refer note 27)	33,267	26,500
	<u>109,837</u>	<u>89,500</u>
	<u>109,837</u>	<u>145,550</u>

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

COMMUNITY VISION

"A thriving, inclusive and growing community built on opportunity"

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

GOVERNANCE

Objective:

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

Activities:

Administration and operation of members of Council. Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

To collect revenue in the form of rates, interest and general purpose Government grants to allow for the provision of services.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

To provide services to help ensure a safer community. Activities include fire prevention, emergency services and animal control.

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

To provide an operational framework for good community health, which includes food quality and pest control.

EDUCATION AND WELFARE

Objective:

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

Activities:

The provision of pre-school facilities to relevant community groups and the support of youth in the community.

HOUSING

Objective:

To provide and maintain elderly residents housing.

Activities:

Provision of community housing, including administrative support for aged housing.

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

RECREATION AND CULTURE

Objective:

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

Activities:

Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

TRANSPORT

Objective:

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

Activities:

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control Shire's overheads operating accounts.

Activities:

Private works operation, plant repair and operation costs and engineering operation costs.

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Opening	Received ⁽²⁾	Expended ⁽³⁾	Closing	Received ⁽²⁾	Expended ⁽³⁾	Closing
	Balance ⁽¹⁾ 1/07/15	2015/16	2015/16	Balance ⁽¹⁾ 30/06/16	2016/17	2016/17	Balance 30/06/17
	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety							
Bushfire Operational Grant	11,750	54,046	(51,175)	14,621	40,200	(43,814)	11,007
SES Operational Grant	3,901	19,833	(18,901)	4,833	39,143	(37,649)	6,327
Recreation and culture							
ICCWA - Stay On Your Feet	476	0	0	476	0	0	476
DSR - Swimming Pool Grant	175,000	0	(175,000)	0	0	0	0
CLGF - Swimming Pool	332,761	0	(332,761)	0	0	0	0
DSR - Club Development Grant	10,000	0	(10,000)	0	0	0	0
DSR - KidzSports Grant	6,000	0	(6,000)	0	9,000	(4,116)	4,884
CLGF - Youth Dev Scholarship	0	0	0	0	1,514	0	1,514
Total	<u>539,888</u>	<u>73,879</u>	<u>(593,837)</u>	<u>19,930</u>	<u>89,857</u>	<u>(85,579)</u>	<u>24,208</u>

Notes:

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

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

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

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	Note	2017 \$	2016 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		1,153,453	595,100
Restricted		1,920,586	1,809,775
		<u>3,074,039</u>	<u>2,404,876</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserves cash backed - Leave	11	81,091	69,451
Reserves cash backed - Plant	11	734,406	665,686
Reserves cash backed - Ongerup Effluent	11	88,529	125,564
Reserves cash backed - Area Promotion	11	29,005	28,336
Reserves cash backed - Swimming Pool Upgrade	11	92,268	35,431
Reserves cash backed - Land Development	11	608,697	619,284
Reserves cash backed - Computer Replacement	11	7,657	7,480
Reserves cash backed - Waste Disposal	11	227,448	222,219
Reserves cash backed - Royalties for Regions Unspe	11	0	1,167
Reserves cash backed - Future Funds Grants	11	15,587	15,227
Reserves cash backed - Liquid Waste Facility	11	11,690	0
Unspent grants	2(c)	24,208	19,930
		<u>1,920,586</u>	<u>1,809,775</u>

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	178,173	160,215
Sundry debtors	723,706	441,142
GST receivable	64	64
Loans receivable - clubs/institutions	26,352	29,306
Accrued Interest on Self Supporting Loans	492	973
	<u>928,787</u>	<u>631,700</u>
Non-current		
Rates outstanding - pensioners	118,620	106,087
Loans receivable - clubs/institutions	116,667	192,335
	<u>235,287</u>	<u>298,422</u>
5. INVENTORIES		
Current		
Fuel and materials	21,203	20,511
	<u>21,203</u>	<u>20,511</u>
Non-current		
LG House Unit Trust	6,186	6,186
	<u>6,186</u>	<u>6,186</u>

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land		
- Independent valuation 2014 - level 2	0	1,143,000
- Independent valuation 2017 - level 2/3	1,032,500	0
	<u>1,032,500</u>	<u>1,143,000</u>
	<u>1,032,500</u>	<u>1,143,000</u>
Buildings - non-specialised at:		
- Independent valuation 2014 - level 2	0	1,750,000
- Independent valuation 2017 - level 2	1,574,000	0
- Additions after valuation - cost	0	7,133
Buildings - non-specialised - Less: accumulated depreciation	0	(58,354)
	<u>1,574,000</u>	<u>1,698,779</u>
Buildings - specialised at:		
- Independent valuation 2014 - level 3	0	20,064,091
- Independent valuation 2017 - level 3	24,422,280	0
- Additions after valuation - cost	0	2,989,793
Buildings - specialised - Less: accumulated depreciation	0	(665,465)
	<u>24,422,280</u>	<u>22,388,419</u>
	<u>25,996,280</u>	<u>24,087,198</u>
Total land and buildings	<u>27,028,780</u>	<u>25,230,198</u>
Furniture and equipment at:		
- Management valuation 2016 - level 3	41,500	42,250
- Additions after valuation - cost	47,326	0
Furniture and equipment - Less: accumulated depreciation	(15,453)	0
	<u>73,373</u>	<u>42,250</u>
Plant and equipment at:		
- Management valuation 2016 - level 3	3,516,300	3,723,300
- Additions after valuation - cost	346,455	0
Plant and equipment - Less: accumulated depreciation	(358,816)	0
	<u>3,503,939</u>	<u>3,723,300</u>
	<u>30,606,092</u>	<u>28,995,748</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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.

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) 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.

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold land	1,143,000	25,212	0	(135,712)	0	0	0	0	1,032,500
Total land	1,143,000	25,212	0	(135,712)	0	0	0	0	1,032,500
Buildings - non-specialised	1,698,779	43,939	0	(425,690)	0	0	(32,727)	289,699	1,574,000
Buildings - specialised	22,388,419	349,357	(35,764)	4,980,619	0	0	(335,219)	(2,925,132)	24,422,280
Total buildings	24,087,198	393,296	(35,764)	4,554,930	0	0	(367,946)	(2,635,433)	25,996,280
Total land and buildings	25,230,198	418,508	(35,764)	4,419,218	0	0	(367,946)	(2,635,433)	27,028,780
Furniture and equipment	42,250	47,326	0	0	0	0	(16,203)	0	73,373
Plant and equipment	3,723,300	346,455	(178,633)	0	0	0	(387,183)	0	3,503,939
Total property, plant and equipment	28,995,748	812,289	(214,397)	4,419,218	0	0	(771,333)	(2,635,433)	30,606,092

**SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Land					
Land - freehold land	Level 2/3	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology; Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Price per hectare/market borrowing rate; Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - non-specialised	Level 2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent registered valuer	June 2017	Price per hectare/market borrowing rate
Buildings - specialised	Level 3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuer	June 2017	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment					
	Level 3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2016	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment					
	Level 2/3	Market approach using recent observable market data for similar assets, or Cost approach using depreciated replacement cost	Independent registered valuers	June 2016	Purchase costs for similar assets 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.

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

	2017	2016
	\$	\$
7 (a). INFRASTRUCTURE		
Infrastructure - Roads		
- Management valuation 2015 - level 3	114,340,023	114,340,023
- Additions after valuation - cost	2,869,837	1,289,300
Infrastructure - Roads - Less: accumulated depreciation	<u>(21,128,258)</u>	<u>(20,001,082)</u>
	96,081,602	95,628,241
Infrastructure - Footpaths		
- Management valuation 2015 - level 3	461,040	461,040
- Additions after valuation - cost	21,798	18,923
Infrastructure - Footpaths - Less: accumulated depreciation	<u>(147,450)</u>	<u>(137,851)</u>
	335,388	342,112
Infrastructure - Drainage		
- Management valuation 2015 - level 3	3,191,960	3,191,960
- Additions after valuation - cost	3,740	3,740
Infrastructure - Drainage - Less: accumulated depreciation	<u>(1,174,773)</u>	<u>(1,110,934)</u>
	2,020,927	2,084,766
Infrastructure - Parks & Ovals		
- Management valuation 2015 - level 3	6,549,640	6,549,640
- Asset Reclassifications	2,639,582	0
Infrastructure - Parks & Ovals - Less: accumulated depreciation	<u>(2,348,237)</u>	<u>(2,055,293)</u>
	6,840,985	4,494,347
Infrastructure - Other		
- Additions after valuation - cost	16,751	16,751
- Asset Reclassifications	4,443	0
Infrastructure - Other - Less: accumulated depreciation	<u>(1,853)</u>	<u>0</u>
	19,341	16,751
Infrastructure - Airports		
- Management valuation 2015 - level 3	21,595,698	21,595,698
- Additions after valuation - cost	40,742	40,742
Infrastructure - Airports - Less: accumulated depreciation	<u>(655,254)</u>	<u>(480,342)</u>
	20,981,186	21,156,098
Infrastructure - Sewer		
- Management valuation 2015 - level 3	967,790	967,790
- Additions after valuation - cost	144,941	1,239
Infrastructure - Sewer - Less: accumulated depreciation	<u>(427,942)</u>	<u>(406,694)</u>
	684,789	562,335

SHIRE OF GNOWANGERUP
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	2017	2016
	\$	\$
7 (a). INFRASTRUCTURE		
Infrastructure - Solid Waste		
- Management valuation 2015 - level 3	135,973	135,973
- Additions after valuation - cost	28,996	235
Infrastructure - Solid Waste - Less: accumulated depreciation	<u>(41,651)</u>	<u>(34,502)</u>
	123,318	101,706
	<u>127,087,536</u>	<u>124,386,356</u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening 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 infrastructure to be shown at fair value.

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7. INFRASTRUCTURE (Continued)

(b) 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.

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	95,628,241	1,580,537	0	0	0	0	(1,127,176)	0	96,081,602
Infrastructure - Footpaths	342,112	2,875	0	0	0	0	(9,599)	0	335,388
Infrastructure - Drainage	2,084,766	0	0	0	0	0	(63,839)	0	2,020,927
Infrastructure - Parks & Ovals	4,494,347	0	0	0	0	0	(284,530)	2,631,168	6,840,985
Infrastructure - Other	16,751	0	0	0	0	0	(1,675)	4,265	19,341
Infrastructure - Airports	21,156,098	0	0	0	0	0	(174,912)	0	20,981,186
Infrastructure - Sewer	562,335	143,702	0	0	0	0	(21,248)	0	684,789
Infrastructure - Solid Waste	101,706	28,761	0	0	0	0	(7,149)	0	123,318
Total infrastructure	<u>124,386,356</u>	<u>1,755,875</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,690,128)</u>	<u>2,635,433</u>	<u>127,087,536</u>

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Infrastructure - Roads	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Parks & Ovals	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Other	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Airports	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Sewer	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2015	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Solid Waste	Level 3	Cost approach using depreciated replacement cost	Management valuation	June 2015	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.

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2017	2016
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	188,969	142,092
Accrued interest on debentures	7,893	9,875
Accrued salaries and wages	11,683	6,376
ATO liabilities	0	52,830
Rates Received in Advance	3,042	11,215
Accrued Expenses	12,660	0
	<u>224,247</u>	<u>222,388</u>

9. LONG-TERM BORROWINGS

Current		
Secured by floating charge		
Debentures	163,109	185,608
	<u>163,109</u>	<u>185,608</u>
Non-current		
Secured by floating charge		
Debentures	913,388	1,125,813
	<u>913,388</u>	<u>1,125,813</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

	Provision for Annual & Sick Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2016			
Current provisions	157,724	103,027	260,751
Non-current provisions	0	45,109	45,109
	<u>157,724</u>	<u>148,136</u>	<u>305,860</u>
Additional provision	(84,440)	25,485	(58,955)
Amounts used	138,396	(24,394)	114,002
Balance at 30 June 2017	<u>211,680</u>	<u>149,227</u>	<u>360,907</u>
Comprises			
Current	211,680	104,857	316,537
Non-current	0	44,370	44,370
	<u>211,680</u>	<u>149,227</u>	<u>360,907</u>

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

11. RESERVES - CASH BACKED

	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Transfer (from) \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	Budget 2017 Transfer to \$	Budget 2017 Transfer (from) \$	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Reserves cash backed - Leave	69,451	11,640	0	81,091	69,450	11,263	0	80,713	67,693	1,758	0	69,451
Reserves cash backed - Plant	665,686	68,720	0	734,406	665,686	65,056	0	730,742	902,262	113,424	(350,000)	665,686
Reserves cash backed - Ongerup Effluent	125,564	12,965	(50,000)	88,529	125,564	12,285	(50,000)	87,849	112,640	12,924	0	125,564
Reserves cash backed - Area Promotion	28,336	669	0	29,005	28,336	515	0	28,851	27,619	717	0	28,336
Reserves cash backed - Swimming Pool Upgrade	35,431	56,837	0	92,268	35,432	57,672	0	93,104	34,535	896	0	35,431
Reserves cash backed - Land Development	619,284	14,625	(25,212)	608,697	619,283	5,876	(300,000)	325,159	610,332	8,952	0	619,284
Reserves cash backed - Computer Replacement	7,480	177	0	7,657	7,480	136	0	7,616	7,291	189	0	7,480
Reserves cash backed - Waste Disposal	222,219	5,229	0	227,448	213,978	3,899	0	217,877	163,464	58,755	0	222,219
Reserves cash backed - Royalties for Regions Un	1,167	0	(1,167)	0	1,168	21	(1,148)	41	1,138	29	0	1,167
Reserves cash backed - Future Funds Grants	15,227	360	0	15,587	15,227	277	0	15,504	14,842	385	0	15,227
Reserves cash backed - Liquid Waste Facility	0	11,690	0	11,690	0	0	0	0	0	0	0	0
	1,789,845	182,912	(76,379)	1,896,378	1,781,604	157,000	(351,148)	1,587,456	1,941,816	198,029	(350,000)	1,789,845

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

SHIRE OF GNOWANGERUP
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11. RESERVES - CASH BACKED

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

Name of Reserve

Reserves cash backed - Leave

Reserves cash backed - Plant

Reserves cash backed - Ongerup Effluent

Reserves cash backed - Area Promotion

Reserves cash backed - Swimming Pool Upgrade

Reserves cash backed - Land Development

Reserves cash backed - Computer Replacement

Reserves cash backed - Waste Disposal

Reserves cash backed - Royalties for Regions Unspent Grants

Reserves cash backed - Future Funds Grants

Reserves cash backed - Liquid Waste Facility

Purpose of the reserve

to be used to fund annual and long service leave requirements

to be used for the purchase of major plant

to be used for the maintenance of the Ongerup Effluent System

to be used for the promotion of the Gnowangerup Shire

to be used to assist with upgrade of the Gnowangerup Swimming Pool

to be used to fund the purchase of or development of land and buildings and building renewal

to be used to fund the maintenance and replacement of the administration computer system

to be used to fund waste disposal in the Shire, including rehabilitation, transfer stations and post closure of sites

to be used to hold unspent Royalties funding.

to be used for contributions towards major externally grant funded projects and programs within the Shire of Gnowangerup.

to be used to fund the maintenance, renewal and upgrade of the liquid waste facility.

SHIRE OF GNOWANGERUP
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FOR THE YEAR ENDED 30TH JUNE 2017

12. REVALUATION SURPLUS

	2017	2017	2017	2017	2017	2016	2016	2016	2016	2016
	Opening	Revaluation	Revaluation	Total	Closing	Opening	Revaluation	Revaluation	Total	Closing
	Balance	Increment	(Decrement)	Movement on	Balance	Balance	Increment	(Decrement)	Movement on	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land	950,164	0	(135,712)	(135,712)	814,452	950,164	0	0	0	950,164
Revaluation surplus - Buildings - non-specialised	434,802	0	(425,690)	(425,690)	9,113	434,802	0	0	0	434,802
Revaluation surplus - Buildings - specialised	13,483,320	4,980,619	0	4,980,619	18,463,939	13,483,320	0	0	0	13,483,320
Revaluation surplus - Plant and equipment	503,077	0	0	0	503,077	296,081	206,996	0	206,996	503,077
Revaluation surplus - Infrastructure - Roads	70,265,613	0	0	0	70,265,613	70,265,613	0	0	0	70,265,613
Revaluation surplus - Infrastructure - Drainage	1,692,771	0	0	0	1,692,771	1,692,771	0	0	0	1,692,771
Revaluation surplus - Infrastructure - Parks & Ovals	1,960,964	0	0	0	1,960,964	1,960,964	0	0	0	1,960,964
Revaluation surplus - Infrastructure - Airports	20,843,917	0	0	0	20,843,917	20,843,917	0	0	0	20,843,917
Revaluation surplus - Infrastructure - Sewer	492,893	0	0	0	492,893	492,893	0	0	0	492,893
	<u>110,627,521</u>	<u>4,980,619</u>	<u>(561,402)</u>	<u>4,419,218</u>	<u>115,046,739</u>	<u>110,420,525</u>	<u>206,996</u>	<u>0</u>	<u>206,996</u>	<u>110,627,521</u>

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

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) 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:

	2017	2017	2016
	\$	Budget	\$
		\$	
Cash and cash equivalents	<u>3,074,039</u>	<u>1,602,595</u>	<u>2,404,876</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	974,132	(573,912)	(24,130)
Non-cash flows in Net result:			
Depreciation	2,461,460	2,656,214	2,571,267
(Profit)/Loss on sale of asset	67,171	0	68,518
Loss on revaluation of fixed assets	0	0	16,543
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(312,574)	321,025	(454,169)
(Increase)/Decrease in inventories	(692)	0	7,675
Increase/(Decrease) in payables	1,858	(213,205)	(14,351)
Increase/(Decrease) in provisions	55,047	48,766	54,861
Grants contributions for the development of assets	<u>(1,258,389)</u>	<u>(1,263,100)</u>	<u>(1,674,514)</u>
Net cash from operating activities	<u>1,988,014</u>	<u>975,788</u>	<u>551,700</u>
(c) Undrawn Borrowing Facilities			
	2017		2016
	\$		\$
Credit Standby Arrangements			
Bank overdraft limit	500,000		500,000
Bank overdraft at balance date	0		0
Credit card limit	10,000		10,000
Credit card balance at balance date	<u>(1,599)</u>		<u>(1,374)</u>
Total amount of credit unused	<u>508,401</u>		<u>508,626</u>
Loan facilities			
Loan facilities - current	163,109		185,608
Loan facilities - non-current	<u>913,388</u>		<u>1,125,813</u>
Total facilities in use at balance date	<u>1,076,497</u>		<u>1,311,421</u>
Unused loan facilities at balance date	<u>NIL</u>		<u>NIL</u>

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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14. CONTINGENT LIABILITIES

A claim for Native Title has been brought over a large area of land which falls within the Shire of Gnowangerup district. A settlement offer is currently being considered by the South West Land and Sea Council (which encompasses the land within the Shire of Gnowangerup). At this time it remains difficult to quantify the implications of this claim.

15. CAPITAL AND LEASING COMMITMENTS	2017	2016
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	11,831	11,830
- later than one year but not later than five years	0	11,831
- later than five years	0	0
	<u>11,831</u>	<u>23,661</u>

(b) Capital Expenditure Commitments

The Shire did not have any future capital expenditure commitments at the reporting date.

16. JOINT VENTURE ARRANGEMENTS

The Shire is not involved in any joint venture arrangements.

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2017	2016
	\$	\$
General purpose funding	296,793	106,087
Law, order, public safety	1,769,429	1,825,609
Health	547,636	429,308
Education and welfare	15,000	266,367
Housing	1,736,500	2,166,526
Community amenities	2,011,940	2,107,194
Recreation and culture	28,565,765	23,379,421
Transport	122,977,881	123,304,970
Economic services	94,076	162,153
Other property and services	1,355,327	1,054,414
Unallocated	2,588,783	1,941,750
	<u>161,959,130</u>	<u>156,743,799</u>

SHIRE OF GNOWANGERUP
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	2017	2016	2015
18. FINANCIAL RATIOS			
Current ratio	3.67	2.08	3.72
Asset sustainability ratio	0.96	1.59	1.19
Debt service cover ratio	7.51	3.48	7.39
Operating surplus ratio	(0.07)	(0.41)	0.10
Own source revenue coverage ratio	0.51	0.60	0.67

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 sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 59 of this document.

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$680,269.

Three of the 2016 and 2015 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$648,897.

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

	2017	2016	2015
Current ratio	2.48	3.16	2.63
Debt service cover ratio	5.23	5.88	5.00
Operating surplus ratio	(0.22)	(0.25)	(0.07)

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

19. TRUST FUNDS

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

	1 July 2016	Amounts Received	Amounts Paid	30 June 2017
	\$	\$	(\$)	\$
Builders Registration Board	0	905	(905)	0
BCITF	0	908	(908)	0
Hall Hire Bonds	301	850	(1,151)	(0)
Agricultural Society	4,422	14	0	4,436
Early Morning Swimming Bonds	358	1,000	(1,358)	0
Gnp Townscape Committee	3,111	0	(3,111)	(0)
Gnp Airstrip Donation	1,262	4	0	1,266
Gnp & District Tourism Promotion	568	0	(568)	(0)
Housing Bonds	10,609	1,529	(2,814)	9,324
GESB Trust	344	0	(344)	0
Unclaimed Rates	56	300	(300)	56
PA Hire Bond	508	500	(1,008)	(0)
Micro-Chip Deposits	112	325	(437)	(0)
Life Guard Training Deposits	0	1,300	(1,300)	0
Laser Tag Deposits	0	475	(475)	0
	<u>21,650</u>			<u>15,082</u>

20. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Buildings								
<u>Law, order, public safety</u>								
SES Store Shed	7,830	0	0	(7,830)	0	0	0	0
<u>Recreation and culture</u>								
Arts & Crafts Building	27,935	0	0	(27,935)	0	0	0	0
Plant and Equipment								
<u>Health</u>								
Mazda CX9	26,496	21,818	0	(4,678)	25,000	25,000	0	0
<u>Transport</u>								
Holden Utility	26,219	21,364	0	(4,855)	15,000	15,000	0	0
Holden Crew Cab Utility	25,463	20,682	0	(4,781)	12,000	12,000	0	0
Triton Utility	14,748	12,273	0	(2,475)	10,000	10,000	0	0
Triton Utility	13,740	11,363	0	(2,377)	10,000	10,000	0	0
Isuzu Crew Tipper	23,740	22,909	0	(831)	20,000	20,000	0	0
Other property and services								
Holden Cruze Sedan	15,000	11,363	0	(3,637)	25,000	25,000	0	0
Mazda CX5	33,227	25,455	0	(7,772)	25,000	25,000	0	0
Holden Caprice	0	0	0	0	45,000	45,000	0	0
	<u>214,398</u>	<u>147,227</u>	<u>0</u>	<u>(67,171)</u>	<u>187,000</u>	<u>187,000</u>	<u>0</u>	<u>0</u>

SHIRE OF GNOWANGERUP
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21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal	New	Principal		Principal		Interest	
	1 July		Loans	Repayments	Repayments	30 June 2017	Repayments	Repayments
	2016		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
Housing								
L 277 - GROH Housing	495,085		74,183	74,183	420,902	420,902	19,274	22,022
Community amenities								
L 270 - Yongergnow	32,245		12,288	12,288	19,957	19,957	1,789	1,882
Recreation and culture								
L 267 - Borden Pavilion	25,679		25,679	25,678	0	1	935	1,336
L 273 - Gnp Community Centre	190,385		14,259	14,259	176,126	176,126	11,444	11,549
L 278 - Borden Pavilion	120,395		15,088	15,088	105,307	105,307	4,849	5,005
L 279 - Gnp Complex Synthetic Turf	225,990		14,805	14,805	211,185	211,185	9,358	9,405
	1,089,779	0	156,302	156,301	933,477	933,478	47,649	51,199
<u>Self Supporting Loans</u>								
Housing								
L 274 - Homes for the Aged	53,308	0	53,308	3,992	0	49,316	9,348	3,234
Recreation and culture								
L 275 - Gnp Sporting Complex	116,539	0	17,525	17,525	99,014	99,014	4,495	4,555
L 276 - Borden Pavilion	51,795	0	7,789	7,789	44,006	44,006	1,998	2,025
	221,642	0	78,622	29,306	143,020	192,336	15,841	9,814
	1,311,421	0	234,924	185,607	1,076,497	1,125,814	63,490	61,013

Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2016/17

The Shire did not take up any new debentures during the year ended 30 June 2017.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2017.

(d) Overdraft

The Shire established an overdraft facility of \$500,000 with the National Australia Bank to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2016 and 30 June 2017 was \$nil.

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

22. RATING INFORMATION - 2016/17 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental value valuations											
GRV - Residential	0.147565	335	2,552,448	376,652	0	0	376,652	376,652	0	0	376,652
GRV - Commercial	0.147565	36	515,246	76,032	0		76,032	76,032	0	0	76,032
GRV - Industrial	0.147565	17	180,748	26,672	0	0	26,672	26,672	0	0	26,672
GRV - Amelup Tourism	0.147565	4	130,780	19,299	0	0	19,299	19,299	0	0	19,299
Unimproved value valuations											
UV - Rural	0.011540	358	252,697,000	2,916,118	(3,330)	0	2,912,788	2,915,148	0	0	2,915,148
UV - Mining	0.011540	0	0	0			0	0	0	0	0
Sub-Total		750	256,076,222	3,414,773	(3,330)	0	3,411,443	3,413,803	0	0	3,413,803
Minimum payment	Minimum										
Gross rental value valuations											
GRV - Residential	700	82	130,858	57,400	(1,400)	0	56,000	57,400	0	0	57,400
GRV - Commercial	700	14	21,998	9,800	581	0	10,381	9,800	0	0	9,800
GRV - Industrial	700	9	19,336	6,300	0	0	6,300	6,300	0	0	6,300
GRV - Amelup Tourism	700	1	4,160	700	0	0	700	700	0	0	700
Unimproved value valuations											
UV - Rural	700	20	662,400	14,000	0	0	14,000	14,000	0	0	14,000
UV - Mining	700	3	43,260	2,100	923		3,023	2,100	0	0	2,100
Sub-Total		129	882,012	90,300	104	0	90,404	90,300	0	0	90,300
		879	256,958,234	3,505,073	(3,226)	0	3,501,847	3,504,103	0	0	3,504,103
Discounts/concessions (refer note 26)							(9,649)				(9,649)
Total amount raised from general rate							3,492,198				3,494,454
Specified Area Rate (refer note 24a)							69,559				69,597
Waste Collection Rate (refer note 25b)							131,866				133,800
Ex-gratia rates							30,509				0
Totals							3,724,132				3,697,851

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

23. NET CURRENT ASSETS

Composition of net current assets

	2017	2017	2016
	(30 June 2017 Carried Forward) \$	(1 July 2016 Brought Forward) \$	(30 June 2016 Carried Forward) \$
Surplus/(Deficit) 1 July 16 brought forward	<u>1,560,515</u>	<u>754,796</u>	<u>754,796</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	1,153,453	595,100	595,100
Restricted	1,920,586	1,809,775	1,809,775
Receivables			
Rates outstanding	178,173	160,215	160,215
Sundry debtors	723,706	441,142	441,142
GST receivable	64	64	64
Loans receivable - clubs/institutions	26,352	29,306	29,306
Accrued Interest on Self Supporting Loans	492	973	973
Inventories			
Fuel and materials	21,203	20,511	20,511
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(188,969)	(142,092)	(142,092)
Accrued interest on debentures	(7,893)	(9,875)	(9,875)
Accrued salaries and wages	(11,683)	(6,376)	(6,376)
ATO liabilities	0	(52,830)	(52,830)
Rates Received in Advance	(3,042)	(11,215)	(11,215)
Accrued Expenses	(12,660)	0	0
Current portion of long term borrowings			
Secured by floating charge	(163,109)	(185,608)	(185,608)
Provisions			
Provision for annual leave and sick leave	(211,680)	(157,724)	(157,724)
Provision for long service leave	(104,857)	(103,027)	(103,027)
Unadjusted net current assets	<u>3,320,136</u>	<u>2,388,339</u>	<u>2,388,339</u>
Adjustments			
Less: Reserves - restricted cash	(1,896,378)	(1,789,845)	(1,789,845)
Less: Loans receivable - clubs/institutions	(26,352)	(29,306)	(29,306)
Add: Secured by floating charge	163,109	185,608	185,608
Adjusted net current assets - surplus/(deficit)	<u>1,560,515</u>	<u>754,796</u>	<u>754,796</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

24a. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAF

Specified Area Rate	Basis of Valuation	Rate in \$	Rateable Value \$	Rate Revenue \$	Interim Rate Revenue \$	Back Rate Revenue \$	Total Specified Area Rate Revenue	Budget Rate Revenue \$	Budget Back Rate Revenue \$	Budget Interim Rate Revenue \$
Gnp Sporting Complex	GRV	0.003991	2,625,453	10,478	0	0	10,478	10,478	0	0
Gnp Sporting Complex	UV	0.000172	112,929,500	19,424	(51)	0	19,373	19,424	0	0
Borden Pavilion	GRV	0.001882	259,154	488	0	0	488	488	0	0
Borden Pavilion	UV	0.000104	88,533,200	9,207	13	0	9,220	9,207	0	0
Ongerup Effluent	GRV	0.066853	448,743	30,000	0	0	30,000	30,000	0	0
				<u>69,597</u>	<u>(38)</u>	<u>0</u>	<u>69,559</u>	<u>69,597</u>	<u>0</u>	<u>0</u>

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	Rate Applied to Costs \$	Rate Set Aside to Reserve \$	Reserve Applied to Costs \$	Budget Rate Applied to Costs \$	Budget Rate Set Aside to Reserve \$	Budget Reserve Applied to Costs \$
Gnp Sporting Complex	To meet the loan repayments for the Gnowangerup Sporting Complex Facility.	Applied to all properties in the Old Gnowangerup Townsite Ward and Gnowangerup Rural Ward.	29,851	0	0	29,902	0	0
Borden Pavilion	To meet the loan repayments for the Borden Pavilion Facility.	Applied to all properties of the Old Borden Townsite Ward and the Borden Rural Ward.	9,708	0	0	9,695	0	0
Ongerup Effluent	To contribute towards the maintenance, renewal and replacement of the Ongerup Effluent System.	Applied to all properties in the Ongerup Townsite.	30,000	0	0	30,000	0	0
			<u>69,559</u>	<u>0</u>	<u>0</u>	<u>69,597</u>	<u>0</u>	<u>0</u>

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

24b. WASTE COLLECTION RATE - 2016/17 FINANCIAL YEAR

Waste Collection Rate	Basis of Valuation	Rate in \$	Minimum Rate \$	Rateable Value \$	Rate Revenue \$	Interim Rate Revenue \$	Total Specified Area Rate Revenue	Budget Rate Revenue \$	Budget Back Rate Revenue \$	Budget Interim Rate Revenue \$
Waste Collection Rate	GRV	0.000001	200	3,555,574	56,000	(800)	55,200	56,000	0	0
Waste Collection Rate	UV	0.000001	200	253,318,160	77,800	(1,134)	76,666	77,800	0	0
				<u>256,873,734</u>	<u>133,800</u>	<u>(1,934)</u>	<u>131,866</u>	<u>133,800</u>	<u>0</u>	<u>0</u>

The waste collection rate is imposed to assist Council meet some of the costs associated with managing waste within the Shire.

25. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

No service charges were imposed by the Shire during the year ended 2017.

26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2016/17 FINANCIAL YEAR

Waivers or Concessions

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

	Type	Discount %	Discount \$	Actual \$	Budget \$
A213	Concession	50%		2,877	2,877
A293	Concession	50%		4,834	4,834
A314	Concession	50%		787	787
A556	Concession	50%		1,151	1,151
				<u>9,649</u>	<u>9,649</u>

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

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

Objects of the Waiver or Concession

Reasons for the Waiver or Concession

A213	50% concession on general rates only	To provide a lower general rates to properties within the Amelup Tourism Precinct to assist	Assist promote the tourist industry in the Amelup Tourism Precinct
A293	50% concession on general rates only	promote the tourist industry in the Amelup Tourism Precinct	
A314	50% concession on general rates only		
A556	50% concession on general rates only		

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

27. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	28-Sep-16	0	0.00%	11.00%
Option Three				
First Instalment	28-Sep-16	0	0.00%	11.00%
Second Instalment	29-Nov-16	10	5.50%	11.00%
Third Instalment	30-Jan-17	10	5.50%	11.00%
Fourth Instalment	31-Mar-17	10	5.50%	11.00%
			Revenue \$	Budgeted Revenue \$
Interest on unpaid rates			21,122	15,000
Interest on instalment plan			12,145	11,500
Charges on instalment plan			4,780	4,500
			<u>38,047</u>	<u>31,000</u>

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

28. FEES & CHARGES	2017	2016
	\$	\$
Governance	1,364	4,616
General purpose funding	15,270	17,440
Law, order, public safety	6,260	6,060
Education and welfare	14,219	12,979
Housing	0	83,254
Community amenities	117,351	120,965
Recreation and culture	23,218	18,276
Transport	206	101
Economic services	16,773	19,917
Other property and services	16,377	43,986
	<u>211,038</u>	<u>327,594</u>

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

29. GRANT REVENUE

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

By Nature or Type:	2017	2016
	\$	\$
Operating grants, subsidies and contributions		
General purpose funding	1,945,928	617,215
Law, order, public safety	79,342	105,833
Recreation and culture	25,045	59,554
Transport	142,735	141,375
Other property and services	2,288	1,000
	<u>2,195,338</u>	<u>924,977</u>
Non-operating grants, subsidies and contributions		
Recreation and culture	312,945	725,000
Transport	945,444	949,514
	<u>1,258,389</u>	<u>1,674,514</u>
	<u>3,453,727</u>	<u>2,599,491</u>

30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date	<u>25.5</u>	<u>23.5</u>
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31. ELECTED MEMBERS REMUNERATION

The following fees, expenses and allowances were paid to council members and/or the president.

	2017	2017	2016
	\$	Budget	\$
Meeting Fees	72,000	80,000	72,000
President's allowance	15,000	15,000	15,000
Deputy President's allowance	3,000	3,000	3,000
Travelling expenses	2,896	6,500	4,995
Telecommunications allowance	5,940	5,940	5,940
	<u>98,836</u>	<u>110,440</u>	<u>100,935</u>

**SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017**

32. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

**2017
\$**

The total of remuneration paid to KMP of the Shire during the year are as follows:

Short-term employee benefits	284,575
Post-employment benefits	38,307
Other long-term benefits	6,550
	329,432
	329,432

Short-term employee benefits

These amounts include all salary, paid leave, 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 at Note 31.

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.

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Entities 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.

Transactions with related parties

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

There are no material related party transactions to disclose.

33. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2016/2017 financial year.

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2016/2017 financial year.

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

35. FINANCIAL RISK MANAGEMENT

The Shire's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Shire's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Shire.

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 Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2017	2016	2017	2016
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	3,074,039	2,404,876	3,074,039	2,404,876
Receivables	1,164,074	930,122	1,164,074	930,122
	<u>4,238,113</u>	<u>3,334,998</u>	<u>4,238,113</u>	<u>3,334,998</u>
Financial liabilities				
Payables	224,247	222,389	224,247	222,389
Borrowings	1,076,497	1,311,421	1,076,497	1,311,421
	<u>1,300,744</u>	<u>1,533,810</u>	<u>1,300,744</u>	<u>1,533,810</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

35. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Held-to-maturity investments

The Shire's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	2017	2016
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	30,740	24,049
- Statement of Comprehensive Income	30,740	24,049

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible market movements.

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

The profile of the Shire's credit risk at balance date was:

	2017	2016
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	97%	99%
- Overdue	3%	1%

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

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.

The contractual undiscounted cash flows of the Shire's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2017</u>					
Payables	224,247	0	0	224,247	224,247
Borrowings	211,306	795,628	270,170	1,277,104	1,076,497
	<u>435,553</u>	<u>795,628</u>	<u>270,170</u>	<u>1,501,351</u>	<u>1,300,744</u>
<u>2016</u>					
Payables	222,389	0	0	222,389	222,388
Borrowings	245,589	838,866	503,641	1,588,096	1,311,421
	<u>467,978</u>	<u>838,866</u>	<u>503,641</u>	<u>1,810,485</u>	<u>1,533,809</u>

SHIRE OF GNOWANGERUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2017

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings (continued)

Borrowings are also 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 following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<u><1 year</u>	<u>>1<2 years</u>	<u>>2<3 years</u>	<u>>3<4 years</u>	<u>>4<5 years</u>	<u>>5 years</u>	<u>Total</u>	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<u>Year ended 30 June 2017</u>								
Borrowings								
Fixed rate								
Debentures	0	19,956	0	0	0	1,056,541	1,076,497	4.56%
Weighted average Effective interest rate	0.00%	6.34%	0.00%	0.00%	0.00%	4.53%		
<u>Year ended 30 June 2016</u>								
Borrowings								
Fixed rate								
Debentures	25,679	0	32,244	0	0	1,253,498	1,311,421	4.67%
Weighted average Effective interest rate	6.80%	0.00%	6.34%	0.00%	0.00%	4.58%		

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF GNOWANGERUP**

Opinion

We have audited the accompanying financial report of the Shire of Gnowangerup which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity, the rate setting statement, and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

In our opinion, the accompanying financial report of the Shire of Gnowangerup:

- (i) gives a true and fair view, in all material respects, of the financial position of the Shire of Gnowangerup as at 30 June 2017, and of its financial performance and its cash flows for the year then ended;
- (ii) complies with Australian Accounting Standards; and
- (iii) is prepared in accordance with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.

Report on Other Legal and Regulatory Requirements

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

- (i) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire of Gnowangerup;
- (ii) There are no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law noted during the course of our audit, with exception of the following;
- (iii) The asset consumption ratio and the asset renewal funding ratio included in the annual financial report are supported by verifiable information and reasonable assumptions;
- (iv) All necessary information and explanations were obtained by us; and
- (v) All audit procedures were satisfactorily completed during our audit.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the ethical requirements the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

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

Responsibilities of Management and Council for the Financial Report

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

In preparing the financial report, management is responsible for assessing the ability of the Shire to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting.

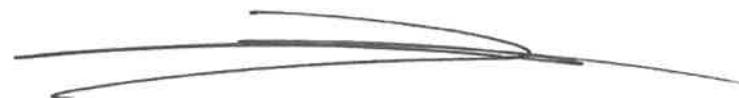
Council is responsible for overseeing the Shire's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibility for the audit of the financial report is located at the Auditing and Assurance Standard Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our audit report.

AMD Chartered Accountants



TIM PARTRIDGE
Director

28-30 Wellington Street, Bunbury, Western Australia

Dated this 13th day of October 2017

**SHIRE OF GNOWANGERUP
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2017**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

	2017	2016	2015
Asset consumption ratio	0.86	0.86	0.87
Asset renewal funding ratio	0.67	0.81	0.65

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$