



**SHIRE OF KOJONUP**  
**Annual Report**  
**2017 - 2018**





**Front Cover:**

*Unveiling of Brigadier Arnold Potts' Flag, Kojonup, 12 April 2018.*



## **VISION**

Kojonup is a **smart** region featuring a technologically advanced **agricultural** community, an educational and historical **destination** and a healthy and enviable **lifestyle**.

## **OUR GUIDING VALUES**

### **Integrity**

We will act in an honest, professional and accountable manner that maintains the community trust.

### **Care and Respect for People**

We will treat people with respect in all of our interactions. We are committed to the safety and wellbeing of our community and employees and will show care and empathy when addressing issues.

### **Responsible**

We are mindful of our role as custodian of the community's assets, and will make decisions in a responsible manner. We will consider value for money in decision making and ensure that our operations and systems promote efficiency and good governance.

### **Open and Reliable**

We will carry out our business in a transparent and approachable way, respecting diverse views and valuing the input and contributions from the community. We will act consistently and communicate clearly.

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## Statistically in 2017/2018, the Shire has:

<p>Conducted 11 Council Meetings</p> 	<p>Conducted 22 Briefing Sessions</p> 	<p>Conducted 3 Special Council Meeting</p> 	<p>Obtained \$5,348,302 in Grant Revenue &amp; Contributions</p> 
<p>Received 20,667 visitors to the Kojonup Visitors Centre</p> 	<p>Issued 27 building related approvals at a value of \$1.87 million</p> 	<p>Supported 3 Subdivision Applications.</p> 	<p>Issued 15 Development Approvals for Projects</p> 
<p>184 Travel groups camped at the designated camp ground</p> 	<p>Progressed 1 road widening programs for 2.5km totalling \$495,532.00</p> 	<p>Resealed 4.6km of bitumen totalling \$151,079.60</p> 	<p>Conducted 12.2km of tree pruning and mulching on rural roads</p> 
<p>Re-sheeted 14.49km of gravel roads totalling \$626,776.43</p> 	<p>12,972 people attended the K.O'H.M swimming pool with 291 season tickets</p> 	<p>An Area of 2,937km<sup>2</sup></p> 	<p>A population count of 1836 in the 2016 Census</p> 

# Strategic Direction



## A Word from the Shire President



The 2017/2018 year marked entry into the fourth year of WW1 commemorations and it was a pleasure to see a fitting tribute to Brigadier Arnold Potts held in April. This event was led by a dedicated team of individuals and was successfully executed with the wonderful cooperation of the RSL, Shire, many Community members and numerous others from further afield.

A small booklet was provided on the day as a souvenir of the event. My address as Shire President wasn't included, I provide a copy below for posterity;

*Speech for Potts Flag Unveiling;*

*I begin by reading a piece from the Guildford Grammar School archives;*

*"Fourteen year old Arnold Potts became a boarder at Guildford Grammar School at the beginning of 1911. He was small of stature and even in his final year in 1914 was only 5'7" tall, but he was strong. He enjoyed success in the first rowing crew 1913-1914, the first 18, Athletics, Shooting and as a 14 year old was a member of the victorious cross country team which won the state-wide cup. As may befit a future military leader he was also Colour Sergeant in the School Cadets.*

*That he was a leader there is no question. He was first appointed Prefect in 1912 and was the inaugural Chapel Prefect in 1914 and Senior Boarding House Prefect the same year.*

*War clouds were threatening in Europe when Arnold left in 1914. He applied to join the 1st AIF and was called into the ranks of the 16th Battalion with the rank of acting Sargeant."*

*The man, Brigadier Arnold Potts, epitomises the spirit of the bush; the spirit that overcomes adversity; rolls up the sleeves & does what 'has to be done'.*

*His record at School, his sporting life, his working life, his farming tenacity, his commitment to community & love of family. Today we much laud his War record. I wish to commend his commitment to community.*

*It's clear the Brigadier was a man who gave his all to whatever task lay before him which resulted in invitations to participate in Boards and Committees following the war.*

*While you & I would likely think that we had contributed enough, particularly with an exemplary war service, not so for the Brigadier who continued to pour his endless energy into serving his community.*

*Kojonup benefitted from the Brigadiers input into many Boards & Committees, whether on the Hospital Board, the Agricultural Society, the Farmers Union, RSL, the Church, he also captained the Football club, was a founding member of the Polo club - just to name a few!*

*In 1948 the Brigadier nominated as the Country Party candidate for the seat of Forrest & led the primary vote but only losing on the distribution of preferences.*

*Thankfully that wonderful community spirit continues today evidenced by the willingness of community members to step up to the task at hand & contribute whatever capability & capacity they may have to make our 'place' a better place to be.*

*The pride & reverence Kojonup has for Brigadier Potts achievements is displayed at Apex Park where his life sized statue stands proudly facing towards his farm Barrule. I commend the committee whose commitment to build this memorial saw it come to fruition to stand for generations to come.*

*I also commend our service Clubs who continue to sponsor individuals so they can walk the Kokoda Track and in so doing they can gain some small sense of the conditions that the Brigadier & his band of soldiers would have faced.*

*This event today is also the result of community spirit, the Renew Shop funding the framing of the flag & the many volunteers, RSL, Historical Society, Contributors of Memorabilia and Special Guests making for a truly memorable day.*

*While I did not personally know the Brigadier, we have here today those who will have had that privilege and would have sat at his table & heard firsthand the many stories he would have carried from a life so full.*

*Finally but certainly not least, I acknowledge the Brigadiers family. Having married Doreen Wigglesworth they produced three children; his two daughters, Judy & Nancy, here with us today, his son David now deceased whose son David continues to farm Barrule. I acknowledge all of his Grandchildren, Great grandchildren and extended family present here. I suspect the Brigadier would dearly have loved to be with you still and am sure he is in spirit.*

*I quote the words of Nancy Bates 'Maybe they will make a movie one day of the man in tropical military uniform standing beside the Albany Highway 120Km north of Albany'!*

*I look forward to it!*

This community continues to reflect its can-do spirit evidenced by the many events that 'just happen' each year, the clubs and organisations which continue to bring sporting and other opportunities to town, the wonderful team of volunteers who rally to keep the Rose Maze looking amazing especially leading up to the rose conference visitors arriving in October 2018, the Wirrapanda and Stephen Michael foundations working with Council, community and School encouraging participation and communication with our Youth, the Smart Start and Play in the Park programs and Youth Group, our amazing Bushfire Brigades who rally in a moment went needed and many others, on behalf of Council I extend our sincere thanks to you all. Congratulations to those volunteers given special recognition at our annual Volunteer awards and Australia Day events.

The year saw further improvements to our Dam catchments as part of our endeavour to drought proof our town and reduce water cost.

Council thanks Paul Retallack for the enormous amount of work he has put into ensuring our renewable energy program continues to advance with many solar panels now atop a number of Shire buildings, again increasing our efficiency and cost reduction. Paul also secured funding for the installation of new LED lighting at the airstrip.



An electronic speed sign was trialled in the main street with positive results and community feedback. Council intends to find funding to install similar signs permanently in order to slow traffic.

Councillors continue to attend a number of committees and regional organisations advocating and representing community interests over the year. Some significant regional plans have been developed such as the GS Core Regional Trails plan and the Great Southern Regional Recreation plan with the intention to develop cross boundary opportunities to grow tourism and Sport infrastructure, businesses, encourage greater overall inclusiveness and to assist with future funding opportunities.

Council has also been contributing towards a number of discussion papers produced by WALGA especially those intended to change legislation which will impact on our communities. Some of these have been Local Government Act review, regulations regarding Towing of Agricultural Equipment, RAV ratings and road freight task, planning matters such as the Bushfire regulations to name a few.

Work has continued on the Sporting precinct with great input from a representative precinct user group. The 2018/2019 year will see the completion of the new entry, earthworks. The challenge is to secure funding for, further upgrades to the Netball courts, an outdoor gym and playground adjacent to the Sports Complex building.

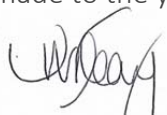
The Pensioner Rd upgrade has been completed with great results thanks to our works crew. New directional signage is also looking great. The swimming pool upgrades programmed for completion in time for the 2018 summer season eagerly awaited by new pool manager Gavin Bunbury.

Thanks to the CEO and team for their efforts in accessing both the Federal Government's Building Better Regions Fund & State Government's Regional Aged Accommodation Fund which will ensure that the next year will be an extremely busy one with another large building program bringing approximately 3 million dollars into our town. Springhaven continues to see excellent improvements with a significant amount of external funding secured thanks to the efforts of Manager Sue Northover and her dedicated team.

Thank you to our Kojonup Business community as our town is known to be 'open for business' when many other Regional communities are not, especially on weekends. Given our location on the Albany Highway we have gained a positive reputation due to your collective efforts.

Tourism to, and through our town, continues with Kodja Place precinct receiving over 20,500 visitors. Did you know that the industry 'value of tourism' measure is that 'every tourist \$1 spent equates to \$1.84' value to the community.

I sincerely thank retiring Manager Mort Wignall, Deputy Ned Radford, our team of Councillors, CEO Rick Mitchell-Collins and all staff for the significant contribution they have made to the year and look forward to the busy 2018/19 year ahead.



**Cr. Ronnie Fleay**  
**Shire President**



## Your Council as Elected 22 October 2017 and CEO



Front row: Cr Jillian Mathwin, Shire president Ronnie Fleay, Deputy Shire President Ned Radford and Cr Sandra Pedler  
Back row: Cr Graeme Hobbs, CEO Rick Mitchell-Collins, Cr Ian Pedler, Cr Judith Warland and Cr John Benn

## Your Shire President & Deputy Shire President



**Shire President  
Ronnie Fleay  
2017 – 2021**

Delegate on the following Committees:

- Kodja Place Advisory Committee
- Sporting Precinct Advisory Committee
- Spring Management Advisory Committee
- Southern Link VROC
- Great Southern Joint Development Assessment Panel
- Regional Recreation Advisory Committee



**Deputy Shire President  
Ned Radford  
2017 – 2021**

Delegate on the following Committees:

- Kodja Place Advisory Committee
- Sporting Precinct Advisory Committee
- Spring Management Advisory Committee
- Southern Link VROC
- Great Southern Joint Development Assessment Panel
- Regional Recreation Advisory

## Your Council



**Cr John Benn**  
2017 – 2021

Delegate on the following Committees:

- Great Southern Zone of WALGA
- Great Southern Regional Road Group



**Cr Sandra Pedler**  
2017 – 2021

Delegate on the following Committees:

- Kojonup Historical Society



**Cr Graeme Hobbs**  
2015 – 2019

Delegate on the following Committees:

- Great Southern Zone of WALGA
- Great Southern Regional Road Group



**Cr Judith Warland**  
2015 – 2019

Delegate on the following Committees:

- Audit Committee
- Kojonup Homes for the Aged Committee
- Regional Recreation Advisory Group



**Cr Ian Pedler**  
2015 – 2019

Delegate on the following Committees:

- Spring Management Committee
- Great Southern Zone of WALGA (Proxy)
- Southern Link VROC (Proxy)
- Great Southern Joint Development Assessment Panel
- Kojonup Historical Society



**Cr Jill Mathwin**  
2015 – 2019

Delegate on the following Committees:

- Audit Committee
- Great Southern Zone of WALGA
- Southern Link VROC
- Great Southern Joint Development Assessment Panel
- Kojonup Community Growth Association Inc.
- Kojonup Homes for the Aged Committee

## Councillor Attendance at Meetings in 2017/2018

	CR FLEAY	CR SEXTON	CR PRITCHARD	CR HOBBS	CR RAFORD	CR WARLAND	CR MATHWIN	CR I PEDLER	CR S PEDLER	CR BENN
Ordinary Council Meetings										
	10/11	4/4	4/4	9/11	11/11	7/11	10/11	11/11	7/7	7/7
Special Council Meetings										
	3/3	1/1	1/1	1/3	3/3	1/3	3/3	2/3	2/2	2/2A
Annual Electors Meeting										
	1/1	N/A	N/A	1/1	1/1	1/1	1/1	0/1	0/1	1/1
Audit & Risk Committee Meetings										
				4/4	1/1	4/5	4/5			3/4
Natural Resource Management Advisory Committee Meetings										
		1/1	1/1		3/3					3/3
Kojonup Bushfire Advisory Committee Meetings										
		1/1			2/3					2/2

# Chief Executive Officer's Report



2017/2018 continued consideration of and implications to the Long-Term Financial Plan, Community Strategic Plan 'SMART Possibilities', Corporate Business Plan 'SMART Implementation', Asset Management Plan, Risk Management Plan, Workforce Plan, Building Assessment Framework, Capital Evaluation Framework, as well as our ability to meet and respond to changes in government funding streams, regulation, cost shifting and the political landscape.

For example, the election of a new State Government resulted in funding commitments being aligned to pre-election promises in marginal electorates which threatened the viability of securing the Federal Governments \$10 million 'Building Better Regions Fund'

(BBRF) allocation towards the Great Southern Region Housing Initiative. After extensive lobbying the Minister for Regional Development finally announced in May 2018 that \$2.6 million would be allocated to our region for Regional Aged Appropriate Housing which has secured the \$10 million BBRF allocation.

What does this mean for Kojonup? Months of planning, preparing submissions and lobbying will enable an additional 3 Independent Living Units (ILU), 3 Government Regional Officer Housing (GROH) Houses and 4 staff houses to be constructed over the next 18 months including the extension of sewer from Murby Street to Katanning Road and John Street. This is also inclusive of in-fill residential development at the old Kindergarten site in Elverd Street, injecting in excess of \$3 million into the local economy.

The Shire of Kojonup continued to progress Community Strategic Plan objectives in relation to:

1. Main Street/Townscape improvement opportunities including Heavy Haulage Route considerations/implications
2. Kodja Place Precinct and connection with Main Street and CBD
3. Benn Parade/Tourist Railway/Apex Park/RSL areas – Heritage Interpretation Planning
4. Sports Precinct – new access and parking upgrades to comply with Australian Standards
5. Civic Precinct – Memorial Hall, Hillman Park, Harrison Place enhancement considerations
6. Community Strategic Plan – 'SMART Possibilities' implementation
7. Sale yards and surrounds
8. Water Harvesting & Reuse – South Dam, Turkey Nest and Showgrounds Dam upgrades
9. Health/Aged Care Provision – Springhaven, Loton Close, Jean Sullivan Units and Medical Centre investigations
10. Reviewing Parks, Reserves and Natural Resource Management objectives
11. Review of Town Planning Scheme to encourage development and assist property owners through the myriad of compliance aspects



Last year saw the long-awaited reconstruction of Pensioner Road. New signage was installed providing residents an opportunity to visually identify how street and directional signage will progressively be upgraded throughout the shire. Planning continues on upgrading street furniture including for example, the use of rubbish bin panels for heritage interpretation allowing concept plans to be made available for community feedback.

Building maintenance has substantially improved over the past 5 years and this trend will continue in an endeavour to 'catch up' however, issues with the rammed earth walls and inadequate roof trusses at the Kodja Place, façade failure at the Memorial Hall and access improvements at the Sports Complex, places additional pressure on the budget and future planning as unlike our neighbouring shires, Kojonup operates a 22 bed Aged Care facility and a 364 day Heritage and Cultural Interpretive Centre.

Other projects/works/improvements:

- Redevelopment works at Springhaven including construction of the new Sensory Garden and installation of Solar Panels
- Solar Panels installed at the Council Chambers
- Runway Lighting upgraded
- New lessee of Black Cockatoo Café
- Bagg Street Unit conversion
- Jean Sullivan Units – kitchen refurbishment
- New eastern access to Sports Complex
- Swimming Pool Structural integrity works commenced
- \$112,000 reduction in Tourism & Area Promotion expenses (The Kodja Place)

I express my sincere gratitude to Councillors, who now as “normal practice” continually assess, review and evaluate the strategic direction of Council on behalf of the community they represent which is reflected in the quality of decisions made, backed by sound business planning including “whole of life” costs, analysis of social, economic, environmental, cultural, historical, heritage values and resource requirements – human and physical. This approach may frustrate some community members but it is now the ‘norm’ for Local Government in 2018.

Shire President – Cr Ronnie Fleay does a tremendous amount of work behind the scenes promoting Kojonup, meeting with Ministers and Departmental Director Generals espousing the merits and value of identified projects or deficiencies in rural services, and the need for integrated/sustainable planning and funding at all levels of government – Federal, State and Local.

To my staff and managers, very special thanks for your commitment to change and continually rising to the challenge of continuous improvement! Our ability to prepare business plans and a clear integrated strategic direction is evident in the amount of external grant funding being sourced. Funds that cannot be accessed without extensive business planning that is able to be evaluated, measured and monitored against stated outcomes. There is still much to be done but, we have collective input and ownership of our aims and objectives which also comes with responsibility and accountability. Pre-planning is now being translated into tangible outcomes which are now visible to ratepayers and visitors. 2018/2019 will continue to be a year of capital projects, maintenance and forward planning.

To the community members whom I, Council and staff have been involved with over the past year and the many volunteers who have contributed time and energy supporting various clubs, groups and organisations, thank you for your input and feedback and I look forward to continuing our productive association in the year ahead.

To the businesses who continue to support our community, a big thank you! To everyone who has attended Forums, Briefing Sessions, Advisory meetings, Work Shops, lodged submissions, contributed to the Community Strategic Plan review, made suggestions or requests, thank you for taking the time to be interested in the present and future direction of the Shire of Kojonup.



**Rick Mitchell-Collins**  
**Chief Executive Officer**

# Senior Management Team

## Rick Mitchell-Collins

*Chief Executive Officer*



- Strategic Planning
- Organisational performance
- Medical/Health Services
- Environment/NRM
- Sports Precinct

## Craig McVee

*Manager Works & Services*



- Roads/Verges
- Parks/Gardens/Reserves
- Plant/Equipment
- Signage
- Drainage
- Cultural Officer

## Anthony Middleton

*Manager Corporate Services*



- Financial Management
- Information Technology
- Asset and Risk Management
- Integrated Planning and Reporting
- Governance, Policies and Delegations

## Sue Northover

*Manager Aged Care Services*



- Management of day to day operation of Springhaven Frail Aged Lodge and Aged Care Service provision

## Mort Wignall

*Manager Regulatory Services*



- Environmental Health
- Waste Management
- Building Maintenance
- Occupational Health & Safety
- Project Management
- Emergency Services

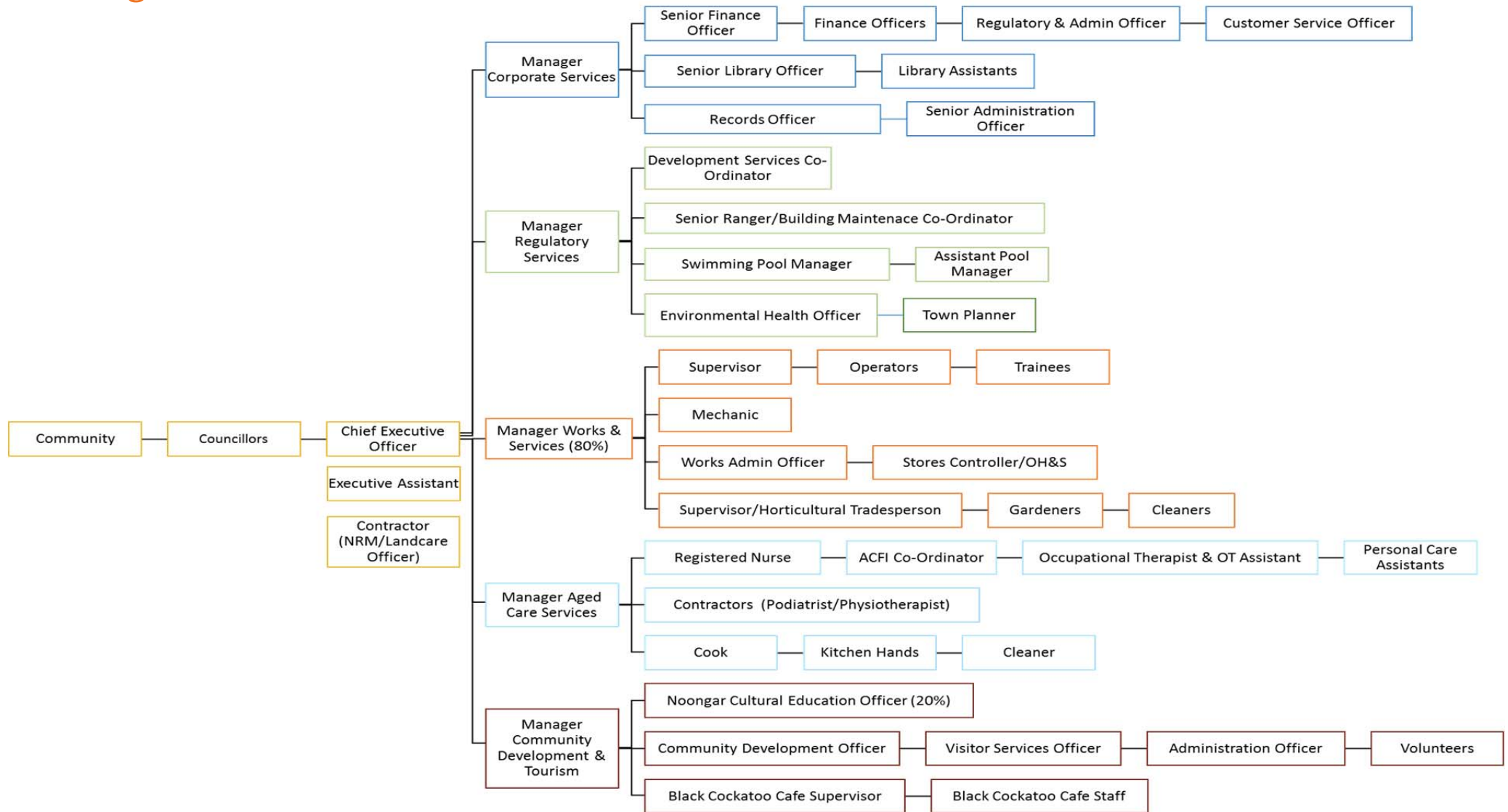
## Zahra Shirazee

*Manager Community Development & Tourism*



- Management of The Kodja Place Precinct
- Tourism
- Marketing
- Promotion
- Community Development
- Area Promotion

# Organisational Structure





## Changes to Our Team

The Shire thanks the following staff who departed from the Shire of Kojonup team during the 2017/2018 financial year for their contribution:

STAFF MEMBER	POSITION	STAFF MEMBER	POSITION
Giles Blight	Plant Operator	Elise Norrish	Swimming Pool Lifeguard
Heather Greco	Carer	Crystal Gale	Swimming Pool Attendant
Dale Simons	Shire Mechanic	Asha Worts	OT Assistant
Michael Aiken	Plant Operator	Miranda Wallace	Executive Assistant
Lincoln Savage	Cleaner	Kate McGillivray	Carer
Christine Coldwell	Accounts Payable	Rachelle Michael	Supervisor/Cook
Maddison Cavanagh	Swimming Pool Attendant	Serena Sshaddick	Community Development Officer
Skye Blight	Cleaner	Chris Brett	Cook
Gina Haenga	Waitperson	Laurette Costello	Waitperson
Kylie Romic	Waitperson	Alison Forsby	Waitperson
Megan Bevis	Assistant Supervisor	Debra Michael	Cook
Margaret Ancill	Carer	Emma Bellotti	Waitperson
Nicole Arnold	Waitperson	Jacinta McKenzie	Waitperson
Lynette O'Brien	Personal Care Assistant	Felicity Hansen	Personal Care Assistant
Hayley French	Personal Care Assistant	Cole Murray	Waitperson
Pamela Chambers	Senior Administration Officer	Beth Anderson	Personal Care Assistant
Cathy Shand	Activities Assistant	Natalie Chivers	Carer
Mikayla Richardson	Carer	Adam Fisher	Personal Carer
Michelle Turnbull	Personal Carer	Niamh Doherty	Carer
Narelle Perrott	Personal Care Assistant	Heidi Tyler	Community Development Officer
Leanne Randall	Enrolled Nurse	Naomi Thompson	Personal Carer

We would also like to welcome to our team, the following new employees:

STAFF MEMBER	POSITION	STAFF MEMBER	POSITION
Gavin Richardson-Bunbury	Swimming Pool Manager	Amnaj Warren	Kitchen Hand
Derek Marland	Grano Operator	Rachael Perkins	Casual Assistant Pool Manager
Neil Riley	Traffic Control	Goldie Hendricks	Kitchen Hand
Melissa Binning	Finance Officer	Patricia Trenfield	Personal Care Assistant
Payal Kalia	Personal Care Assistant	Lorraine Wyatt	Executive Assistant
Shaziya Noori	Registered Nurse	Mark Swinfield	Chemical Applicator
Chris Neels	Enrolled Nurse	Arahia Campbell	Cook/Cleaner
Krista Etheridge	Personal Carer	Celeste De Ponte Cardoso	Activities Co-Ordinator
Vanessa Sanyangore	Personal Carer	Sam Anderson	Personal Carer
Rebecca Wood	Personal Carer		

## Plan for the Future

In accordance with local government integrated planning requirements, on 25 July 2017 the Shire of Kojonup adopted a new Strategic Community Plan, titled *Smart Possibilities*, which sets the strategic direction for the organisation for the next ten (10) years and beyond. It is the community's plan and is based primarily on the feedback obtained through surveys, workshops and interactive voting sessions.

The updated Corporate Business Plan entitled, “*SMART Implementation*” was adopted by Council on 19 September 2017 and sets the direction and priorities for Kojonup until 2027 and beyond. *SMART Implementation* is the first step towards achieving the community aspirations and sets out the key actions for the first four years against five (5) Key Pillars.

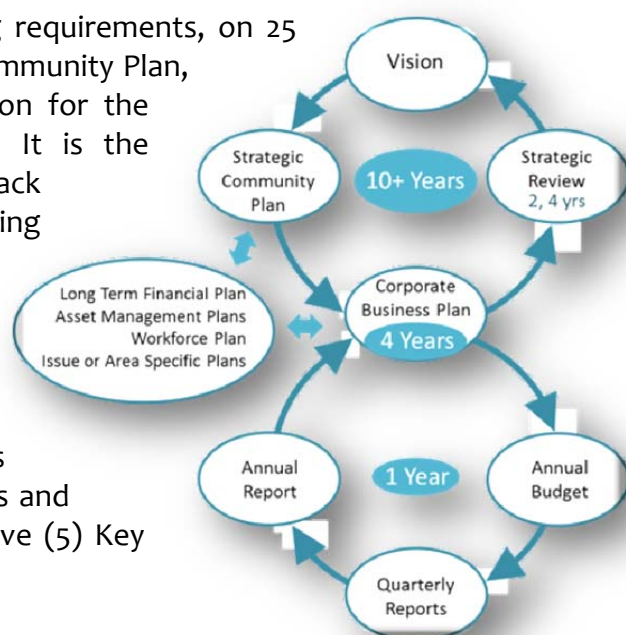
The five (5) ‘key pillars’ established in *SMART Possibilities* are as follows:

1. **Place** (Kojonup celebrates its diversity for residents and visitors);
2. **Connected** (Kojonup advances through connections, partnerships and alliances);
3. **Performance** (Kojonup's people show commitment to strategy and operational excellence)
4. **Prosperity** (Kojonup invests in its own prosperity and drives economic growth); and
5. **Digital** (Kojonup is ambitious with technology, data and analytics).

Smart Implementation represents a significant improvement on previous plans and is increasing in importance as a vital document. This plan is now equal in importance to the Annual Budget and *SMART Possibilities* and requires regular reference on a day-to-day basis by both staff and elected members.

The community's aspirations in each theme are described, followed by a commitment from the Shire of Kojonup to work towards realising these aspirations. Each commitment by the Shire includes an implementation timeframe that relates to the Shire's four year corporate business planning cycle.

The following commentary outlines actions taken or about to be commenced for each objective within our *SMART Implementation*. The plan is divided into ‘Outcomes’ under which ‘Objectives’ are listed and then ‘Actions’. The ‘Action’ headings have been colour coded to indicate the progress made on achieving this action.



The ‘Action’ has been COMPLETED

The ‘Action’ is currently still IN PROGRESS

The ‘Action’ has NOT COMMENCED

## Key Pillar 1 – Place

*Kojonup celebrates its diversity for residents and visitors.*

*During the stakeholder engagement phase of 2017 our community members raised issues regarding balancing resourcing and investment in arts, culture, environment, tourism, sporting clubs, non-sports based fun and recreation, education, indoor activities, and activities to celebrate the diversity of our people.*



### 1.1 - Have Maximised Our 'One Community' Program Through Specific Events, Celebration of Built Form and Enhancement of Our Environment.

#### 1.1.1 Develop And Grow An Annual Calendar Of Events Where Community And Visitors Celebrate Diversity, History, And Place - Community Development & Tourism

Work has commenced developing an annual calendar of events. The Visitor Services Officer has been working with key stakeholders to become a key dispersal point for information and promotion of these events with existing events promoted through E-News, Kojonup News and social media. Growing the number of key events will be an ongoing process each year.

#### 1.1.2 Celebrate the Significance of Cultural, Social and Built Heritage Including Local Indigenous and Multicultural Groups - Community Development & Tourism

Discussions held with friends of Marribank regarding the formation of the 'Marribank Aboriginal Corporation'. Council has formed strong alliances with Wirrapanda Foundation and Stephen Michael Foundation to run programs in Kojonup and looks forward to realising more opportunities for our youth.

#### 1.1.3 Grow 'The Kodja Place' to Become an Iconic WA Attraction - Community Development & Tourism

The Kodja Place is already an iconic attraction for the South West of Western Australia and to develop to a national level will be subject to funding. This is an ongoing process however possessing a Master Plan and Curatorial Audit provides a clearer pathway to realise the attractions full potential. Business Plan review will be undertaken during 2019/20.

#### 1.1.4 Through Delivery of an Events Strategy, Sponsor, Support and Promote Events that Stimulate Economic Activity and Attract Visitors to the Area - Community Development & Tourism

The Shire sponsor, support and promote several events each year such as Annual P & A Society Show, Bloom Festival, NAIDOC Week, waiving fees for Theatrical Society, School events and various community group functions. Events Strategy to be developed during 2019/20.

#### 1.1.5 Develop and Adopt A 10 Year Road Program - Works & Services

Work in Progress - Aim to finalise and have adopted at August 2018 Council Meeting

#### 1.1.6 Develop and Adopt a 10 Year Footpath Program - Works & Services

Work in Progress - Aim to finalise and have adopted at August 2018 Council Meeting

**1.1.8 Memorial Hall Refurbishment/Upgrade - Regulatory Services**  
Theatrical Society, Toilets (Internal & External) and Harrison Place Park - \$609,000  
Replacement of Guttering and Downpipes - \$50,000

The Shire is working towards a future grant application for upgrades and refurbishment at the Memorial Hall. Regulatory Services have obtained concept drawings for previous grant rounds that were unsuccessful. These concept drawings require revision and updated costings for future applications. This project has been reallocated to the Shire's Manager Community Development and Tourism to pursue funding opportunities and requires update discussion with the Kojonup Theatrical Society to ensure lighting, sound, acoustic, etc. requirements maximise future opportunities including WA Arts & Culture events/activities.

**1.2 Be A Happy, Healthy, Connected and Inclusive Community Driven by The Provision of High Standard Sport, Recreation and Open Space Facilities and Programs.**

**1.2.5 Improve Disability Access to Infrastructure and Services - Community Development & Tourism**

New disability access was constructed for Black Cockatoo Café. Officers will undertake a Disability Audit and Action Plan on infrastructure and services available during 2019/20.

**1.2.6 Develop Environmental Management Plans for Significant Shire Reserves - Works & Services**

Work in Progress - Horticultural Supervisor, Senior Ranger and NRM Officer are progressively collating reserves and logging via pocket RAMM infrastructure such as signage and seating even weeds or specific flora/fauna which can be downloaded to Councils database to assist future planning and determination of asset condition/replacement.

**1.2.9 Develop and adopt a Health Plan – Chief Executive Officer/Regulatory Services**

Public Health Plans will be required during Stage 5 of the implementation of the Public Health Act 2016. Stage 5 is envisaged to be implemented during 2020-21. Whilst the Shire has yet to formally commence the development of this plan as we are awaiting finalisation of state government criteria, relevant information sources are being identified to assist in Plan development. It is envisaged, given the Shire's Resource Sharing arrangements with Southern Link VROC, that the development of a Public Health Plan can be a collaborative approach with Broomehill-Tambellup, Cranbrook, Kojonup and Plantagenet.

**1.2.10 Sporting Infrastructure Upgrades - Chief Executive Officer**

**Showgrounds Dam**

- Sports Complex Building Defects/Building Compliance/Service Area for bins
- East Pool Fence upgrade
- Lease Complex – include line marking by clubs
- West Access Upgrade
- Power Metering
- Oval drainage/collection of stormwaters

A considerable amount of effort being directed to this area such as Complex access compliance/cul de sacs and drainage improvements (Tenders called 23 April 2018), Building Better Regions Fund (BBRF) application for Under Cover facility at Netball Court area submitted but not successful. Regional Growth Fund (RGF) application submitted but unsuccessful.



Manager Corporate Services lead coordinator in working with Senior Management Team and other team members to 'bundle' Sports Precinct Redevelopment application for future BBRF Round as well as new dialogue with Sports Precinct Users regarding new agreements/processes/reporting requirements.

### *1.3 Have Systems in Place to Attract Youth to The Region, Even in A Transient Manner.*

#### **1.3.1 Collect Data on the Needs of Youth, As They Live, Educate, Work, Visit and Return to Kojonup - Community Development & Tourism**

Work in Progress - Australian Bureau of Statistic data collated and officers to work with Wirrapanda and Stephen Michael Foundations

#### **1.3.3 Promote the Opportunities for Traineeships Within Local Government - Corporate Services**

An Administration Office based traineeship has been approved by the CEO and allowed for in the 2019/20 budget.

#### **1.3.4 Explore Opportunities with Local Schools and Youth Organisations to Create A Youth Advisory Council to Engage and Advise the Shire and Councillors on Youth Issues - Community Development & Tourism**

A considerable amount of effort had been undertaken by previous Community Development Officer resulting in the formation of the Kojonup Youth Committee.

### *1.4 Be Enjoying A Main Street Which Is an Inviting Meeting Place Where We Celebrate Our History and Heritage in A Modern Way.*

#### **1.4.1 Work with Local Retail Outlets to Build A People-Friendly, Active, Vibrant and Smart Main Street - Works & Services**

Internal Work Group being established to work up concepts for Council consideration followed by community feedback during 2019 and staged budget allocations.

#### **1.4.3 Form A Programmed Upgrade of Main Street through Landscaping, Furniture and Signage - Works & Service**

Internal Work Group being established to work up concepts for Council consideration followed by community feedback during 2019 and staged budget allocations.

#### **1.4.4 Draft and Implement a Parks, Garden and Street Trees Policy - Works & Services**

Street Tree policy to be adopted at June 2018 Council Meeting. Parks and Garden Policy being progressed.

#### **1.4.5 Review and Implement A Townscape Plan And “Main Street” Development - Works & Services**

Internal Work Group being established to work up concepts for initial Council consideration followed by community feedback during 2019 allowing staged budget allocations. Courtesy Speed Display Signs trial occurred in June 2018 and was a success. Budget allocation to permanently install larger courtesy speed display signs that can record vehicle data will be considered by Council for 2019/20 financial year.

## Key Pillar 2 - Connected

*Kojonup advances through connections, partnerships and alliances.*

During the stakeholder engagement phase of 2017 our community members raised issues regarding partnering for growth in child care, children's activities, public transport, airport provisions, accommodation options, utility services (such as water quality) and forming alliances to grow employment options



### 2.1 Be Growing Our State-Wide and Local Tourism and Shopping Capabilities Through Regional Alliances.

#### 2.1.1 Build Partnerships with WA Recreation, Business and Tourism - Community Development & Tourism

Work in Progress as Council and staff attend various forums related to recreation, business and tourism.

#### 2.1.2 Promote and Facilitate Kojonup as a Short-Term Tourism Destination to and from Albany - Community Development & Tourism

Work in Progress - Brochures and digital media progressively being reviewed and updated in order to capture accurate and relevant information.

#### 2.1.5 Foster a Strong Relationship with Kojonup's Aboriginal Community to Further Recognise and Grow the Recognition of Aboriginal Culture and Leadership in The Shire - Community Development & Tourism

Council and staff have a strong association with the Kojonup Aboriginal Corporation (KAC) which has been strengthened by Mr Craig McVee undertaking the role of Noongar Cultural & Education Officer. MCDT works closely with Noongar community via Kodja Place encouraging KAC to explore opportunities which recognise aboriginal culture. Museum WA also instrumental via Dr Sue Graham-Taylor conducting Oral History interviews to capture Noongar stories and life experiences for future generations to share.



#### 2.1.6 Explore Shared Services Options with Neighbouring Local Governments to Improve Efficiencies - Chief Executive Officer

Ongoing - Kojonup providing Environmental Health Officer services via Shane Chambers to Cranbrook, Broomehill - Tambellup, Kent and Katanning. With impending retirement of Manager Regulatory Services – Mort Wignall - Katanning formally advised that Shane's services will cease 28 June 2018. Katanning realistically need to advertise for 1.0 FTE. Building Surveyor services to Cranbrook via Development Services Coordinator - Michelle Dennis. Opportunity may exist for Mort to contract his services to surrounding shires after he retires. Resource Sharing of HR Management and IT Officer next area of focus for Kojonup as deficiency recognised.

Continue as an active member of Southern Link VROC. Follow up HR Service provision with Shire of Katanning or City of Albany. Assess unnecessary duplication of services such as payroll, invoicing, rates, risk management, asset management etc. with aim of resource sharing where possible and feasible to do so. Continue to challenge member councils to explore and assess SMART Possibilities and SMART Implementation regardless of rate base



#### 2.1.7 Support Local Tourism Initiatives - Community Development & Tourism

Shire of Kojonup discussing potential for Tourist Trails (Walking, Cycling, Heritage & Culture, Natural Resource Management) as a joint funding submission for the Great Southern.

#### 2.1.8 Develop and Adopt a Tourism Marketing Plan - Community Development & Tourism

Programmed to commence 2019/20

#### 2.1.9 Develop and Adopt a Tourism Strategy & Plan - Community Development & Tourism

Programmed to commence 2019/20

### 2.2 Have Enhanced Our Aged-Care and Health Provisions by Progressing Our Connections with Regional and State-Wide Groups.

#### 2.2.1 Work with Regional, State and National Health Providers to Develop Innovative Health Services - Aged Care Services

Ongoing liaison and attendance at regional and state forums with other providers.

#### 2.2.2 Enhance Alliances with State and Local Health Providers to Grow a Sustainable and Modern Health System Aged Care Services

Close liaison with Western Australia Country Health Service, HACC, Alzheimer's WA.

#### 2.2.3 Establish Formal Networks Between All Health Service Providers Within Kojonup - Aged Care Services

Manager Aged Care Services maintains regular contact with service providers.



#### 2.2.5 Advocate for the Department of Health to Maintain the Presence of Existing Health Services and Promote Their Availability throughout the Region - Aged Care Services

Manager Aged Care Services provides quarterly updates to Councillors. Springhaven subject to site audits as part of Aged Care Accreditation and maintaining service provision in rural areas paramount.

#### 2.2.6 Aged Care Service Will Remain Complaint with Accreditation Standards - Aged Care Services

- Standard 1 – Management systems, staffing and organisational development.
- Standard 2 – Health and personal care.
- Standard 3 – Resident lifestyle.
- Standard 4 – Physical environment and safe systems.

\*Reaccreditation audit due February 2018 (completed and fully accredited till May 2021)

#### 2.2.7 Springhaven Frail Aged Lodge Strategic Plan Will Be Completed For 2017-2022 - Aged Care Services

Updated Strategic Plan adopted by Council 12 December 2017.

#### 2.2.8 Emergency Management Plan for Springhaven Lodge to Be Updated to Enhance Our Emergency Service Provision for Residents and Staff at the Facility - Aged Care Services

Next on the agenda for 2019/20.



## Key Pillar 3 - Performance

*Kojonup's people show commitment to strategy and operational excellence.*

*During the stakeholder engagement phase of 2017 our community members raised issues regarding a considered and agreed customer service charter, efficiency in shared services with VROC, a modern governance structure to attract young professionals within Shire activities, as well as more action with less planning.*



### 3.1 Be A Continually Engaged and Strategic Community Which Leads and Organises Throughout the Entire Stakeholder Group.

#### 3.1.1 Build Partnerships with WA Recreation, Business and Tourism – Community Development & Tourism

Compilation of Building Better Regions Fund and Regional Growth Fund necessitated assessment of existing businesses, reliance on passing traffic v local service centre, influence of Katanning drawing business away from Kojonup, residents' mobility for example not having public transport to Katanning may inhibit opportunities, availability of appropriately zoned land, rent charged in comparison with surrounding areas, NBN availability and reliability. Work in Progress.

#### 3.1.2 Have a Highly Rated Customer Service Experience from a Cohesive, Happy and Technology-driven Workforce - Community Development & Tourism

Customer Service Charter has been widely reviewed by all Administration (Office) staff. A draft Information and Communications Technology (ICT) Plan has been developed to further improve on the technological tools available to our workforce, such as Pocket RAMM for Asset Management and Works Staff, Tablets for mobility, e-rates notices and increased payment methods on the Shire web-site.

#### 3.1.3 Encourage Interaction and Input to the Shire of Kojonup, Particularly Through Contemporary Working Party Teams - Chief Executive Officer

Work needed on Groups required, Terms of Reference (what do we want participants to do and why). Work with Council and SMT to determine work teams required and role/scope to assist achieve strategic deliverables.

#### 3.1.5 Implement Strategies to Improve Councilors Role as Community Leaders and Asset Custodians - Chief Executive Officer

WALGA Training being undertaken 23 & 24 April 2018 as well as focussed workshops at Briefing Sessions - ongoing

Liaise with Council and SMT to develop and deliver strategies despite some in the community resisting change or not respecting the role of Councillor who must address total operations not particular aspects.

### 3.1.6 Monitor Other Local Government's Experiences in Limiting the Use of Plastic Shopping Bags and Consider Options for Local Implementation (State Government Ban on Plastic Bags Effective 1 July 2018) - Regulatory Services

The Environmental Protection (Plastic Bags) Regulations 2018 were passed by the Western Australian Government on 12 June 2018. Transitional bans commence from the 1 July 2018; with it being illegal to supply lightweight plastic bags from 1 January 2019. There was State wide advertising by Government and retail sectors in the lead up to the commencement of this legislation; with many local businesses replacing plastic shopping bags with reusable bags during 2017/2018.

The ban on lightweight plastic bags brings WA into line with other Australian states—South Australia, Tasmania, Northern Territory and Australian Capital Territory already had similar bans in place. Queensland also introduced its ban on 1 July and Victoria has announced its intention to introduce a ban.

## 3.2 Be Exceptional in Two-Way Communication Within Our Community, And Market Our Brand Outside of Our Community.

### 3.2.2 Engage with Our Residents and Industry Members Through Increased Use of Social Media - Corporate Services

The Shire of Kojonup utilises 3 Facebook pages and an e-newsletter to communicate and engage with our community. The Facebook page especially has seen substantial increases in community engagement in 2017/2018.

### 3.2.3 Develop and Implement a Formal Media and Two-Way Communications Strategy - Community Development & Tourism

Communications Policy reviewed – November 2017 and draft ICT Plan and Strategy received which will assist guide this objective.

### 3.2.5 Promote the Shire of Kojonup As an Opportunistic Place to Live - Chief Executive Officer

Developing Soldier and Katanning Road residential subdivisions allows greater flexibility for private investment and compliments work being done on visual amenity of Parks & Reserves, etc. - ongoing Liaise with MCD&T as part of 1.1.2, 3.2.7, 3.2.8

### 3.2.6 Define and Grow Our Brand, and Continually Promote and Activate the Diverse Features of Kojonup - Community Development & Tourism

Work Shopped with Council and Managers to ascertain or reaffirm the diverse features of Kojonup.

### 3.2.7 Develop and Adopt a Communications Strategy - Community Development & Tourism

Communications Policy reviewed – November 2017 and draft ICT Plan and Strategy received which will assist guide this objective.

### 3.2.8 Develop and Adopt a Community Engagement Plan - Community Development & Tourism

Communications Policy reviewed – November 2017 and draft ICT Plan and Strategy received which will assist guide this objective.

### 3.3 Use A Building Assessment Framework and Control Our Investment in Building Maintenance.

#### 3.3.1 Implement an Asset Rationalisation Process Based on The Building Assessment Framework - Corporate Services

A Building Assessment Framework has been completed and adopted by the Council which has clearly identified 29 buildings for rationalisation. Considerable work is being undertaken to manage this disposal appropriately with user groups and the Council.

#### 3.3.3 Develop A Capital Assessment Framework for All New Asset Decisions. Implement a 'Capital Evaluation' Policy and Procedure to Ensure All Potential Future Projects Are Evaluated Appropriately; And Only the Projects Most Aligned to Achievement of Council's Objectives And Long-Term Sustainability Are Selected For Implementation - Corporate Services

A Capital Evaluation Framework (including Council Policy, Procedure, Workflow and Form) was adopted by the Council in April 2018 and now clearly forms part of the annual budget cycle and Corporate Business Plan review process.

#### 3.3.4 Undertake an Asset Management Planning Process to Review and Rationalize Shire Buildings to Maximize Their Use and Value to The Community - Corporate Services

A Building Assessment Framework has been completed and adopted by the Council which has clearly identified 29 buildings for rationalisation. Considerable work is being undertaken to manage this disposal appropriately with user groups and the Council.

### 3.4 Be Organised and Transparent with Our Financial Management.

#### 3.4.1 Increase Regularity of Readable Financial Reporting to The Community - Corporate Services

The monthly and annual financial reports are constantly being improved to increase readability for the community. The use of graphs has increased, and significant attention paid to what is being reported as well as how it is being reported assists with this improvement. The recent addition of minor and regular "Did you know?" fun facts in the local media assists with increasing the community's level of understanding.

#### 3.4.2 Act with Sound Long-Term and Transparent Financial Management and Deliver Residents Considered Value for Money - Corporate Services

This Corporate Action is actually a "value" embedded in the Corporate Services section of the Shire. Whilst utilised daily, this action will never be "finalised" as we constantly strive for continual improvement.

#### 3.4.4 Design A Program of Activities to Imbed Sound Asset Management Practice Its Culture and Activities at All Levels of The Organisation - Corporate Services

The adoption of (1) Building Assessment Framework and (2) Capital Evaluation Framework is a very good start in this area. In addition, the Shire's Long-Term Financial Plan is currently being revised and will contain a direct link between the Shire's Long-Term Financial Plan and its Asset Management Plan 2017. Following these issues, Asset Management as a core value will need to be continued to be reinforced to staff, the Council and, most importantly, the community.

**3.4.6 Identify the Requirements to Ensure Finance Data and Information Is Matched to Asset Management Data (I.E. The Same/ Integrated Classification, Storage and Reporting Systems Are Utilised). Implement Changes as Needed - Corporate Services**

This action has been added to the position description of a staff member and is a two - three-year goal. A review of the Shire's chart of accounts and implementation of new general ledger enquiry software (both occurring in 2018) will assist in this action.

**3.4.7 Compile Expenditure Information for The Past Three Years Separated by Asset Class. Utilise This Information for Modelling Purposes When Updating the Next Version of The Asset Management Plan - Corporate Services**

This action has been added to the position description of a staff member and is a two to three-year goal. A review of the Shire's chart of accounts and implementation of new general ledger enquiry software (both occurring in 2018) will assist in this action.

**3.4.8 Update the Long-Term Financial Plan and Ensure There Is A Mechanism in Place to Continuously Link Asset Management to The Long-Term Financial Plan Update Cycle - Corporate Services**

The Shire's Long-Term Financial Plan is currently being revised and will contain a direct link between the Shire's long-term financial plan and its Asset Management Plan 2017.

**3.4.9 Purchase/Develop and Implement A Suitable and Robust Risk Management Software Program to Improve the Management and Reporting of The Shire's Risk Process - Corporate Services**

Following extensive research, an in-house spreadsheet has been enhanced to provide for the Shire's Risk Management monitoring, reporting and control. The spreadsheet has an inbuilt risk matrix, filters, actionable officers, dates etc.



## Key Pillar 4 - Prosperity

*Kojonup invests in its own prosperity and drives economic growth.*

*During the stakeholder engagement phase of 2017 our community members raised issues regarding ways to reach new and diverse markets, having a thriving new industry over the next ten years, stimulating employment, successful and unique food and beverage, plus retail ventures, and targeted population growth.*



### 4.1 – Be Providing Business Assistance for Growth in Small Local Industry.

#### 4.1.2 Establish partnerships with Small Business Centre Albany and Chamber of Commerce and Industry to support local business - Chief Executive Officer

ACCI seeking a new CEO. Will wait until new CEO commences to progress this matter.

Some businesses are attempting to establish a Kojonup Business Group and Shire President, Deputy Shire President and CEO are in contact with interested group members. Group is not formally structured unlike the former Community Growth Association. Essential that business owners know the 'workings' of Local Government and the processes involved regarding planning, infrastructure, project management and compliance which may be of a confidential/commercially sensitive nature. Council must remain strategically focussed and undertake an informing role.

#### 4.1.3 Advocate Regionally, State-wide and Federally for Issues Such as Traffic Control and Water Quality – Works and Services & Regulatory Services

Council has actively pursued Main Street – Heavy Haulage Route options and scenarios, advocated for increased commonwealth and state funding for rural roads, initiated water reuse and recycling projects for Turkey Nest, South Dam and Showgrounds Dam in order to secure a summer supply. Participates in Roadwise and Water Wise programs.

### 4.2 – Have Added Value to The Agricultural Sectors to Attract New People to The Region.

#### 4.2.2 Enable and Advocate for New Industry to Set Up in and Around Kojonup - Chief Executive Officer

Ongoing but restricted as Council does not possess funds to develop Stage 2 of the Industrial Estate which formed part of the Regional Growth Fund application which was unsuccessful. Provided CGS Engineers expansion alternatives including the closing of part of Bilston Street. Progressing R Donaldson request to purchase Lot 14. Feedlot and Moonies Hill Wind Farm in a 'holding' pattern.

Work in Progress with regard to D G Pork, Feedlot/Abattoir, Wind Farm, Grain Cleaners, CGS expansion, E-Charge point at KP, Matthews Transport Depot, Main Street/Townscape Planning - area behind Hire n Style incorporating Curly Wig.

#### 4.2.3 Identify and Adopt Alternate Heavy Haulage Route into the Kojonup Planning Schemes - Regulatory Services

Main Roads WA have previously provided Council with a copy of the Kojonup Freight Route – Alignment Selection Report and Council has met with Main Roads WA senior officers. It was never the intention of Council to divert all trucks to the freight route. The Shire's major concerns relate to motorist and pedestrian safety, effluent from stock trucks spilling onto the main street and a truck losing a trailer or jack knifing causing a major incident especially if carrying flammable or dangerous chemicals/liquid.

During briefing sessions in October and November 2017, Council identified the following issues/opportunities:

- Will the freight route ultimately become the Albany Highway effectively bypassing Kojonup?
- How realistic is Main Roads preferred route coming to fruition?
- Where will funding come from given other priorities in WA?
- Will Main Roads expect Council to take responsibility for Albany Highway when freight route completed?
- What other traffic calming options are available for existing Main Street such as 'No Right Turn' for Elverd Street, Jones Road, Gregory Street and Harrison Place? E.g. limiting parking on the main street and promoting off-street parking with more people friendly areas.
- Planning Scheme implications and future use zones?
- Further community consultation in relation to answers to questions asked above?

Main Roads WA representatives presented to Council at a briefing session in December 2017 to confirm that the alignment/definition report will begin to drill down on the road corridor, intersection design elements, grade issues, soil type, construction costs, etc. providing further clarification to Council, landowners and the general community allowing further feedback to be received.

Council scheduled to provide a formal response to the plan during the first quarter of 2018/2019.

#### 4.3 – Be Attracting Support Industries and Diverse and New Business Sectors To The Region.

##### 4.3.1 Whilst Growing Business, Advocate and Manage for Expected Water Efficiency, Energy Efficiency and Waste Management to Support Regional and State-Wide Environmental Standards - Regulatory Services

The Shire continues to maintain its Waterwise Aquatic Centre and Waterwise Council endorsement through the Water Corporation.



In June 2016, the former Minister for Water Hon Mia Davies approved a grant of \$100,000 from the Government's Community Water Supply Program towards the cost of providing a water pipeline from Stock Road to the Kodja Place and Apex Park for reticulation purposes, with water being sourced from the Water Corporations disused Kojonup dam south of town.

Additional funding was sourced from the Great Southern Development Commission (GSDC) through the Royalties for Regions program with a contribution of \$40,000 from council.

The new pipeline has now been substantially completed and will be commissioned and ready to use for watering of lawns and gardens at Apex Park and the Kodja Place, including Rose Maze during the summer of 2018.

Additional funds left over from this project enabled earth works to be carried out above the showgrounds dam catchment to divert stormwater run-off into the catchment and dam which will increase the volume of water entering the dam for re-use in the watering of Council's sporting ovals.



This increased supply will complement the shortage of treated waste water over the summer months which is also used for reticulation for the sporting ovals. Upgrading of portions of the treated waste water pipeline from the water corporation waste water treatment plant to the turkey nest storage tanks was also undertaken with surplus funding from the water pipeline project.

The Shire had installed solar arrays at Springhaven Frail Aged Lodge and the Administration Centre. The Springhaven installation was made possible via the Southern Inland Health Initiative's (SIHI) Stream 6 Residential Aged Care and Dementia Investment Program, funded through the State Government's Royalty for Regions program; while the Administration Centre installation occurred with funds from Council's Energy Efficiency Reserve. The Energy Efficiency Reserve has been established to fund energy efficiency initiatives within the Shire's operations with 50% of any savings resulting from expenditure of this Reserve account to be transferred back into the reserve for future initiatives.



The SIHI funding also funded the upgrade of electrical storage water heaters to efficient heat pump systems at four of the Shire's existing aged person's units. On the vacancy of one of these units, the lighting was upgraded to efficient LED.



For efficiency and reliability, the airstrip lighting was upgraded to LED. This project was funded via the Department of Transport's Regional Aviation Development Scheme.



Warren Blackwood Waste (WBW) continue to provide the fortnightly 240 litre sulo bin co-mingled recyclable kerbside collection for the Shire of Kojonup. They also provide this service to Katanning, Broomehill, Tambellup, Cranbrook, Kent, Lake Grace, Dumbleyung and Gnowangerup. They also provide either 240 litre sulo bins or skips to commercial premises who support recycling initiatives. Recyclables are transported to the WBW material recovery facility located at the Kojonup recycling and transfer station off Tunney Road for separating and processing.

300 tonnes of recyclables were collected through the fortnightly kerbside and commercial premises collections during the year and the Kojonup community's ongoing support in reducing the volume of waste committed to landfill through waste minimisation/recycling initiatives is acknowledged by Council.

#### 4.3.2 Establish A Noteworthy Kojonup Business Hub for The Provision of Shared Facilities and Services - Corporate Services.

Initial research and enquiry have been undertaken with Southern Dirt. A suitable location is currently being developed.

#### 4.3.4 Drive Population Growth through the Support of Local Industry, Development of New Industry and Promotion of Kojonup's Point of Difference - Chief Executive Officer

Not straight forward as some lots in Stage 1 of Industrial Estate owned by existing businesses and remain undeveloped. Council has indicated its preference to zone land west of Industrial Estate and part of Saleyards for Industrial use which forms part of our future planning.

Will be progressed once KP 5.4.4 data/information obtained and zoning, infrastructure services etc. known and costed so as not to create unrealistic expectations of Kojonup's ability to deliver.

#### 4.3.6 Promote Positive Environmental and Waste Management and Reduction Messages in the Community - Regulatory Services

The Shire includes updates via the E News and Kojonup News regarding its activities and opportunities in Landcare and Management as well as recycling. One of the key features of the Kojonup recyclable collections is the small amount of contamination in the bins which assists Warren Blackwood Waste (WBW) staff in the processing of the materials and also ensures there is no rejection of processed materials which are on-sold by WBW for further processing.

#### 4.3.9 Develop and Adopt a Waste Management Plan - Regulatory Services

The Shire is awaiting the development, by the WA Local Government Association, of a generic Waste Management Plan. This will be used as a template to develop a plan for the Shire of Kojonup and has not been commenced.

#### 4.4 – Have Collaborated to Enhance and Attract Diverse Retail to Ensure a Successful and Renewed Main Street

##### 4.4.1 Support Main Street Urban Renewal through In-Kind Support and Policy Development - Works & Services

Possession of adopted Street Tree, Signage, Road, Drainage, Street Furniture, Parks & Reserves, Interpretation Panels, Trails and Footpath Plans all contribute to development of Urban Renewal which can then be a staged approach over a 5 year period unless external funding can expedite this time frame.



##### 4.4.3 Implement Free WIFI On the Main Street - Corporate Services

This project forms part of the draft 2018/2019 annual budget. An up-to-date quotation is currently being obtained.



## Key Pillar 5 – Digital

*Kojonup is ambitious with technology, data and analytics.*

During the stakeholder engagement phase of 2017 our community members raised issues regarding ongoing transparent data to and from the Shire, realised they didn't know enough about Kojonup in real-time, wished for a more digitally connected community, discussed how technology could make the Shire safer, requested greater access to broadband services, and realised the tech farming skills were a point of difference within the region



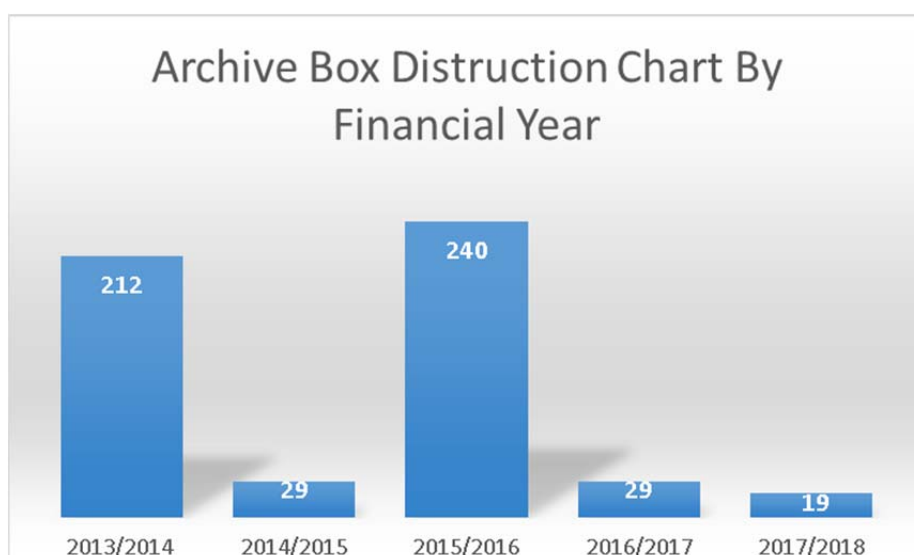
### 5.1 – Be Fuelling Our Analytical Knowledge to Support Business Growth, Operational Excellence and Farming Productivity.

#### 5.1.3 Move to A Fully Electronic Record Keeping System By 2019 - Corporate Services

Following brainstorming sessions with all Shire departments, a project plan is nearly complete for approval by the State Records Office. Required hardware and software improvements have been investigated and some already implemented.

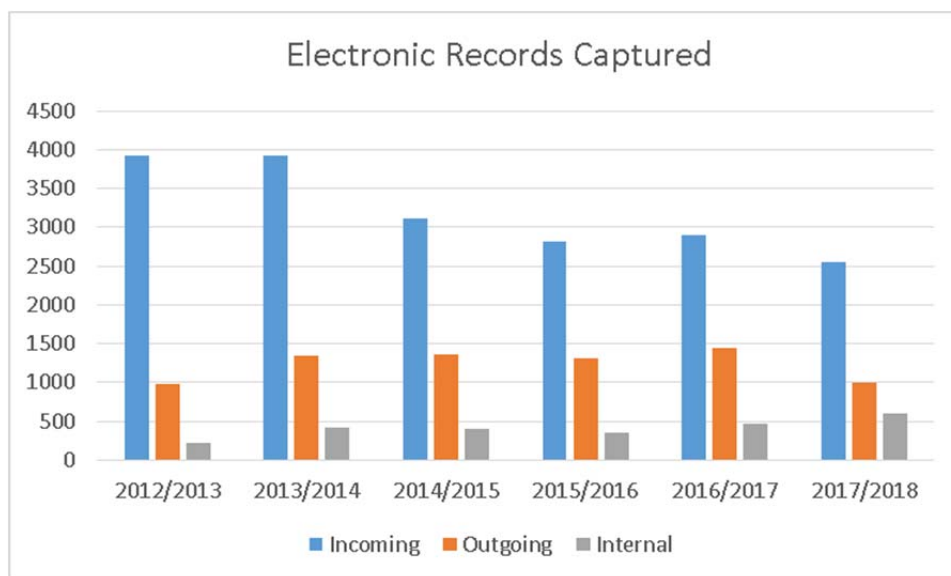
#### 5.1.4 Development of Key Performance Indicators for Records Management - Corporate Services

Each year we record how many records have been recorded in Synergy incoming, outgoing and internally. All staff members use Synergy to check their daily records. Some record things on their own whilst others still need training. The following graph shows the number of records registered into our Electronic Records Management System, SynergySoft.



The Shire is required to manage its business records in accordance with the *State Records Act 2000* which is supported by a Recordkeeping Plan, policy, procedures and training. The Plan and associated documents are required to be audited every five years by the State Records Commission.

On 18 January 2018, 19 Boxes were sent to Albany Records Management to be destroyed. This means that as at 30 June 2018, 529 Archive Boxes had been destroyed since the task of archiving/disposal commenced in 2014.



The above chart demonstrates that through training, staff are now better at identifying what is a record and what has long term value to the organisation and therefore the Incoming records being recorded into the SynergySoft system has reduced. Outgoing and Internal records have remained stable as staff continue to meet expectations outlined in our Customer Service Charter.

The Shire of Kojonup is at present half electronic and half paper based. We currently use IT Vision's SynergySoft software to capture our records and convert all paper records to electronic via scanning them into our system. Staff use the digital copy on a day-to-day basis, however, the record is the paper copy. The paper copy is retained in a file in the records room in the office and we are aiming to implement a fully electronic system.

Becoming Fully Electronic will help us to save paper, reduce mail costs, save a huge amount of space that is currently taken up by paper records and archive boxes and make information and document sharing easier. Going fully electronic can take up to 4 years and the we are hoping to have this done by end of the financial year 2021.

#### 5.1.5 Develop and Adopt an Information & Communications Technology Plan - Corporate Services

Draft plan has been received from the consultant in May 2018. Currently undergoing review and feedback for Council adoption in July 2019.

### 5.4 – Have Used Technology to Become A Smart, Safe, Collaborative And Informed Region.

#### 5.4.1 Enable and Advocate for Public Access to NBN For All Residents - Corporate Services

The Shire of Kojonup has successfully lobbied and now enjoys access to all three services provided by NBNCo - Skymuster, Fixed Wireless and Fibre to the Node. The Shire will continue, through item 5.1.2, to investigate alternative private internet possibilities to ensure ALL residents have superior internet coverage, speed and capacity.

#### 5.4.2 Set Up Kojonup So Industry Can Increase Productivity, Better Connect to The Global Market Place or Work Remotely, Through Enhanced Technology Provisions - Corporate Services

The Shire of Kojonup has successfully lobbied and now enjoys access to all three services provided by NBNCo - Skymuster, Fixed Wireless and Fibre to the Node. The Shire will continue, through item 5.1.2, to investigate alternative private internet possibilities to ensure ALL residents have superior internet coverage, speed and capacity.

#### 5.4.4 Use Continually Collected Data and Analysis to Better Plan for Population, Accommodation, Education, Health and Aged Care Services - Chief Executive Officer

The Senior Administration Officer has and is updating stats for use by CEO & others when released from ABS.

Data and information contained within recently completed Business Plan for Southern Housing Initiative and Memorial Hall submissions including 2016 ABS Census being collated into one reference document over next few months

#### 5.4.7 Partner with Kojonup District High School to Promote the Advantages of Local Education - Chief Executive Officer

New Principal Clare Roser has commenced, and Shire President will continue to liaise quarterly. CD&T work closely with school as does Lorreen with Play Cafe. Discussion paper on how much money escapes our shire due to children attending boarding schools needed to demonstrate 'loss' to our economy and social capital.

Council met new Principal - Clare Roser at 12 Dec 2017 Briefing Session.

# Financial Summary Report

The financial ratios required by legislation as contained in Note 30 of the Annual Financial Report, and the two additional asset management ratios are summarised below using a 'traffic light' colour coding.

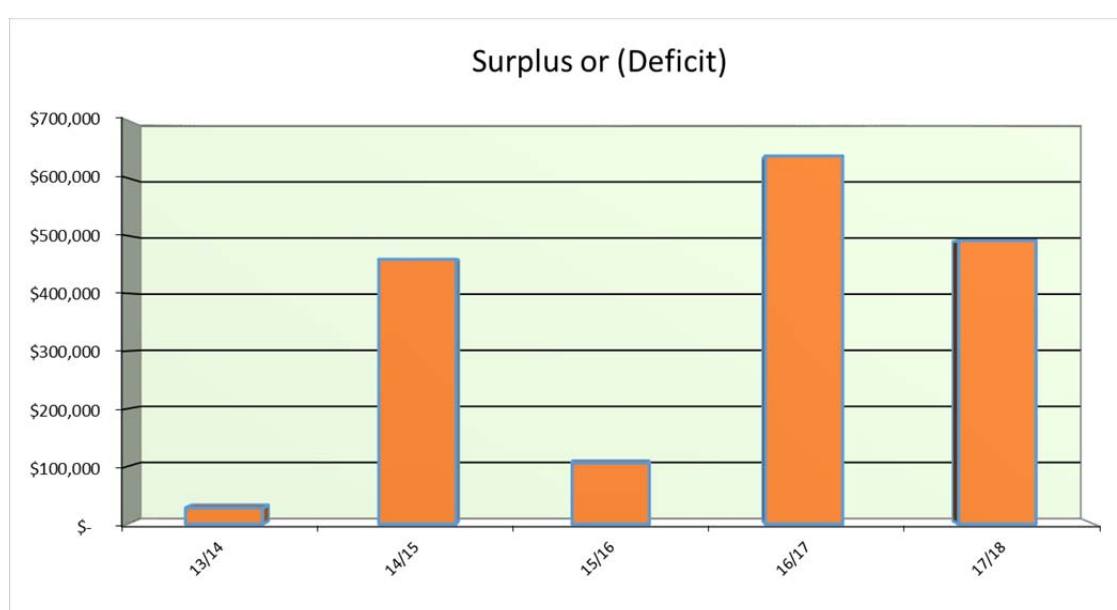
Each ratio should not be considered in isolation and should only be assessed in the context of an individual local government's circumstances (for example, the Shire of Kojonup runs an aged care facility, tourism and cultural precinct, etc. unlike many others). Like a jigsaw, each ratio is only part of the bigger picture of the Shire's financial performance.

	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018
Current ratio	3.21	0.76	1.06	0.62	1.05	1.02
Asset sustainability ratio	0.89	1.02	1.68	0.79	1.27	0.77
Debt service cover ratio	19.62	15.37	24.01	8.4	27.29	29.65
Operating surplus ratio	(0.11)	(0.15)	0.01	(0.44)	(0.25)	(0.30)
Own source revenue coverage ratio	0.50	0.55	0.55	0.51	0.46	0.50
Asset Consumption Ratio	49%	55%	99%	98%	67%	98
Asset Renewal Funding Ratio	n/a	n/a	70%	72%	70%	107

When analysing the final position for the 2017/2018 financial year, consideration should be given to the fact that only one new loan of \$100,000 was raised during the financial year, despite \$850,000 of new loans being budgeted. This decision was made to minimise the total loan indebtedness of the organisation when considering the significant projects and scope of capital investment proposed for future financial years.

## Closing Position – 30 June 2018

Local Government budgeting is generally completed by producing what is known as a 'balanced budget'. This 'balanced budget' allows for no surplus/(deficit) at the completion of the financial year – that is the year is completed with a \$0 result. If the budget is exceeded overall for the year, even by \$1, a deficit is the result. Similarly, a surplus position represents savings or additional income based on the adopted budget. The following graph demonstrates our closing financial position:



Details of what comprises this surplus can be found in note 24 to the financial statements.



## Cash

The Shire's cash flow statement (page 7) documents an increase in cash held over the year of \$526,051 with a positive unrestricted balance for 2017/2018. This decrease in the balance of cash held can be broken down as follows:

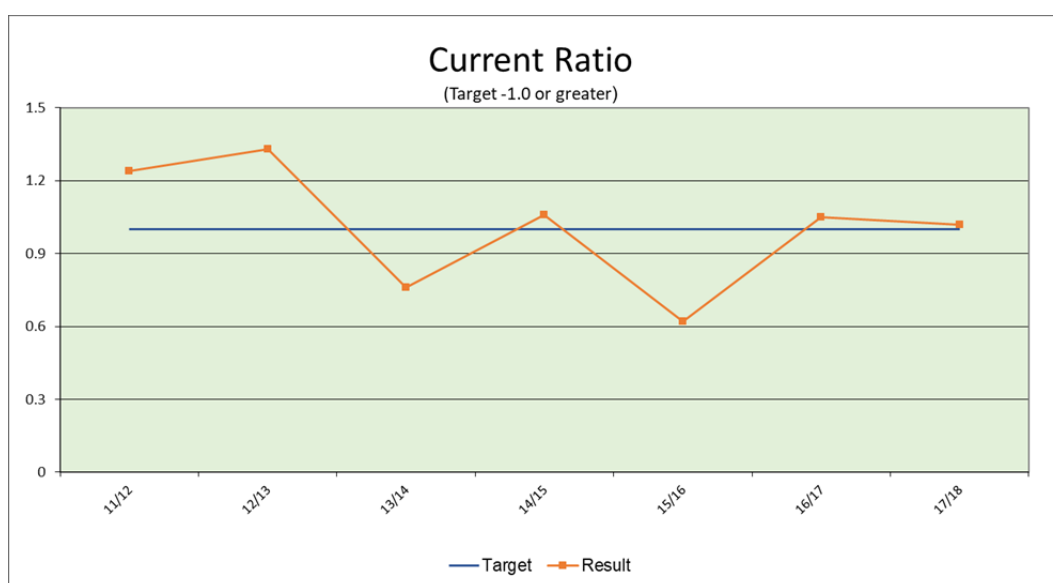
	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
<b>Unrestricted</b>	(\$788,778)	\$380,022	(\$186,001)	\$73,014	\$306,894
<b>Restricted</b>	\$3.73m	\$3.71m	\$3.76m	\$3.22m	\$3.51m
	<b>\$2.94m</b>	<b>\$4.09m</b>	<b>\$3.58m</b>	<b>\$3.28m</b>	<b>\$3.82m</b>

## Current Ratio

The current ratio gives an indication of short term liquidity; that is the ability to meet financial obligations when they fall due. The current ratio changes from day to day but this is a measurement as at 30 June each year. A ratio of greater than 1 is desirable.

It is calculated by:

$$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$$



As can be seen above, the Current Ratio dipped below 1.0 in 2013/2014 resulting from a transfer of unspent funds into reserve accounts, setting aside identified budgeted funds for a specific purpose. This forward planning has a negative impact on this ratio, albeit temporary.

The 2015/2016 current ratio was affected by the decision not to raise any new loans during the financial year despite \$420,000 of new loans being budgeted. This decision was made to minimise the total loan indebtedness of the organisation and enable a 'launching pad', considering the significant projects and scope of capital investment proposed for the 2016/2017 financial year of over \$8m

In 2016/2017 and again in 2017/2018, the ratio is higher than the target. This has primarily occurred because the WA Local Government Grants Commission prepaid some of the Shire's next year financial assistance grants. Had this prepayment not occurred, the target would not have been met.

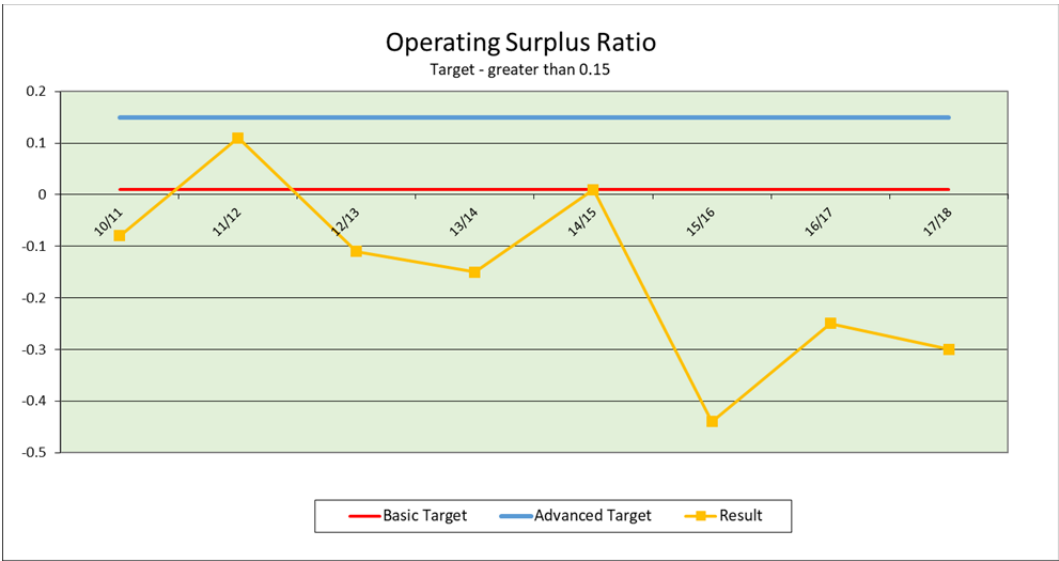
## Operating Surplus Ratio

This ratio is a measure of the extent to which own source revenues raised cover operational expenses. The higher the ratio, the greater the ability to operate effectively on own source revenue. Targets for this ratio are as follows:

0.1 (1%) or less	Concern
Between 0.1 & 0.15 (1% & 15%)	Basic achievement
0.15 (15%) or above	Advanced

It is calculated by:

$$\frac{\text{Operating Revenue minus Operating Expenses}}{\text{Own Source Operating Revenue}}$$



This ratio is greatly affected by the inclusion of depreciation and exclusion of grants received for assets. These two factors result in an ‘operational deficit’ ensuring that this ratio is negative and the target not met.

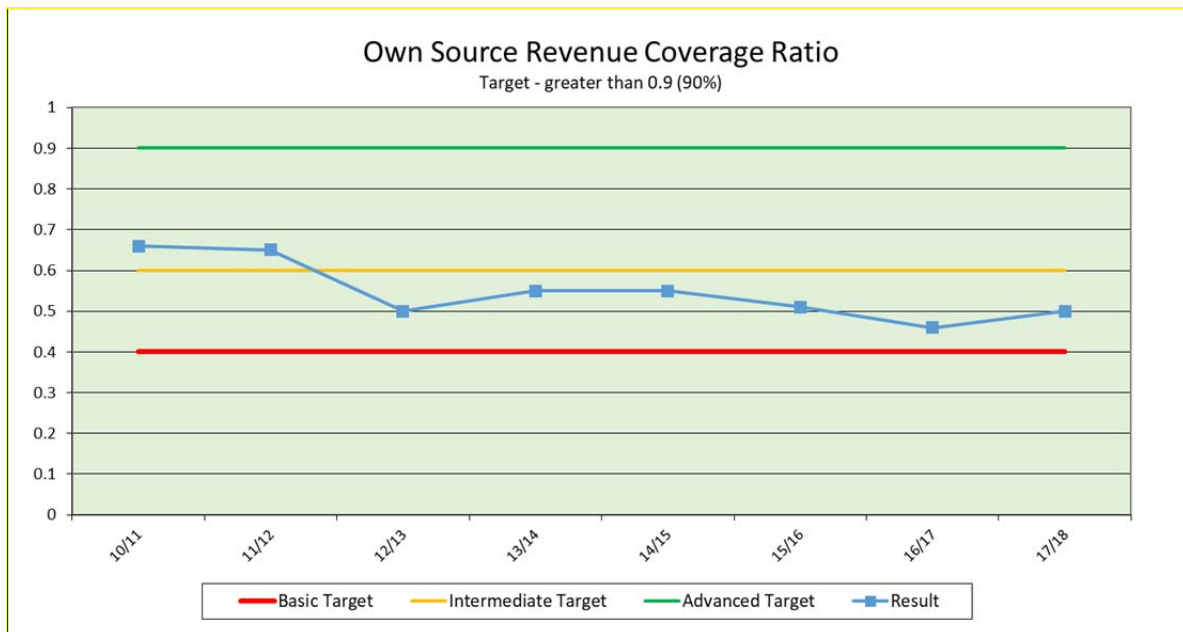
Own Source Revenue Coverage Ratio

This ratio is a measure of the extent of the Shire’s ability to cover costs using only discretionary revenue. The higher the ratio, the more independent the Shire is. Targets for this ratio are as follows:

0.4 (40%) or less	Concern
0.4 to 0.6 (40% to 60%)	Basic achievement
0.6 to 0.9 (60% to 90%)	Intermediate achievement
0.9 (90%) or above	Advanced

It is calculated by:

$$\frac{\text{Own Source Operating Revenue}}{\text{Operating Expenses}}$$



### Reserve Accounts

Reserve accounts are money set aside for a specific purpose for use in a future financial year. Commonly they are utilised to save for a future major project but can also be used to meet statutory liabilities (such as employee leave entitlements or Springhaven Lodge Bonds) or to flatten out peaks and trough's in expenditure over numerous financial years (such as major Plant purchases).

The total value of reserve accounts at the end of 2017/2018 was \$3.50m compared to \$3.07m in 2016/2017. These reserves are fully cash backed. Details of reserve balances and transfers are shown in note 4 to the Financial Statements. \$1.58m or 45% of these reserve accounts are statutory bond obligations for Springhaven Frail Aged Hostel residents. This is compared to 2014/2015 when bond obligations were \$842,060 or 25% of total reserves, showing that the Shire's own savings for future projects has decreased over the past two years.

### Loan Borrowings

Only one new loan was taken out in the 2017/2018 year, being \$100,000 for the upgrade of the Bagg Street units. Loan indebtedness as at 30 June 2018 was only \$384,561 and this includes \$7,842 borrowed on behalf of a community group, whereby they meet the loan repayments. Full details of loan borrowings can be found in note 12 of the financial statements.

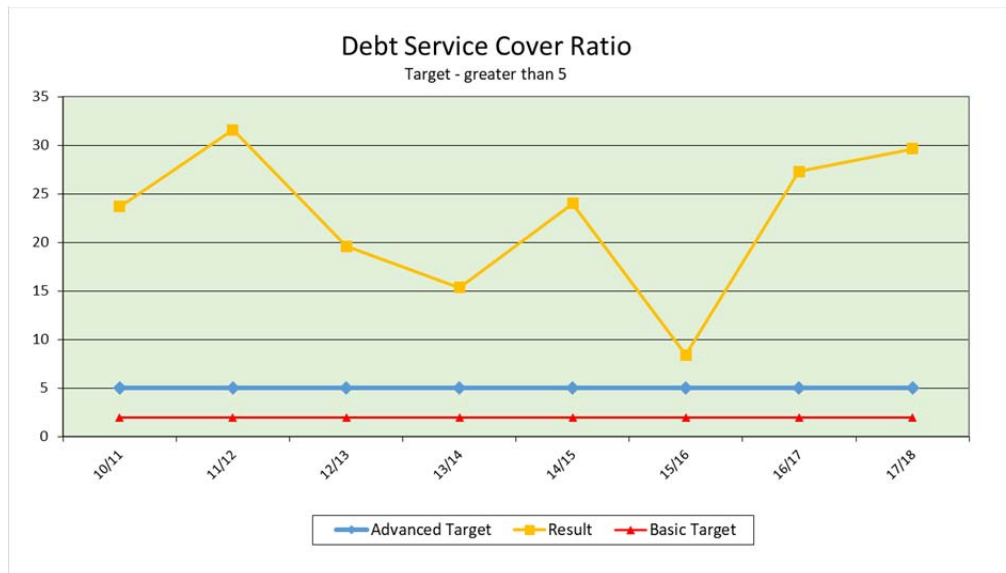
### Debt Service Cover Ratio

This ratio is a measure of the extent of the Shire's capacity to generate sufficient cash to cover its debt payment obligations. The higher the ratio, the greater the ability to meet your obligations. Targets for this ratio are as follows:

5 or less	Concern
Between 5 & 10	Basic achievement
10 or above	Advanced

It is calculated by:

$$\frac{\text{Annual Operating Surplus before Interest \& Depreciation}}{\text{Principal and Interest}}$$



This ratio is of no concern whilst the Shire's loan indebtedness remains extremely low.

## Asset Management

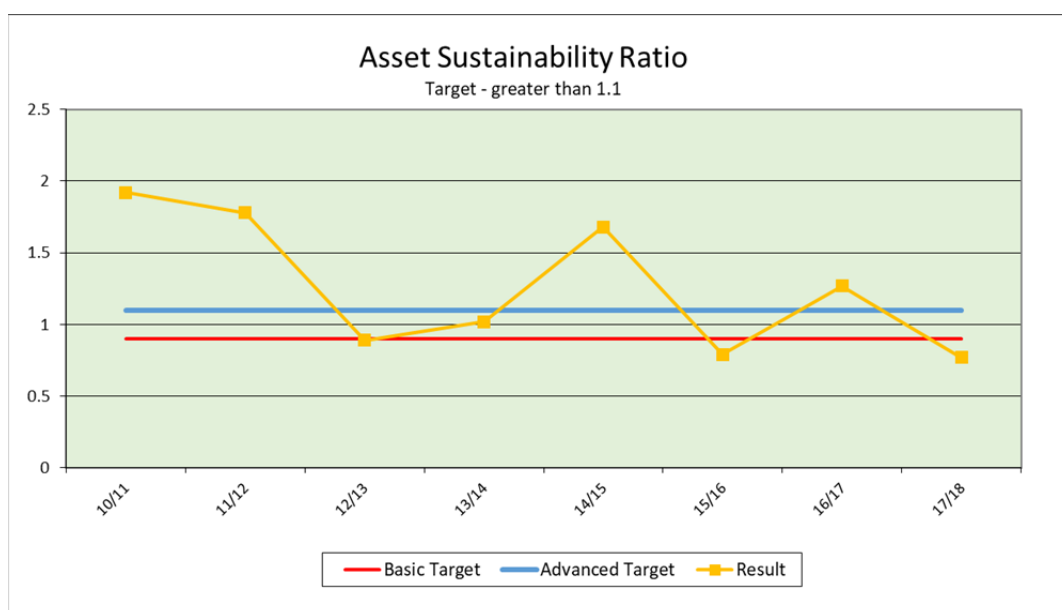
### Asset Sustainability Ratio

The Asset Sustainability Ratio gives a measure of the aged condition of the Shire's physical assets, that is; has expenditure on asset renewal and replacement exceeded depreciation for the year? It is calculated by:

$$\frac{\text{Capital renewal and replacement expenditure}}{\text{Depreciation expenses.}}$$

Targets for this ratio are as follows:

0.90 or less	Concern
Between 0.90 & 1.1	Basic achievement
1.1 or above	Advanced



The total amount of Capital expenditure in the 2017/2018 financial year reduced compared to the previous year, and as such, the amount of asset renewal also reduced. At 0.77 this ratio is slightly less than the 0.9 minimal target. Substantial work has been undertaken in the asset management field by the Shire and an asset rationalisation process has commenced, ensuring this ratio will improve into the future.



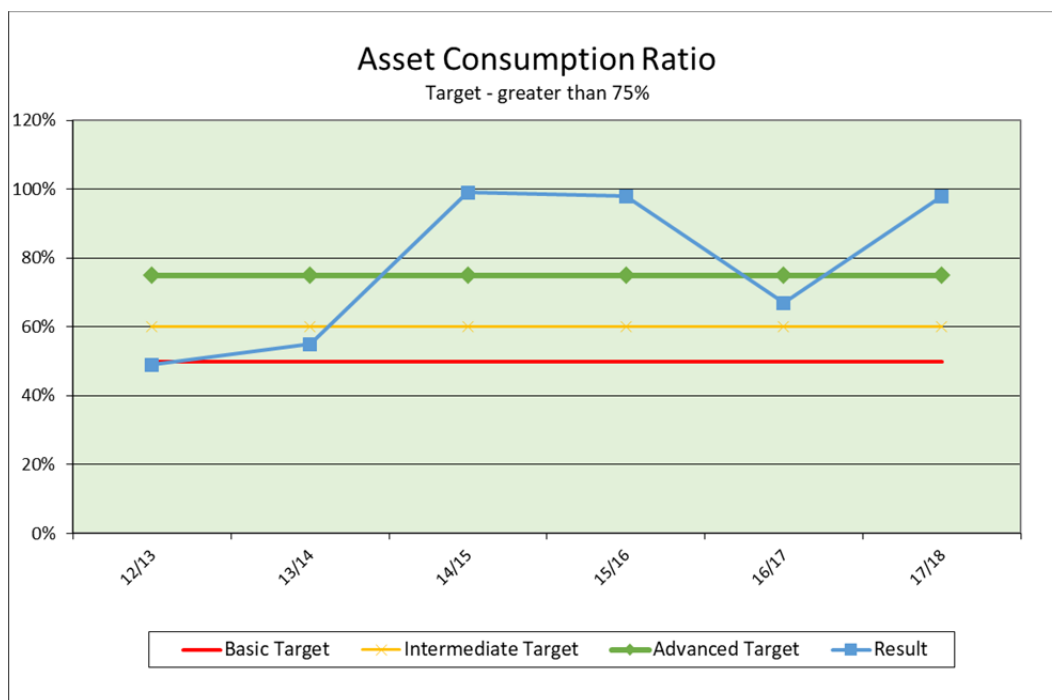
### Asset Consumption Ratio

The Asset Consumption Ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost. It is calculated by:

$$\frac{\text{Depreciation Replacement Cost of Assets}}{\text{Current Replacement Cost of Depreciable Assets}}$$

Targets for this ratio are as follows:

50% or less	Concern
Between 50% & 60%	Basic achievement
Between 60% & 75%	Intermediate achievement
75% or above	Advanced



The results for this ratio of 98% far exceed the advanced target of 75%. The considerable asset management work undertaken by the Shire as mentioned above is shown in the results of this ratio.

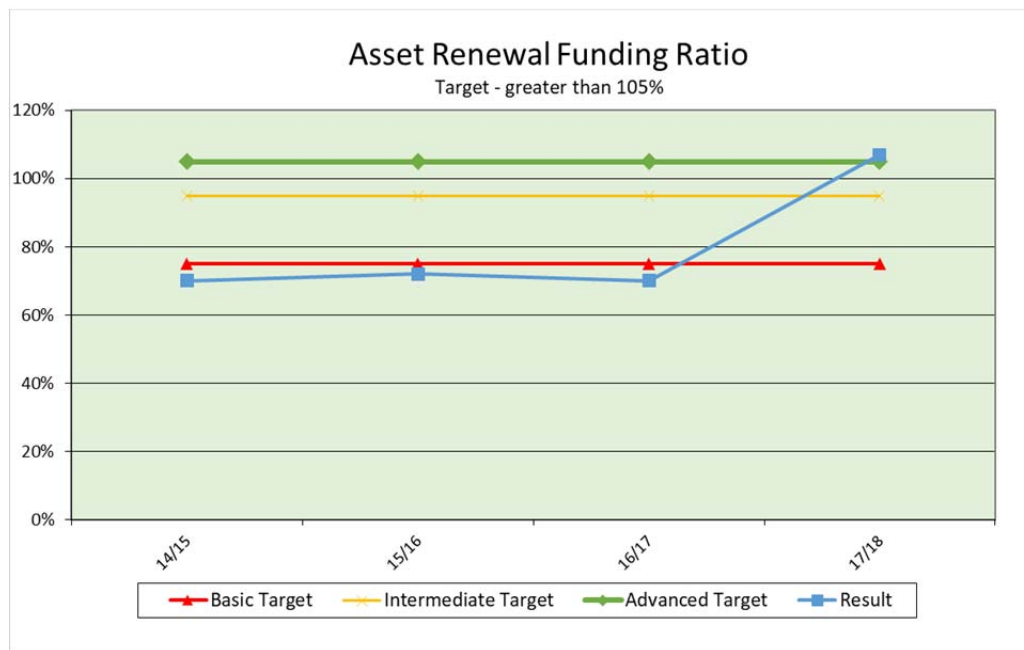
### Asset Renewal Funding Ratio

The Asset Renewal Funding Ratio provides an indication of whether the Shire has the financial capacity to fund asset renewals as required and can continue to provide existing levels of service in the future without requiring additional income, reduction in expenditure or an increase in borrowings. It is calculated by:

$$\frac{\text{NPV of Planned Capital Renewals over 10 years}}{\text{NPV of Required Capital Expenditure over 10 years}}$$

Targets for this ratio are as follows:

75% or less	Concern
Between 75% & 95%	Basic achievement
Between 95% & 105%	Intermediate achievement
105% or above	Advanced



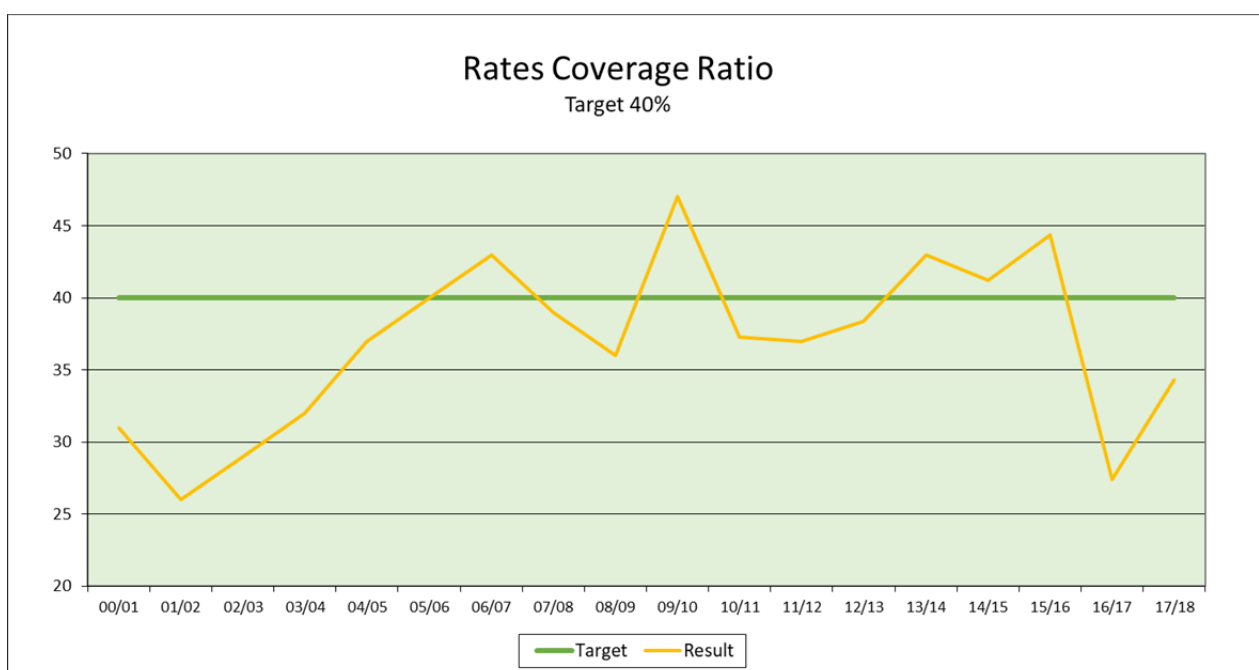
This ratio of 107% shows that the planned capital renewal expenditure proposed in our Long Term Financial Plan meets the levels that the Asset Management Plan has identified as being required.

### G1.2.2 – Ensure appropriate ratio of rate total revenue is maintained (Corporate Services)

#### Rate Coverage (Supplementary Ratio)

This ratio measures the use of rates to fund operations. Those Shire's with a higher ratio normally have greater flexibility and budget control to respond to unforeseen events. Lower ratios often indicate reliance upon government and other grant funding that may not be available or sustainable in the long term. A ratio of 40% is used as one of sustainability indicators by the Department of Local Government. This ratio is calculated by:

$$\frac{\text{Rate Revenue}}{\text{Operating revenue}}$$



The ratio is effected greatly by variations in other revenue, such as the timing of the Federal Government's payment of financial assistance grants. In 2008/2009 the Federal Government advanced quarterly payments of financial

assistance grant payments from 2009/2010. This practice has continued on and off and indeed in 2011/2012 the impact was doubled as two (2) quarterly advanced payments were received. This occurred again in 2016/2017 and 2017/2018, along with a substantial increase in grant funds obtained seeing this ratio plummet.

It is also worth noting that the Shire of Kojonup operates an accredited aged care facility which is supported by Commonwealth grants and subsidies. Given the revenue from the Commonwealth subsidies and grants exceeds \$1,000,000, this has the ability to distort the rate coverage ratio when comparing with Shires who do not operate aged care facilities.

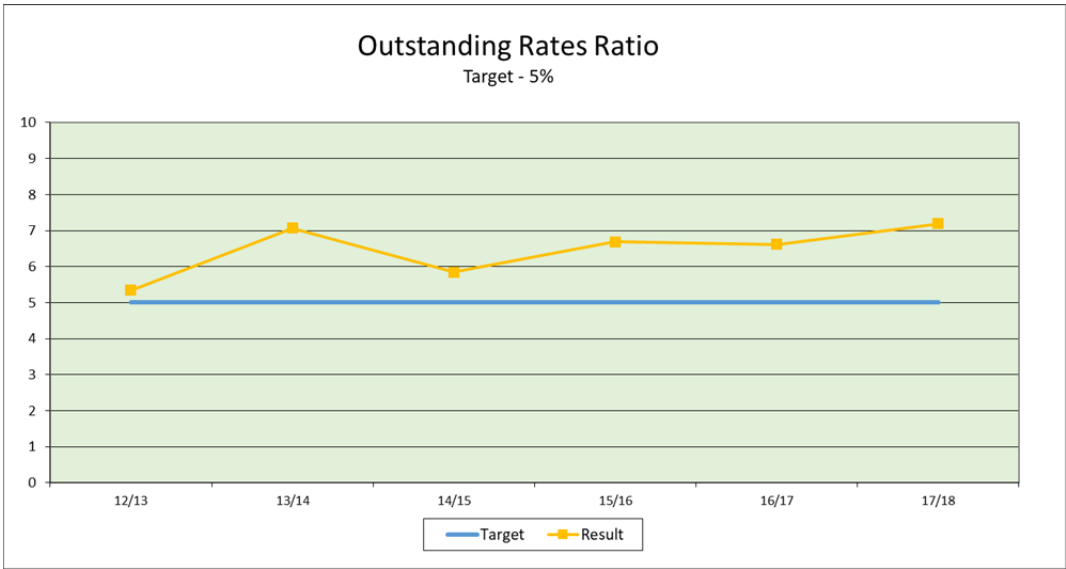
The rating details for the year are included in note 22 of the Financial Report – Part B.

**Outstanding Rates (Supplementary Ratio)**

This ratio indicates the effectiveness of Council’s rate collection system. The aim is for the lowest percentage of rates outstanding and the goal is less than 5%.

It is calculated by:

$$\frac{\text{Rates outstanding}}{\text{Current Years Rates Raised}}$$



Shire staff have taken a very proactive approach to rates recovery and some excellent results have been achieved. As each year’s rates billing compounds any long outstanding accounts, significant action is required to reverse the trend.

# Statutory Statements

## National Competition Policy

Local Governments are required to report their progress in implementing National Competition Policy in their annual report. There are a number of specific requirements placed on local government in the areas of competitive neutrality, legislation review and structural reform.

## Competitive Neutrality

The principle of competitive neutrality is that government businesses should not enjoy a competitive advantage or disadvantage, simply as a result of their public sector ownership.

Competitive Neutrality should apply to all significant business activities which generate a user-pays income of over \$200,000 per annum unless it can be shown it is in the public interest.

A public benefit test is used to determine if competitive neutrality is in the public interest. This involves assessing the benefits of implementing competitive neutrality against the costs. If the benefits exceed the costs, competitive neutrality should be implemented.

The Shire of Kojonup operated 'The Black Cockatoo Café' during 2017/2018.

## Structural Review of Public Monopolies

- There were no instances where structural reform principles were applied during the reporting period; and
- There were no instances where the structural reform were considered but not applied in the reporting period

## Legislative Review

All Local Governments are required to assess which of their local laws might impact on competition and conduct a review of each to determine how any restrictive practices might be overcome. The annual report is to include a statement of which local laws have been reviewed, the conclusions of those reviews and a forward strategy for all local laws still to be reviewed.

No new Local Laws were created in 2017/2018. The Council resolved to and has commenced a review of all existing Local laws, and this process will continue in the 2018/2019 financial year in conjunction with the Southern Link Voluntary Regional Organisation of Councils (VROC).

## Disability Report

(Section 29(2) of the *Disability Services Act 1993*)

A review of Council's Disability Access and Inclusion Plan (DAIP) was undertaken during the year and has been endorsed by the Disability Services Commission. The review was undertaken in conjunction with community representatives as well as liaison with Disability Services Commission staff.

Council allocates funds annually for ongoing improvement to buildings in respect to access and amenity which is part of our ongoing preventive building maintenance work carried out to Council buildings and facilities. One notable new facility for people with a disability is the unisex accessible toilet constructed at the swimming pool. Access to this facility is directly off the paved walkway near the kiosk and replaces the previously proposed standalone transportable structure that was planned to be located on the grassed area of the pool grounds. There are plans to re-design and improve access to Black Cockatoo Café at The Kodja Place in the 2017/18 financial year.

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### **State Records Act 2000**

(Principle 6 – Compliance (item 5) of the *State Records Act 2000*)

State Records Commission Standard 2 (Recordkeeping Plan), Principle 6 (Compliance) states that the government organisations, including local government, should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities under their Recordkeeping Plan.

The Shire is required to report progress with complying with this Principle in its Annual Report. The Shire of Kojonup Recordkeeping Plan was reviewed and forwarded to the Commission in August 2015 and its Amended Recordkeeping plan was approved by the State Records Commission on 26<sup>th</sup> November 2015. The next review will be conducted in 2020.

Records' training was conducted during 2016/17 and will continue as needed.

Please also refer to Key Pillar 5 – Digital section of this Annual Report for further information on Records Management at the Shire of Kojonup.

### **Freedom of Information**

(Section 96 & 97 of the *Freedom of Information Act 1992*)

Council’s Freedom of Information (FOI) Statement was reviewed and adopted by the Council on 18 August 2015 and a copy can be obtained from the Shire Administration Office, 93 Albany Highway, Kojonup, or from our website at: <http://www.kojonup.wa.gov.au/council/documents/information-statement/>. During the 2016/17 year, the Shire of Kojonup received no FOI applications.

### Complaints Report

(Section 5.121 of the *Local Government Act 1995*)

This annual report is required to contain details of entries made in the register of complaints, including:

- The number of complaints recorded in the register of complaints; and
- How the recorded complaints were dealt with.

There were 0 complaints made in accordance with this legislation in the 2017/2018 financial year.

### Public Interest Disclosure Act 2003

In accordance with this legislation, procedures have been implemented to facilitate reporting and action of public interest disclosures. During the 2017/2018 period, no public interest disclosures were lodged.

### Payments to Employees

(Regulation 19B of the *Local Government (Administration) Regulations 1996*)

The number of employees with an annual cash salary greater than \$100,000 for 2017/2018 was as follows

\$100,000 - \$110,000	Nil
\$110,000 - \$120,000	3 employee
\$120,000 - \$130,000	Nil
\$130,000 - \$140,000	Nil
\$140,000 - \$150,000	1 employee
\$150,000 - \$160,000	Nil
\$160,000 - \$170,000	Nil

# Annual Financial Statement

**SHIRE OF KOJONUP**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

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## **COMMUNITY VISION**

Kojonup is a smart region featuring a technologically advanced agricultural community, an educational and historical destination, and a healthy and enviable

Principal place of business:  
93 Albany Highway  
Kojonup WA 6395

**SHIRE OF KOJONUP  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Kojonup for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the Shire of Kojonup at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the eighteenth day February 2019.



Rick Mitchell-Collins  
Chief Executive Officer

**SHIRE OF KOJONUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>				
Rates	23(a)	3,709,266	3,713,861	3,610,075
Operating grants, subsidies and contributions	2	3,148,446	2,219,460	3,991,715
Fees and charges	2	1,201,931	1,161,496	1,038,791
Interest earnings	2(a)	105,766	124,000	95,418
Other revenue	2(a)	424,968	341,926	687,718
		<b>8,590,377</b>	<b>7,560,743</b>	<b>9,423,717</b>
<b>Expenses</b>				
Employee costs		(4,248,913)	(3,744,368)	(4,192,778)
Materials and contracts		(1,814,125)	(2,162,568)	(2,561,446)
Utility charges		(336,647)	(275,050)	(346,950)
Depreciation on non-current assets	9(b)	(3,115,615)	(2,767,467)	(2,961,958)
Interest expenses	2(a)	(15,129)	(15,923)	(18,225)
Insurance expenses		(314,219)	(328,174)	(381,661)
Other expenditure		(153,130)	(118,762)	141,161
		<b>(9,997,778)</b>	<b>(9,412,312)</b>	<b>(10,321,857)</b>
		<b>(1,407,401)</b>	<b>(1,851,569)</b>	<b>(898,140)</b>
Non-operating grants, subsidies and contributions	2	2,199,856	2,502,688	3,723,684
Profit on asset disposals	9(a)	13,475	5,500	30,686
(Loss) on asset disposals	9(a)	(88,333)	(98,000)	(182,823)
(Loss) on revaluation of local government house trust	7(b)	0	0	(141,370)
<b>Net result</b>		<b>717,597</b>	<b>558,619</b>	<b>2,532,037</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	570,678	0	(125,096)
<b>Total other comprehensive income</b>		<b>570,678</b>	<b>0</b>	<b>(125,096)</b>
<b>Total comprehensive income</b>		<b>1,288,275</b>	<b>558,619</b>	<b>2,406,941</b>

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



**STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>	2(a)			
Governance		48,116	49,650	47,287
General purpose funding		5,303,322	4,636,029	5,895,270
Law, order, public safety		49,327	52,850	62,544
Health		12,691	64,500	29,171
Education and welfare		99,315	12,850	11,827
Housing		2,208,159	1,930,022	2,014,143
Community amenities		326,370	292,624	346,179
Recreation and culture		77,557	115,318	103,070
Transport		78,490	9,000	180,823
Economic services		244,218	338,700	662,576
Other property and services		142,812	59,200	70,827
		<b>8,590,377</b>	<b>7,560,743</b>	<b>9,423,717</b>
<b>Expenses</b>	2(a)			
Governance		(601,802)	(580,831)	(706,296)
General purpose funding		(105,151)	(126,404)	(80,072)
Law, order, public safety		(266,319)	(264,856)	(312,954)
Health		(38,734)	(213,002)	(135,627)
Education and welfare		(189,050)	(18,293)	(54,505)
Housing		(2,243,886)	(2,013,149)	(2,003,965)
Community amenities		(659,399)	(782,187)	(653,234)
Recreation and culture		(1,282,922)	(1,057,113)	(1,121,194)
Transport		(3,297,813)	(3,135,682)	(3,249,472)
Economic services		(1,160,185)	(1,231,026)	(1,708,358)
Other property and services		(137,388)	26,154	(277,955)
		<b>(9,982,649)</b>	<b>(9,396,389)</b>	<b>(10,303,632)</b>
<b>Finance Costs</b>	2(a)			
Housing		(963)	(894)	(2,027)
Recreation and culture		(14,166)	(15,029)	(15,917)
Economic services		0	0	(281)
		<b>(15,129)</b>	<b>(15,923)</b>	<b>(18,225)</b>
		<b>(1,407,401)</b>	<b>(1,851,569)</b>	<b>(898,140)</b>
Non-operating grants, subsidies and contributions	2	2,199,856	2,502,688	3,723,684
Profit on disposal of assets	9(a)	13,475	5,500	30,686
(Loss) on disposal of assets	9(a)	(88,333)	(98,000)	(182,823)
(Loss) on revaluation of local government house trust	7(b)	0	0	(141,370)
		<b>2,124,998</b>	<b>2,410,188</b>	<b>3,430,177</b>
<b>Net result</b>		<b>717,597</b>	<b>558,619</b>	<b>2,532,037</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	570,678	0	(125,096)
<b>Total other comprehensive income</b>		<b>570,678</b>	<b>0</b>	<b>(125,096)</b>
<b>Total comprehensive income</b>		<b>1,288,275</b>	<b>558,619</b>	<b>2,406,941</b>

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

**SHIRE OF KOJONUP**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2018**

	NOTE	2018 \$	2017 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	3,823,350	3,297,299
Investments	3	0	0
Trade and other receivables	5	662,920	761,743
Inventories	6	164,741	133,182
<b>TOTAL CURRENT ASSETS</b>		<b>4,651,011</b>	<b>4,192,224</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	5	135,715	134,311
Inventories	6	107,000	107,000
Property, plant and equipment	7	31,416,289	30,889,143
Infrastructure	8	131,569,621	130,709,352
<b>TOTAL NON-CURRENT ASSETS</b>		<b>163,228,625</b>	<b>161,839,806</b>
<b>TOTAL ASSETS</b>		<b>167,879,636</b>	<b>166,032,030</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	2,073,712	1,684,910
Short term borrowings	11	0	0
Current portion of long term borrowings	12(a)	21,961	40,478
Provisions	13	737,021	650,777
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,832,694</b>	<b>2,376,165</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	12(a)	362,600	284,561
Refundable Deposits		640	980
Provisions	13	129,146	104,043
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>492,386</b>	<b>389,584</b>
<b>TOTAL LIABILITIES</b>		<b>3,325,080</b>	<b>2,765,749</b>
<b>NET ASSETS</b>		<b>164,554,556</b>	<b>163,266,281</b>
<b>EQUITY</b>			
Retained surplus		67,788,682	67,499,987
Reserves - cash backed	4	3,500,531	3,071,629
Revaluation surplus	10	93,265,343	92,694,665
<b>TOTAL EQUITY</b>		<b>164,554,556</b>	<b>163,266,281</b>

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

**SHIRE OF KOJONUP**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

		RESERVES			
	NOTE	RETAINED SURPLUS	CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
<b>Balance as at 1 July 2016</b>					
		<b>65,128,077</b>	<b>2,911,502</b>	<b>92,819,761</b>	<b>160,859,340</b>
Comprehensive income					
Net result		2,532,037	0	0	2,532,037
Changes on revaluation of assets	10	0	0	(125,096)	(125,096)
Total comprehensive income		2,532,037	0	(125,096)	2,406,941
Transfers from/(to) reserves		(160,127)	160,127	0	0
<b>Balance as at 30 June 2017</b>					
		<b>67,499,987</b>	<b>3,071,629</b>	<b>92,694,665</b>	<b>163,266,281</b>
Comprehensive income					
Net result		717,597	0	0	717,597
Changes on revaluation of assets	10	0	0	570,678	570,678
Total comprehensive income		717,597	0	570,678	1,288,275
Transfers from/(to) reserves		(428,902)	428,902	0	0
<b>Balance as at 30 June 2018</b>					
		<b>67,788,682</b>	<b>3,500,531</b>	<b>93,265,343</b>	<b>164,554,556</b>

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

**SHIRE OF KOJONUP**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		3,672,310	3,733,650	3,594,449
Operating grants, subsidies and contributions		3,148,446	2,556,260	3,991,715
Fees and charges		1,337,211	1,161,496	1,068,753
Interest earnings		105,766	124,000	95,418
Goods and services tax		0	392,304	126,032
Other revenue		1,964,086	341,926	687,718
		10,227,819	8,309,636	9,564,085
<b>Payments</b>				
Employee costs		(4,136,811)	(3,744,368)	(4,101,304)
Materials and contracts		(1,599,769)	(2,142,727)	(2,456,066)
Utility charges		(336,647)	(275,050)	(346,950)
Interest expenses		(15,923)	(15,923)	(18,427)
Insurance expenses		(314,219)	(328,174)	(381,661)
Goods and services tax		(9,091)	0	(163,637)
Other expenditure		(1,516,366)	(118,762)	141,161
		(7,928,826)	(6,625,004)	(7,326,884)
<b>Net cash provided by (used in) operating activities</b>	14	2,298,993	1,684,632	2,237,201
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for development of Land held for resale		(32,470)	0	(4,939)
Payments for purchase of property, plant & equipment		(1,749,798)	(3,140,610)	(3,838,658)
Payments for construction of infrastructure		(2,426,344)	(2,322,179)	(2,637,510)
Non-operating grants, subsidies and contributions		2,199,856	2,502,688	3,723,684
Proceeds from sale of fixed assets		168,931	185,000	277,191
<b>Net cash provided by (used in) investment activities</b>		(1,839,825)	(2,775,101)	(2,480,232)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of long term borrowings		(40,478)	(40,478)	(47,306)
Proceeds from self supporting loans		7,361	7,361	6,911
Budget provision to opening balance		0	(20,000)	0
Proceeds from new long term borrowings		100,000	850,000	0
<b>Net cash provided by (used in) financing activities</b>		66,883	796,883	(40,395)
<b>Net increase (decrease) in cash held</b>		526,051	(293,586)	(283,426)
Cash at beginning of year		3,297,299	3,041,705	3,580,727
<b>Cash and cash equivalents at the end of the year</b>	14	3,823,350	2,748,119	3,297,301

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

**SHIRE OF KOJONUP**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>				
		638,229	502,315	105,705
		638,229	502,315	105,705
<b>Revenue from operating activities (excluding rates)</b>				
Governance		48,116	53,650	53,882
General purpose funding		1,595,495	922,168	2,288,522
Law, order, public safety		60,463	52,850	62,544
Health		12,691	64,500	29,171
Education and welfare		99,315	12,850	11,827
Housing		2,208,159	1,930,022	2,014,143
Community amenities		326,370	292,624	346,179
Recreation and culture		79,896	115,318	103,070
Transport		78,490	9,000	202,914
Economic services		244,218	338,700	662,576
Other property and services		142,812	60,700	70,827
		4,896,025	3,852,382	5,845,655
<b>Expenditure from operating activities</b>				
Governance		(601,802)	(580,831)	(706,296)
General purpose funding		(105,151)	(126,404)	(80,072)
Law, order, public safety		(266,319)	(269,856)	(312,954)
Health		(38,734)	(213,002)	(135,900)
Education and welfare		(189,050)	(18,293)	(54,505)
Housing		(2,244,849)	(2,014,043)	(2,006,855)
Community amenities		(659,399)	(782,187)	(653,234)
Recreation and culture		(1,297,088)	(1,072,142)	(1,137,111)
Transport		(3,386,146)	(3,135,682)	(3,431,159)
Economic services		(1,160,185)	(1,231,026)	(1,708,639)
Other property and services		(137,388)	(66,846)	(419,327)
		(10,086,111)	(9,510,312)	(10,646,052)
<b>Operating activities excluded</b>				
(Profit) on disposal of assets	9(a)	(13,475)	(5,500)	(30,686)
Loss on disposal of assets	9(a)	88,333	98,000	182,823
Loss on revaluation of fixed assets	8(b)	0	0	141,370
Movement in deferred pensioner rates (non-current)		(9,244)	0	(10,770)
Movement in employee benefit provisions (non-current)		111,347	2,000	74,271
Movement in Provision for doubtful debts		0	0	(17,694)
Movement in Springhaven Lodge Bonds		245,492	0	248,631
Movement in Accrued interest on loans		(792)	0	(202)
Depreciation and amortisation on assets	9(b)	3,115,615	2,767,467	2,961,958
<b>Amount attributable to operating activities</b>		(1,014,581)	(2,293,648)	(1,144,991)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		2,199,856	2,502,688	3,723,684
Proceeds from disposal of assets	9(a)	168,931	185,000	277,191
Purchase of land held for resale		(32,470)	0	(4,939)
Purchase of property, plant and equipment	7(b)	(1,749,798)	(3,140,610)	(3,838,658)
Purchase and construction of infrastructure	8(b)	(2,426,344)	(2,322,179)	(2,637,510)
<b>Amount attributable to investing activities</b>		(1,839,825)	(2,775,101)	(2,480,232)
<b>FINANCING ACTIVITIES</b>				
Repayment of long term borrowings	12(a)	(40,478)	(40,478)	(47,306)
Proceeds from new long term borrowings	12(b)	100,000	850,000	0
Proceeds from self supporting loans	12(a)	7,361	7,361	6,911
Transfers (to)/from restricted cash		0	150,646	855,226
Transfers to reserves (restricted assets)	4	(1,191,513)	(865,001)	(606,264)
Transfers from reserves (restricted assets)	4	762,611	1,252,360	446,137
<b>Amount attributable to financing activities</b>		(362,019)	1,354,888	654,704
<b>Surplus(deficiency) before general rates</b>		(3,216,425)	(3,713,861)	(2,970,519)
<b>Total amount raised from general rates</b>	23	3,707,827	3,713,861	3,608,748
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	24	<b>491,402</b>	<b>0</b>	<b>638,229</b>

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



## 1. BASIS OF PREPARATION

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

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

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

### CRITICAL ACCOUNTING ESTIMATES

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

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

### THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

## 2. REVENUE AND EXPENSES

### (a) Revenue

#### Other revenue

Reimbursements and recoveries  
Other

#### Fees and Charges

Governance  
General purpose funding  
Law, order, public safety  
Health  
Education and welfare  
Housing  
Community amenities  
Recreation and culture  
Transport  
Economic services  
Other property and services

	2018 Actual	2017 Actual
	\$	\$
	0	10,869
	424,968	676,849
	424,968	687,718
	557	6,539
	7,890	400
	7,411	7,387
	12,630	14,101
	2,691	11,827
	712,850	581,621
	257,152	259,029
	74,309	59,654
	3,381	7,055
	100,341	81,483
	22,719	9,695
	1,201,931	1,038,791

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

**SHIRE OF KOJONUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

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

**(a) Revenue (Continued)**

**Grant Revenue**

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

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>		
Governance	1,395	5,550
General purpose funding	1,446,957	2,149,164
Law, order, public safety	41,916	54,966
Education and welfare	10,000	0
Housing	1,491,429	1,432,486
Community amenities	68,072	87,150
Recreation and culture	3,143	43,120
Transport	75,109	173,767
Economic services	1,235	42,313
Other property and services	9,190	3,199
	<b>3,148,446</b>	<b>3,991,715</b>
<b>Non-operating grants, subsidies and contributions</b>		
General purpose funding	0	476,387
Law, order, public safety	0	325,343
Housing	13,371	1,289,928
Transport	2,136,485	1,415,115
Economic services	50,000	216,911
	<b>2,199,856</b>	<b>3,723,684</b>
<b>Total grants, subsidies and contributions</b>	<b>5,348,302</b>	<b>7,715,399</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, Donations and Other Contributions**

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

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

**Grants, Donations and Other Contributions (Continued)**

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

**Interest earnings**

- Reserve funds  
- Other funds  
Other interest revenue (refer note 23(c))

<b>2018</b>	<b>2018</b>	<b>2017</b>
<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
<b>\$</b>	<b>\$</b>	<b>\$</b>
55,740	70,000	39,408
12,070	15,000	14,326
37,956	39,000	41,684
<b>105,766</b>	<b>124,000</b>	<b>95,418</b>

SHIRE OF KOJONUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report

Interest expenses (finance costs)

Long term borrowings (refer Note 12(a))

2018	2017
\$	\$
39,876	23,200
39,876	23,200
15,129	18,225
15,129	18,225

**SHIRE OF KONJONUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

**3. CASH AND CASH EQUIVALENTS**

	NOTE	2018	2017
		\$	\$
Unrestricted		306,894	73,014
Restricted		3,516,456	3,224,285
		3,823,350	3,297,299
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave	4	140,063	117,649
Plant	4	196,489	128,285
Gravel Pits	4	31,418	30,873
Economic Development	4	45,907	45,110
Building	4	124,034	152,153
Historical Buildings	4	41,648	40,925
Staff Housing	4	0	9,974
Springhaven Lodge	4	1,580,533	1,334,701
Low Income Housing	4	25,314	39,367
Sporting Facility	4	189,366	65,581
Springhaven Building Maintenance	4	54,121	71,070
Bushfire Communications	4	110,723	121,946
Landfill Waste Management	4	12,311	12,098
Kodja Place Tourist Precinct	4	926	910
G&P Church Medical Centre Donations	4	546,247	536,770
Energy Efficiency	4	40,698	71,247
Land Acquisition & Development	4	35,828	47,269
Community Grants	4	6,519	6,406
Independent Living Units	4	66,755	38,983
Youth	4	10,923	10,733
Natural Resource Management	4	167,506	171,030
G&P Church Medical Centre	4	18,876	18,549
Day Care Building Maintenance	4	5,244	0
Swimming Pool	4	11,808	0
Springhaven Equipment	4	16,034	0
Saleyards	4	21,240	0
Unspent grants	22	15,925	152,656
		3,516,456	3,224,285

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk

**Cash and cash equivalents (Continued)**

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 KOJONUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

**4. RESERVES - CASH BACKED**

	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual	2018 Budget Opening Balance	2018 Budget Transfer to	2018 Budget Transfer (from)	2018 Budget Closing Balance	2017 Actual Opening Balance	2017 Actual Transfer to	2017 Actual Transfer (from)	2017 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave	117,649	22,414	0	140,063	117,649	22,681	0	140,330	99,810	17,839	0	117,649
Plant	128,285	553,800	(485,596)	196,489	128,285	552,924	(552,400)	128,809	125,968	2,316	0	128,284
Gravel Pits	30,873	545	0	31,418	30,873	704	0	31,577	30,315	557	0	30,872
Economic Development	45,110	797	0	45,907	45,110	1,028	0	46,138	44,296	814	0	45,110
Building	152,153	2,281	(30,400)	124,034	152,153	3,467	(46,400)	109,220	191,639	3,513	(43,000)	152,152
Historical Buildings	40,925	723	0	41,648	40,925	933	(28,000)	13,858	49,662	913	(9,650)	40,925
Staff Housing	9,974	227	(10,201)	0	9,974	227	(10,201)	0	188,238	1,424	(179,688)	9,974
Springhaven Lodge	1,334,701	251,000	(5,168)	1,580,533	1,334,701	0	0	1,334,701	1,085,310	324,000	(74,610)	1,334,700
Reserves cash backed - User defined 9	0	0	0	0	0	0	0	0	760	0	(760)	0
Low Income Housing	39,367	9,947	(24,000)	25,314	39,368	13,697	(24,000)	29,065	24,511	14,857	0	39,368
Sporting Facility	65,581	123,785	0	189,366	65,581	21,495	(50,000)	37,076	112,805	44,146	(91,368)	65,583
Reserves cash backed - User defined 12	0	0	0	0	0	0	0	0	2,161	0	(2,161)	0
Springhaven Building Maintenance	71,070	55,106	(72,055)	54,121	71,070	62,036	(122,000)	11,106	25,980	60,090	(15,000)	71,070
Bushfire Communications	121,946	1,959	(13,182)	110,723	121,947	2,779	(100,000)	24,726	119,745	2,202	0	121,947
Landfill Waste Management	12,098	213	0	12,311	12,098	276	0	12,374	26,613	10,485	(25,000)	12,098
Kodja Place Tourist Precinct	910	16	0	926	909	21	0	930	893	16	0	909
G&P Church Medical Centre Donations	536,770	9,477	0	546,247	536,769	12,233	0	549,002	527,080	9,690	0	536,770
Energy Efficiency	71,247	779	(31,328)	40,698	71,247	1,624	(40,000)	32,871	59,355	11,108	0	70,463
Land Acquisition & Development	47,269	21,029	(32,470)	35,828	47,269	21,077	(50,000)	18,346	31,583	20,586	(4,900)	47,269
Community Grants	6,406	113	0	6,519	6,406	146	(6,000)	552	6,290	116	0	6,406
Independent Living Units	38,983	70,983	(43,211)	66,755	38,983	83,468	(95,559)	26,892	1,061	37,921	0	38,982
Youth	10,733	190	0	10,923	10,733	245	0	10,978	10,540	194	0	10,734
Natural Resource Management	171,030	11,476	(15,000)	167,506	171,030	3,898	(87,800)	87,128	128,082	42,949	0	171,031
G&P Church Medical Centre	18,549	327	0	18,876	18,549	422	0	18,971	18,021	528	0	18,549
Day Care Building Maintenance	0	5,244	0	5,244	0	2,600	0	2,600	784	0	0	784
Swimming Pool	0	11,808	0	11,808	0	42,000	(40,000)	2,000	0	0	0	0
Springhaven Equipment	0	16,034	0	16,034	0	2,000	0	2,000	0	0	0	0
Saleyards	0	21,240	0	21,240	0	13,020	0	13,020	0	0	0	0
	3,071,629	1,191,513	(762,611)	3,500,531	3,071,629	865,001	(1,252,360)	2,684,270	2,911,502	606,264	(446,137)	3,071,629

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

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

**SHIRE OF KOJONUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

**4. RESERVES - CASH BACKED**

<b>Name of Reserve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
Leave	Ongoing	To be used to fund annual and long service leave requirements.
Plant	Ongoing	To smooth funding allocations over financial years for the purchase of major plant items
Gravel Pits	2022/23	To be used for the purchase and provision of gravel stocks.
Economic Development	Ongoing	<p>To be used for the advancement of economic development within the Shire of Kojonup.</p> <p>To fund the 'Supporting Main Street' and 'Building Prosperity' outcomes within the Community Strategic Plan, namely:</p> <ul style="list-style-type: none"> <li>· Partner with the community to encourage the creation of a local progress association (or similar) to support the social, economic and environmental advancement of Kojonup.</li> <li>· Undertake a study to identify the opportunities to enhance the main street, taking into consideration current and future uses.</li> <li>· Implement free WIFI access at The Kodja Place and explore the feasibility of deploying free WIFI on the main street.</li> <li>· Advocate on behalf of the businesses and residents with government and telecommunications providers to ensure the community benefits from advances in telecommunications technology.</li> <li>· Draft a local economic development policy to create employment opportunities that attract and retain population in Kojonup.</li> <li>· Identify opportunities to source funding and resources for local projects from the Super Town's initiative.</li> <li>· Support local tourism initiatives and the Kojonup Tourism Association.</li> <li>· Support the creation of additional residential lots.</li> <li>· Expand the Industrial Estate as required.</li> <li>· Prepare new Town Planning Scheme.</li> </ul>
Building	Ongoing	To be used for major maintenance, upgrades and renewal of Council owned buildings.
Historical Buildings	Ongoing	To be used for the purpose of maintaining Historical Buildings and maintaining the Municipal Heritage Inventory.
Staff Housing	2017/18	To be used for major maintenance and construction of staff housing.
Springhaven Lodge	Ongoing	To cash back refundable bonds paid by residents of the facility.
Reserves cash backed - User defined 9		
Low Income Housing	Ongoing	To be used for major maintenance of Jean Sullivan Units. All operating profit is to be transferred to this reserve in accordance with the joint venture agreement.
Sporting Facility	Ongoing	To fund Council contribution to CSRFF Funding grants or to fund construction or renewal of Shire sporting facilities.
Reserves cash backed - User defined 12		
Springhaven Building Maintenance	Ongoing	To be used for major maintenance and capital renewal of Springhaven facility buildings.
Bushfire Communications	2018/19	To construct and maintain critical bushfire communication infrastructure.
Landfill Waste Management	Ongoing	To be used for future upkeep, maintenance, expansion, post closure activities and or reclamation of the Shire's waste management facilities.
Kodja Place Tourist Precinct	Ongoing	To be used for future upkeep, maintenance, renewal and enhancement of IT equipment, communications and interactive and static displays at the Kodja Place. Expenditure from this reserve is to consider advice from The Kodja Place Advisory Committee.
G&P Church Medical Centre Donations	Unknown	To construct a medical centre as defined within the existing Shire of Kojonup Town Planning Scheme No.3.
Energy Efficiency	2022/23	To fund energy efficiency initiatives within the Shire's operations. 50% of any savings resulting from expenditure of this reserve account is to be transferred back into the reserve.
Land Acquisition & Development	Ongoing	To fund the purchase of land, sub-division expenses and receipt sub-division sales revenue.
Community Grants	Ongoing	To finance community grant scheme rounds and to financially manage larger community grants that may extend over more than one financial year.
Independent Living Units	Ongoing	To transfer operating profits from Loton Close units to this reserve to fund major maintenance and future asset replacement.
Youth	2022/23	<p>To fund the 'Creating Opportunities for Youth' objectives within the Community Strategic Plan, namely:</p> <ul style="list-style-type: none"> <li>· Explore opportunities with local schools and youth organisations to create a Youth Advisory Council to engage and advise the Shire and Councillors on youth issues.</li> <li>· Promote the opportunities for traineeships and apprenticeships within local government.</li> <li>· Partner with Kojonup District High School to promote the advantages of local education.</li> <li>· Advocate for the retention of years 11 and 12 at Kojonup District High School.</li> </ul>

#### 4. RESERVES - CASH BACKED

Name of Reserve	Anticipated date of use	Purpose of the reserve
Natural Resource Management	2022/23	For the Shire of Kojonup to progress the following projects:- <ol style="list-style-type: none"> <li>1. Bridal Creeper and tagasaste Eradication program.</li> <li>2. Managing water resources including water harvesting and re-use opportunities in the Shire for the use in Kojonup parks and reserves during summer.</li> <li>3. Undertake weed management and planting of native trees and shrubs in conjunction with Schools, Kojonup Aboriginal Corporation and community groups within identified Reserves such as: <ol style="list-style-type: none"> <li>a) Myrtle Benn, Farrar and Quin Quin;</li> <li>b) Showground's area; and</li> <li>c) Blackwood Road arboretum</li> </ol> to improve bio diversity, fauna habitat and natural resource management outcomes.</li> </ol>
G&P Church Medical Centre	Unknown	To construct a medical centre as defined within the existing Shire of Kojonup Town Planning Scheme No.3.
Day Care Building Maintenance	Ongoing	For the expenditure of major building maintenance items on the Kojonup Day Care Centre building, corner of Elverd & Honner Streets, Kojonup.
Swimming Pool	2027/28	To fund major refurbishment and/or asset replacement of the Kevin O'Halloran Memorial Swimming Pool.
Springhaven Equipment	Ongoing	To fund major equipment purchases at Springhaven Lodge.
Saleyards	Ongoing	To fund capital renewal and upgrades to the Kojonup Saleyards

**SHIRE OF KOJONUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

## 5. TRADE AND OTHER RECEIVABLES

### Current

Rates outstanding
Sundry debtors
GST receivable
Loans receivable - clubs/institutions
Provision for Doubtful Debts

### Non-current

Rates outstanding - pensioners
Loans receivable - clubs/institutions
Investment - WALGA Building

### Rates outstanding aged analysis

Includes: past due and not impaired

3 months to one year
1 to five years
more than 5 years

Impaired:

Up to one month
1 - 3 months
3 months to one year
1 to five years
more than 5 years

### Sundry debtors aged analysis

The ageing of past due but not impaired sundry debtors is as follows:

1 - 3 months
3 months to one year
1 to five years

2018	2017
\$	\$
266,730	239,018
381,212	517,317
9,091	0
7,840	7,361
(1,953)	(1,953)
662,920	761,743
58,375	49,131
0	7,840
77,340	77,340
135,715	134,311
266,730	239,018
37,497	28,253
20,878	20,878
325,105	288,149
0	0
0	0
0	0
0	0
0	0
0	0
0	0
359,063	501,870
13,532	10,301
8,617	5,146
381,212	517,317

## SIGNIFICANT ACCOUNTING POLICIES

### Trade and other receivables

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

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.

### Classification and subsequent measurement

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.

**SHIRE OF KOJONUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

## 6. INVENTORIES

### Current

Fuel  
Land held for resale - cost  
Cost of acquisition

### Non-current

Land held for resale - cost  
Cost of acquisition

2018	2017
\$	\$
4,271	5,182
160,470	128,000
164,741	133,182
107,000	107,000
107,000	107,000

## SIGNIFICANT ACCOUNTING POLICIES

### General

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

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

### Land held for 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.

### Land held for sale (Continued)

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.



**SHIRE OF KOJONUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

**7 (a). PROPERTY, PLANT AND EQUIPMENT**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Land and buildings		
Land - freehold land at:		
- Independent valuation 2017 - level 2	2,175,526	2,175,526
	2,175,526	2,175,526
Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 3	9,000	9,000
	9,000	9,000
Total land	2,184,526	2,184,526
Buildings - non-specialised at:		
- Independent valuation 2017 - level 3	7,935,480	7,935,480
- Additions at cost	518,207	0
Less: accumulated depreciation	(90,303)	0
	8,363,384	7,935,480
Buildings - specialised at:		
- Independent valuation 2017 - level 2	16,484,200	16,484,200
- Additions at cost	467,009	0
Less: accumulated depreciation	(371,951)	0
	16,579,258	16,484,200
Total buildings	24,942,642	24,419,680
Total land and buildings	27,127,168	26,604,206
Furniture and equipment at:		
- Independent valuation 2016 - level 3	317,289	283,540
- Additions at cost	177,517	87,636
Less: accumulated depreciation	(95,754)	(25,943)
	399,052	345,233
Plant and equipment at:		
- Independent valuation 2016 - level 3	3,500,539	2,962,830
- Additions at cost	1,522,859	1,247,036
Less: accumulated depreciation	(1,158,743)	(295,951)
	3,864,655	3,913,915

**SHIRE OF KOJONUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

**7 (a). PROPERTY, PLANT AND EQUIPMENT (Continued)**

Tools at:

- Additions at cost

Less: accumulated depreciation

**Total property, plant and equipment**

2018	2017
\$	\$
54,839	51,875
(29,425)	(26,086)
25,414	25,789
31,416,289	30,889,143

## 7. 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.

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non-specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Tools	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	2,656,250	720,000	3,376,250	6,228,345	15,515,423	21,743,768	25,120,018	283,540	3,499,078	26,427	28,929,063
Additions	105,875	0	105,875	1,810,352	586,083	2,396,435	2,502,310	87,636	1,247,036	1,676	3,838,658
(Disposals)	0	0	0	0	0	0	0	0	(429,329)	0	(429,329)
Revaluation increments/ (decrements) transferred to revaluation surplus	(500,800)	(711,000)	(1,211,800)	(11,133)	1,119,809	1,108,676	(103,124)	0	0	0	(103,124)
Depreciation (expense)	0	0	0	(92,084)	(390,288)	(482,372)	(482,372)	(25,943)	(402,870)	(2,314)	(913,499)
Transfers	(85,799)	0	(85,799)	0	(346,827)	(346,827)	(432,626)	0	0	0	(432,626)
Carrying amount at 30 June 2017	2,175,526	9,000	2,184,526	7,935,480	16,484,200	24,419,680	26,604,206	345,233	3,913,915	25,789	30,889,143
Additions	0	0	0	518,207	467,009	985,216	985,216	89,881	671,737	2,964	1,749,798
(Disposals)	0	0	0	0	0	0	0	0	(243,787)	0	(243,787)
Depreciation (expense)	0	0	0	(90,303)	(371,951)	(462,254)	(462,254)	(36,062)	(477,210)	(3,339)	(978,865)
Carrying amount at 30 June 2018	2,175,526	9,000	2,184,526	8,363,384	16,579,258	24,942,642	27,127,168	399,052	3,864,655	25,414	31,416,289

## 7. 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
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuers	June 2017	Price per m <sup>2</sup> /market borrowing rate
Land - vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Buildings - non-specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Buildings - specialised	2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent registered valuers	June 2017	Price per m <sup>2</sup> /market borrowing rate
<b>Furniture and equipment</b>	3	Cost Approach using depreciated replacement cost	Management Valuation	June 2016	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Plant and equipment</b>					
- Independent valuation 2016	2	Market approach using recent observable market data for similar items	Independent registered valuers	June 2016	Price per item
<b>Tools</b>	3	Cost Approach using depreciated replacement cost	Management Valuation	June 2016	Price per item

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 KOJONUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**8 (a). INFRASTRUCTURE**

Infrastructure - Roads

- Management valuation 2015 - level 3
- Management valuation 2018 - level 3
- Additions after valuation - cost
- Less: accumulated depreciation

2018	2017
\$	\$
0	118,118,956
102,323,199	0
0	4,055,203
0	(3,213,617)
102,323,199	118,960,542

Infrastructure - Kerbing

- Management valuation 2018 - level 3
- Less: accumulated depreciation

2,596,199	0
0	0
2,596,199	0

Infrastructure - Drainage

- Management valuation 2015 - level 3
- Management valuation 2018 - level 3
- Less: accumulated depreciation

0	0
13,828,045	0
0	0
13,828,045	0

Infrastructure - Bridges

- Management valuation 2018 - level 3
- Less: accumulated depreciation

5,361,968	0
0	0
5,361,968	0

Infrastructure - Footpaths

- Management valuation 2018 - level 3
- Less: accumulated depreciation

1,089,940	0
0	0
1,089,940	0

Infrastructure - Parks

- Management valuation 2018 - level 3
- Independent valuation 2018 - level 3
- Additions after valuation - cost
- Less: accumulated depreciation

51,734	0
167,122	0
0	0
0	0
218,856	0

Infrastructure - Other

- Independent valuation 2015 - level 3
- Management valuation 2018 - level 3
- Independent valuation 2018 - level 3
- Additions after valuation - cost
- Less: accumulated depreciation

0	11,449,813
313,624	0
5,837,790	0
0	1,096,040
0	(797,043)
6,151,414	11,748,810

**Total infrastructure**

131,569,621	130,709,352
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## 8. 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.

	Infrastructure - Roads	Infrastructure - Kerbing	Infrastructure - Drainage	Infrastructure - Bridges	Infrastructure - Footpaths	Infrastructure - Parks	Infrastructure - Other	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	118,422,231	0	0	0	0	0	11,265,444	129,687,675
Additions	2,167,143	0	0	0	0	0	470,367	2,637,510
Depreciation (expense)	(1,628,832)	0	0	0	0	0	(419,627)	(2,048,459)
Transfers	0	0	0	0	0	0	432,626	432,626
Carrying amount at 30 June 2017	118,960,542	0	0	0	0	0	11,748,810	130,709,352
Additions	1,729,026	44,831	316,768	0	36,316	31,787	267,616	2,426,344
Revaluation increments/ (decrements) transferred to revaluation surplus	1,439,277	2,015,101	(194,345)	(1,823,230)	180,280	(472)	(1,045,933)	570,678
Depreciation (expense)	(1,356,161)	(22,344)	(283,816)	(72,578)	(3,402)	(14,477)	(383,974)	(2,136,752)
Transfers	(18,449,485)	558,611	13,989,438	7,257,776	876,746	202,018	(4,435,105)	0
Carrying amount at 30 June 2018	102,323,199	2,596,199	13,828,045	5,361,968	1,089,940	218,856	6,151,414	131,569,621



## 8. INFRASTRUCTURE (Continued)

### (c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost Approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Kerbing	3	Cost Approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	3	Cost Approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Bridges	3	Cost Approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths	3	Cost Approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Parks	3	Cost Approach using depreciated replacement cost	Independent registered valuers/Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Other	3	Cost Approach using depreciated replacement cost	Independent registered valuers/Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

## 9. FIXED ASSETS

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

#### Initial recognition and measurement between mandatory revaluation dates

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

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

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

#### Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions.

This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

#### 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.

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

#### 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.

## 9. FIXED ASSETS (Continued)

### (a) Disposals of Assets

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
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Plant and Equipment</b>								
<b>Governance</b>								
Toyota Kluger	0	0	0	0	18,000	22,000	4,000	0
<b>Law, order, public safety</b>								
Toyota HiLux Utility KO525 - Ranger	16,364	27,500	11,136	0	22,000	17,000	0	(5,000)
<b>Transport</b>								
Mitsubishi FUSO Canter KO8660	29,557	14,545	0	(15,012)	27,000	10,000	0	(17,000)
TORO Ground Master Mower	7,951	10,290	2,339	0	8,500	4,000	0	(4,500)
Blade Runner Mower Attachment & Dis	12,831	2,050	0	(10,781)	15,000	500	0	(14,500)
Isuzu Giga CXZ455 2008 Tip Truck	97,347	54,546	0	(42,801)	103,000	65,000	0	(38,000)
Isuzu Giga 2010 Tip Truck	79,739	60,000	0	(19,739)	84,000	65,000	0	(19,000)
John Deere Mower Attachments	0	0	0	0	0	1,200	1,200	0
Turf Cutter	0	0	0	0	0	300	300	0
	243,789	168,931	13,475	(88,333)	277,500	185,000	5,500	(98,000)

### (b) Depreciation

	2018	2017
	\$	\$
Buildings - non-specialised	90,303	92,084
Buildings - specialised	371,951	390,288
Furniture and equipment	36,060	25,943
Plant and equipment	477,210	402,870
Tools	3,339	2,314
Infrastructure - Roads	1,356,161	1,628,832
Infrastructure - Other	383,974	419,627
	3,115,615	2,961,958

## 9. FIXED ASSETS (Continued)

### (b) Depreciation (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES

##### Depreciation

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

##### Depreciation rates

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

##### Depreciation (Continued)

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.

## 10. REVALUATION SURPLUS

	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	2018 Total Movement on Revaluation	2018 Closing Balance	2017 Opening Balance	2017 Revaluation Increment	2017 Revaluation (Decrement)	2017 Total Movement on Revaluation	2017 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus -Buildings - non-specialised	13,442,197	0	0	0	13,442,197	13,567,293	0	(125,096)	(125,096)	13,442,197
Revaluation surplus - Infrastructure - Roads	69,466,016	1,439,277	0	1,439,277	70,905,293	69,466,016	0	0	0	69,466,016
Revaluation surplus - Infrastructure - Other	9,786,452	0	(868,599)	(868,599)	8,917,853	9,786,452	0	0	0	9,786,452
	92,694,665	1,439,277	(868,599)	570,678	93,265,343	92,819,761	0	(125,096)	(125,096)	92,694,665

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.

## 11. TRADE AND OTHER PAYABLES

### Current

Sundry creditors
Accrued interest on long term borrowings
Accrued salaries and wages
ATO liabilities
Springhaven Accommodation Bonds

2018	2017
\$	\$
447,935	304,926
458	1,252
44,786	42,259
0	1,772
1,580,533	1,334,701
2,073,712	1,684,910

### Non-current

Refundable deposits
---------------------

640	980
640	980

## SIGNIFICANT ACCOUNTING POLICIES

### Trade and other payables

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

### Trade and other payables (Continued)

of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.



## 12. INFORMATION ON BORROWINGS

### (a) Repayments - Borrowings

Particulars	Principal 1 July 2017	New Loans	Principal Repayments		Principal 30 June 2018		Interest Repayments	
	\$	\$	Actual	Budget	Actual	Budget	Actual	Budget
<b>Housing</b>								
Staff Housing Soldier Road	19,670	0	19,670	19,670	0	0	888	895
Housing - Bagg Street	0	100,000	0	0	100,000	100,000	75	0
<b>Recreation and culture</b>								
Sports Complex	290,165	0	13,446	13,446	276,719	276,719	13,301	14,170
	309,835	100,000	33,116	33,116	376,719	376,719	14,264	15,065

Particulars	Principal 1 July 2017	New Loans	Principal Repayments		Principal 30 June 2018		Interest Repayments	
	\$	\$	Actual	Budget	Actual	Budget	Actual	Budget
<b>Self Supporting Loans</b>								
<b>Recreation and culture</b>								
Kojonup Bowling Club	15,204	0	7,362	7,362	7,842	7,842	865	858
	15,204	0	7,362	7,362	7,842	7,842	865	858
	325,039	100,000	40,478	40,478	384,561	384,561	15,129	15,923

Self supporting loans are financed by payments from third parties.  
All other loan repayments were financed by general purpose revenue.

### Borrowings

	2018	2017
	\$	\$
Current	21,961	40,478
Non-current	362,600	284,561
	384,561	325,039

## 12. INFORMATION ON BORROWINGS (Continued)

### (b) New Borrowings - 2017/18

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term Years	Total Interest & Charges	Interest Rate	Amount (Used)		Balance Unspent
	Actual	Budget						Actual	Budget	
	\$	\$				\$	%	\$	\$	\$
Housing - Bagg Street	100,000	100,000	WATC	Fixed Interest	10	16,894	3.07%	100,000	100,000	0
Memorial Hall/Harrison Place	0	300,000	WATC	Fixed Interest	10	0	0.00%	0	300,000	0
Subdivision	0	450,000	WATC	Fixed Interest	10	0	0.00%	0	450,000	0
	100,000	850,000				16,894		100,000	850,000	0

### (c) Undrawn Borrowing Facilities

#### Credit Standby Arrangements

Bank overdraft limit  
Bank overdraft at balance date  
Credit card limit  
Credit card balance at balance date

#### Total amount of credit unused

#### Loan facilities

Loan facilities - current  
Loan facilities - non-current

#### Total facilities in use at balance date

#### Unused loan facilities at balance date

2018	2017
\$	\$
200,000	200,000
0	0
20,000	20,000
0	0
220,000	220,000
21,961	40,478
362,600	284,561
384,561	325,039
NIL	NIL

## SIGNIFICANT ACCOUNTING POLICIES

### Financial liabilities

Financial liabilities are recognised at fair value when the Shire becomes a party to the contractual provisions to the instrument.

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

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

### Borrowing costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

### 13. PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
<b>Opening balance at 1 July 2017</b>			
Current provisions	378,831	271,946	650,777
Non-current provisions	0	104,043	104,043
	378,831	375,989	754,820
Additional provision	387,664	116,104	503,768
Amounts used	(338,550)	(53,871)	(392,421)
<b>Balance at 30 June 2018</b>	427,945	438,222	866,167
<b>Comprises</b>			
Current	427,945	309,076	737,021
Non-current		129,146	129,146
	427,945	438,222	866,167

#### Annual Leave Liabilities

Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018	2017
	\$	\$
Within 12 months of the end of the reporting period	315,145	296,263
More than 12 months after the end of the reporting period	112,800	82,568
	427,945	378,831

#### Long Service Leave Liabilities

Unconditional long service leave provisions are classified as current liabilities as the Shire does not have an unconditional right to

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018	2017
	\$	\$
Within 12 months of the end of the reporting period	188,353	102,365
More than 12 months after the end of the reporting period	249,869	273,624
	438,222	375,989

The provisions for long service leave are calculated at present value as the Shire does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

## 13. PROVISIONS (Continued)

### SIGNIFICANT ACCOUNTING POLICIES

#### Employee benefits

##### Short-term employee benefits

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

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

##### Other long-term employee benefits

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

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

##### Other long-term employee benefits (Continued)

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

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

#### Provisions

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

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

## **14. NOTES TO THE STATEMENT OF CASH FLOWS**

### **Reconciliation of Cash**

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

	<b>2018 Actual</b>	<b>2018 Budget</b>	<b>2017 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	3,823,350	2,748,119	3,297,299
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	717,597	558,619	2,532,037
Non-cash flows in Net result:			
Depreciation	3,115,615	2,767,467	2,961,958
(Profit)/loss on sale of asset	74,858	92,500	152,137
Loss on revaluation of fixed assets	0	0	141,370
Changes in assets and liabilities:			
(Increase)/decrease in receivables	90,058	748,893	(197,247)
(Increase)/decrease in inventories	911	22,402	(655)
Increase/(decrease) in payables	388,463	(2,561)	297,014
Increase/(decrease) in provisions	111,347	0	74,271
Grants contributions for the development of assets	(2,199,856)	(2,502,688)	(3,723,684)
Net cash from operating activities	2,298,993	1,684,632	2,237,201

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**15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Governance	1,927,862	2,141,805
General purpose funding	324,520	0
Law, order, public safety	494,577	786,289
Health	769,484	865,818
Education and welfare	1,239,717	2,959,491
Housing	11,000,254	9,997,583
Community amenities	738,620	4,657,085
Recreation and culture	13,109,399	13,338,989
Transport	130,339,917	124,643,234
Economic services	5,835,384	3,851,947
Other property and services	2,099,902	2,789,789
	<b>167,879,636</b>	<b>166,032,030</b>



## **16. CONTINGENT LIABILITIES**

The Shire is not aware of any contingent liabilities as at 30 June 2018.

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## 17. CAPITAL AND LEASING COMMITMENTS

### (a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

2018	2017
\$	\$
0	65,177

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

Prior year commitments related to additions and alterations at Springhaven Lodge

### (b) Operating Lease Commitments

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

Payable:

- not later than one year
- later than one year but not later than five years
- later than five years

26,005	6,438
81,502	5,902
0	0
107,507	12,340

## SIGNIFICANT ACCOUNTING POLICIES

### Leases

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

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

### Leases (Continued)

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

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

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

## 18. JOINT ARRANGEMENTS

5A and 5B Vanzuilecom Street (2 x 2 Bedroom Units) 18.20%

2, 4 and 6 Elverd Street (2 x 2 Bedroom Units and 1x3 bedroom Unit) 20.65%

### Non-current assets

Land and buildings

Less: accumulated depreciation

2018	2017
\$	\$
165,832	165,832
(3,316)	0
162,516	165,832

### SIGNIFICANT ACCOUNTING POLICIES

#### 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 arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 28 for a description of the equity method of accounting.

#### Interests in joint arrangements (Continued)

Joint 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.

## 19. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

	<b>2018 Actual</b>	<b>2018 Budget</b>	<b>2017 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Meeting Fees	103,894	104,000	102,865
President's allowance	27,443	28,000	27,240
Deputy President's allowance	7,433	7,000	6,810
Travelling expenses	1,284	2,000	2,073
Telecommunications allowance	25,039	27,000	24,414
	<b>165,093</b>	<b>168,000</b>	<b>163,402</b>

### Key Management Personnel (KMP) Compensation Disclosure

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

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	715,143	734,899
Post-employment benefits	88,979	68,929
Other long-term benefits	17,871	17,094
	<b>821,993</b>	<b>820,922</b>

#### *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 above.

#### *Post-employment benefits*

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

#### *Other long-term benefits*

These amounts represent long service benefits accruing during the year.

### Transactions with related parties

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

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

The following transactions occurred with related parties:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Purchase of goods and services	244,939	83,454

## 19. RELATED PARTY TRANSACTIONS (continued)

### 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.

*iii. Joint venture entities accounted for under the proportionate consolidation method*

The Shire has no joint venture entities accounted for under the equity method.

## **20. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2017/2018 financial year.

## **21. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire did not participate in any trading undertakings or major trading undertakings during the 2017/2018 financial year.



## 22. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance <sup>(1)</sup>	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing Balance <sup>(1)</sup>	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing Balance
	1/07/16	2016/17	2016/17	30/06/17	2017/18	2017/18	30/06/18
	\$	\$	\$	\$	\$	\$	\$
<b>Law, order, public safety</b>							
AWARE Program	611	0	(611)	0	0	0	0
<b>Housing</b>							
CLGF 2012/13 Staff House	346,598	0	(346,598)	0	0	0	0
Aging in the Bush	343,398	0	(343,398)	0			0
Rotary Donation SHL Sanitising Unit	2,500	0	(2,500)	0			0
Loton Close SIHI	0	632,508	(510,498)	122,010	0	(122,010)	0
Spring Haven SIHI	0	648,428	(648,428)	0	0	0	0
<b>Recreation and culture</b>							
Potts Kokoda Memorial	2,011	0	0	2,011	0	0	2,011
Kojonup Theatrical Society	3,000	0	0	3,000	0	0	3,000
<b>Transport</b>							
R2R - Wooden Culvert Replace.	14,112	0	(14,112)	0	0	0	0
R2R - Gravel Re-Sheeting	52,767	0	(52,767)	0	0	0	0
R2R - Qualeup South Road	51,197	0	(51,197)	0	0	0	0
R4R - Regional Projects	0	476,386	(476,386)	0	0	0	0
R2R 742M Projects	0	1,159,115	(1,159,115)	0	0	0	0
<b>Economic services</b>							
KP Tourism WA Grant	39,032	0	(13,397)	25,635	0	(14,721)	10,914
Black Cockatoo Coolroom	0	39,990	(39,990)	0	0	0	0
GSDC Water Re-Use Grant	0	72,893	(72,893)	0	0	0	0
Dept of Water Water Re-Use Grant	0	96,818	(96,818)	0	0	0	0
Oral Histories Grant	0	7,209	(7,209)	0	0	0	0
<b>Total</b>	<b>855,226</b>	<b>3,133,347</b>	<b>(3,835,917)</b>	<b>152,656</b>	<b>0</b>	<b>(136,731)</b>	<b>15,925</b>

**Notes:**

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

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

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

## 23. RATING INFORMATION

### (a) Rates

RATE TYPE	Rate in \$	Number of Properties	Value	Rate Revenue	Interim Rates	Back Rates	Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue
<b>Differential general rate / general rate</b>			\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Gross rental valuations</b>											
Residential	0.1194	555	6,789,675	810,388	(1,139)		809,250	810,388	0	0	810,388
<b>Unimproved valuations</b>											
Rural	0.0094	477	307,183,250	2,874,030	988		2,875,018	2,872,471	2,000	50	2,874,521
<b>Sub-Total</b>		1,032	313,972,925	3,684,418	(150)	0	3,684,268	3,682,859	2,000	50	3,684,909
<b>Minimum payment</b>											
			\$								
<b>Gross rental valuations</b>											
Residential	675	78	143,714	52,650	0	0	52,650	52,650	0	0	52,650
<b>Unimproved valuations</b>											
Rural	675	41	1,301,000	27,675			27,675	27,675	0	0	27,675
<b>Sub-Total</b>		119	1,444,714	80,325	0	0	80,325	80,325	0	0	80,325
		1,151	315,417,639	3,764,743	(150)	0	3,764,593	3,763,184	2,000	50	3,765,234
Discounts/concessions (refer note 23(b))							(56,766)				(51,373)
<b>Total amount raised from general rate</b>							3,707,827				3,713,861
Ex-gratia rates							1,439				0
<b>Totals</b>							3,709,266				3,713,861

### SIGNIFICANT ACCOUNTING POLICIES

#### Rates

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

## 23. RATING INFORMATION (Continued)

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

#### Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
Rates	2.50%		56,766	51,373	Payment of full rates amount owing including all arrears, received on or before 4:30pm, 11 August 2017, or 14 days after the date of service of the rate notice, whichever is the later.

### (c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
<b>Option One</b>				
Single full payment	01-Sep-17		0.00%	11.00%
<b>Option Two</b>				
First instalment	01-Sep-17		0.00%	0.00%
Second instalment	05-Jan-18	9	5.50%	11.00%
<b>Option Three</b>				
First instalment	01-Sep-17	0	0.00%	0.00%
Second instalment	01-Nov-17	9	5.50%	11.00%
Third instalment	05-Jan-18	9	5.50%	11.00%
Fourth instalment	07-Mar-18	9	5.50%	11.00%
				<b>2018</b>
				<b>Budget</b>
				<b>\$</b>
Interest on unpaid rates			29,414	28,000
Interest on instalment plan			8,542	11,000
Charges on instalment plan			4,158	4,300
			42,114	43,300

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## 24. NET CURRENT ASSETS

Composition of net current assets for  
the purposes of the Rate Setting Statement

	<b>2018</b> <b>(30 June 2018</b> <b>Carried</b> <b>Forward)</b>	<b>2018</b> <b>(1 July 2017</b> <b>Brought</b> <b>Forward)</b>	<b>2017</b> <b>(30 June 2017</b> <b>Carried</b> <b>Forward)</b>
	\$	\$	\$
<b>Surplus/(Deficit) 1 July 17 brought forward</b>	491,402	638,229	638,229
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	306,894	73,014	73,014
Restricted	3,516,456	3,224,285	3,224,285
Receivables			
Rates outstanding	266,730	239,018	239,018
Sundry debtors	381,212	517,317	517,317
GST receivable	9,091	0	0
Loans receivable - clubs/institutions	7,840	7,361	7,361
Provision for Doubtful Debts	(1,953)	(1,953)	(1,953)
Inventories			
Fuel	4,271	5,182	5,182
Land held for resale - cost			
Cost of acquisition	160,470	128,000	128,000
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(447,935)	(304,926)	(304,926)
Accrued interest on long term borrowings	(458)	(1,252)	(1,252)
Accrued salaries and wages	(44,786)	(42,259)	(42,259)
ATO liabilities	0	(1,772)	(1,772)
Springhaven Accommodation Bonds	(1,580,533)	(1,334,701)	(1,334,701)
Current portion of long term borrowings	(21,961)	(40,478)	(40,478)
Provisions			
Provision for annual leave	(427,945)	(378,831)	(378,831)
Provision for long service leave	(309,076)	(271,946)	(271,946)
<b>Unadjusted net current assets</b>	<b>1,818,317</b>	<b>1,816,058</b>	<b>1,816,058</b>

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## 24. NET CURRENT ASSETS

Composition of net current assets for  
the purposes of the Rate Setting Statement

	<b>2018</b> <b>(30 June 2018</b> <b>Carried</b> <b>Forward)</b>	<b>2018</b> <b>(1 July 2017</b> <b>Brought</b> <b>Forward)</b>	<b>2017</b> <b>(30 June 2017</b> <b>Carried</b> <b>Forward)</b>
	\$	\$	\$
<b>Adjustments</b>			
Less: Reserves - restricted cash	(3,500,531)	(3,071,629)	(3,071,629)
Less: Land held for resale - cost			
Less: Cost of acquisition	(160,470)	(128,000)	(128,000)
Less: Loans receivable - clubs/institutions	(7,840)	(7,361)	(7,361)
Less: Provision for Doubtful Debts	1,953	1,953	1,953
Add: Current portion of long term borrowings	21,961	40,478	40,478
Add: Provision for annual leave	427,945	378,831	378,831
Add: Provision for long service leave	309,076	271,946	271,946
Add: Springhaven Lodge Bonds	1,580,533	1,334,701	1,334,701
Add: Accrued interest on debentures	458	1,252	1,252
<b>Adjusted net current assets - surplus/(deficit)</b>	<b>491,402</b>	<b>638,229</b>	<b>638,229</b>

### Difference

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.

## 25. 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	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	3,823,350	3,297,299	3,823,350	3,297,299
Receivables	798,635	896,054	798,635	896,054
	4,621,985	4,193,353	4,621,985	4,193,353
<b>Financial liabilities</b>				
Payables	2,073,712	1,684,910	2,073,712	1,684,910
Borrowings	384,561	325,039	315,429	271,893
	2,458,273	2,009,949	2,389,141	1,956,803

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.

## 25. FINANCIAL RISK MANAGEMENT (Continued)

### (a) Cash and Cash Equivalents

The Shire's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. 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.

Cash is 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.

	2018	2017
	\$	\$
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	38,234	32,973
- Statement of Comprehensive Income	38,234	32,973

**Notes:**

<sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible interest rate movements.



## 25. 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:

	2018	2017
	%	%
Percentage of rates and annual charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of other receivables		
- Current	85.00%	33.00%
- Overdue	15.00%	67.00%

## 25. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2018</b>					
Payables	2,073,712	0	0	2,073,712	2,073,712
Borrowings	47,763	158,036	308,824	514,623	384,560
	2,121,475	158,036	308,824	2,588,335	2,458,272
<b>2017</b>					
Payables	1,684,910	0	0	1,684,910	1,684,910
Borrowings	56,653	119,533	278,197	454,383	325,039
	1,741,563	119,533	278,197	2,139,293	2,009,949

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:

Year ended 30 June 2018	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<b>Borrowings</b>								
<b>Fixed rate</b>								
Long term borrowings	7,840	0	0	0	0	376,720	384,560	4.48%
Weighted average Effective interest rate	6.41%	0.00%	0.00%	0.00%	0.00%	4.44%		
<b>Year ended 30 June 2017</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Long term borrowings	19,671	15,202	0	0	0	290,168	325,041	5.07%
Weighted average Effective interest rate	6.03%	6.41%	0.00%	0.00%	0.00%	0.00%		

**SHIRE OF KOJONUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

**26. 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:

	<b>1 July 2017</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Hollow Log Golf Day	0	9,171	(9,171)	0
	0			0

## 27. 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:

	<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable (1)</b>	<b>Impact</b>
(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	<p>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.</p> <p>The effect of this Standard will depend on the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.</p>
(iii)	AASB 16 Leases	February 2016	1 January 2019	<p>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 into the 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 when AASB 16 is adopted.</p> <p>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.</p>

Notes:

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

## 27. 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	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"> <li>- Assets received below fair value;</li> <li>- Transfers received to acquire or construct non-financial assets;</li> <li>- Grants received;</li> <li>- Prepaid rates;</li> <li>- Leases entered into at below market rates; and</li> <li>- Volunteer services.</li> </ul> <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.

### 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:

(i)	AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	1 January 2017
(ii)	AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities	1 January 2017

## **28. OTHER SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

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

### **c) Rounding off figures**

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

### **d) Comparative figures**

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

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

### **e) Budget comparative figures**

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

### **f) Superannuation**

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

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

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

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

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

### **h) Fair value hierarchy**

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

#### **Level 1**

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

#### **Level 2**

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

#### **Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

### **Valuation techniques**

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

#### **Market approach**

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

#### **Income approach**

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

#### **Cost approach**

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

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

### **i) Impairment of assets**

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

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

## 28. OTHER SIGNIFICANT ACCOUNTING POLICIES

### g) Fair value of assets and liabilities (continued)

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.

### i) Impairment of assets (continued)

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

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



## 29. ACTIVITIES/PROGRAMS

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

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

**SHIRE OF KOJONUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**30. FINANCIAL RATIOS**

	2018	2017	2016
Current ratio	1.02	1.05	0.62
Asset consumption ratio	0.65	0.67	0.98
Asset renewal funding ratio	1.00	0.69	0.72
Asset sustainability ratio	0.77	1.27	0.78
Debt service cover ratio	29.65	27.29	8.40
Operating surplus ratio	(0.30)	(0.25)	(0.44)
Own source revenue coverage ratio	0.50	0.46	0.51

The above ratios are calculated as follows:

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

**Notes:**

Three of the ratios disclosed above were distorted by the early receipt of Financial Assistance Grants. In addition, two of the ratios were impacted by revenue and expenses associated with flood damage re-instatement which is considered one-off in nature.

**SHIRE OF KOJONUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

**30. FINANCIAL RATIOS**

	2018	2017	2016
	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	770,331	750,906	0
Amount of Financial Assistance Grant received in prior year relating to current year.	750,906	0	720,998
Amount of reimbursement for flood damage received	65,640	24,802	118,638
Expenditure on flood damage re-instatement	(1,550)	(107,803)	(158,184)

If the events detailed above did not occur, the impacted ratios in the 2018, 2017 and 2016 columns above would be as follows:

	2018	2017	2016
Current ratio	1.04	0.24	1.46
Debt service cover ratio	29.30	15.83	17.82
Operating surplus ratio	(0.30)	(0.41)	(0.28)
Own source revenue coverage ratio	0.49	0.46	0.50

# Independent Auditors Report

## INDEPENDENT AUDITOR'S REPORT

To the Electors of the Shire of Kojonup

Shire of Kojonup



### Report on the Audit of the Financial Report

#### **Opinion**

I have audited the annual financial report of the Shire of Kojonup which comprises the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Kojonup:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

#### **Basis for Opinion**

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

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

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

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

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

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

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

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

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

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

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

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

### **Report on Other Legal and Regulatory Requirements**

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

- (i) In my opinion, the following matters indicate significant adverse trends in the financial position of the Shire :
  - a. The Operating Surplus Ratio is below the DLGSCI standard and has been for the past 3 years.

The financial ratios are reported in Note 30 to the financial report.

- (ii) No instances of material non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law were identified during the course of my audit.



- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the asset consumption ratio and the asset renewal ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

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

This auditor's report relates to the annual financial report of the Shire of Kojonup for the year ended 30 June 2018 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



RUSSELL HARRISON.  
LINCOLNS ACCOUNTANTS  
Albany, Western Australia  
18 February 2019