



# Shire of Jerramungup Annual Report 2011/2012

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# Presidents Report

The 2011-2012 Annual Report provides an overview of the Shire's performance against the Shire of Jerramungup 2009-2014 Strategic Plan. This demonstrates the Council's continued focus on the bigger picture and delivery of long term outcomes for the community. The following reports provide an update on projects and business activities linked to our three strategic key focus areas:

- 1) Ongoing social, economic and financial viability.
- 2) Service delivery and the natural environment.
- 3) Building and road infrastructure.

The Council and Shire workforce has made an ongoing commitment to the delivery of the strategic plan. In response, a number of major projects have substantially commenced or been completed in 2011-2012. Projects such as the Fitzgerald Biosphere Garden Project, Bremer Bay Town Centre, Local Government Resource Sharing and upgrading of local roads are examples of the achievements completed during the financial year under review.

The Shire has recently reviewed its strategic framework which will be finalised in 2013. This new plan has been undertaken with extensive community involvement and will meet all criteria required under the Department of Local Government's Integrated Strategic Planning Framework. The new framework requires an extensive array of planning documents including items such as asset management, financial management and workforce plans. These secondary planning documents are constructed to focus of the delivery of the Community Strategic Plan. The Shire is already well progressed and it set to be compliant before the July 2013 deadline.

2011-2012 was a successful and productive year for the Shire of Jerramungup and as key projects continue to progress, the community will enjoy a range of new services, facilities and community spaces. The continued efforts of our community volunteers must be recognised and they provide the foundation of our exceptional social fabric and opportunities available to our families.

Finally I would like to thank Bruce Trevaskis for his time as Shire President. During his time Bruce has represented the Shire in the most professional manner and achieved substantial results for our community across a number of portfolios. Bruce will continue to be an active part of the Shire Council. I would also like to congratulate Joanne Iffla on her appointment as Deputy Shire President.

Robert Lester - Shire President

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# Chief Executive's Officers Report

The 2011-2012 financial year was a very productive year for the Shire of Jerramungup. Of significance was a continuing focus on creating further business efficiencies through resource sharing and improving the visual amenity of the Shire's town sites through the Jerramungup Revitalisation and Bremer Bay Town Centre Projects.

The following noteworthy projects were delivered during the period under review;

## **Near record levels of capital expenditure**

During the period under review, the Shire of Jerramungup completed a substantial capital works program that included the part sealing of Devil's Creak Road, various improvement works on Gairdner South Road and the completion of 12km of sealing on Swamp Road.

The Shire's integrated strategic planning framework has greatly influenced the record levels of capital expenditure. The capacity to identify projects and incorporate these projects into long range financial plans has proven to be effective and attractive to external funding partners.

## **Continuation of resource sharing initiatives**

The resource sharing arrangement in place with the Shire's of Ravensthorpe and Gnowangerup continue to yield favourable outcomes for the Shire of Jerramungup.

The agreements have been in place for 12 months with both organisations recognising the benefits of this partnership and endorsing the agreements for a further two years.

## **Jerramungup revitalisation project**

In addition to recent road and drainage upgrades in the Jerramungup Town Site, the Shire received \$150,000 from the Great Southern Development Commission to develop a Fitzgerald Biosphere Garden in Roe Park. This garden has been commissioned and displays the regions botanical diversity in an intense format.

Some of the highlights include the recently flowering Qualup Bell and Royal Hakea.

## **Structure plan for the Bremer Bay town centre**

During the period under review, the Shire adopted a structure plan for the Bremer Bay town centre project. With the assistance of Landcorp, the Shire will introduce commercial land to the Bremer Bay market in 2012-2013.

## **Regional Waste Management**

The Shire has made significant progress towards establishing a regional landfill site in Ravensthorpe. The site has been tested from a hydrological and geotechnical perspective with detailed design to commence in 2012-13.

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### **Forthcoming Period**

Key projects for the forthcoming period include the detailed design for the Bremer Bay town centre, the completion of the revitalisation project for Jerramungup, continued delivery of partnerships with neighbouring Councils to achieve service delivery efficiencies and progression towards establishing a regional landfill site in Ravensthorpe.

The Shire continues to be recognised by external funding partners for its efficiency in receiving, spending and acquitting funding. The most recent acknowledgement came from the Department of Regional Development's external Auditors. The Auditors recognised the Shire's systems and procedures in spending and acquitting the 2008/09, 2009/10 and 2010/11 Country Local Government Fund allocations.

I wish to thank the staff for their outstanding efforts over the review period and also the elected group for their support. With this ongoing support, I look forward to the forthcoming period with confidence and enthusiasm.

Bill Parker  
Chief Executive Officer



## Key Focus Area One: Ongoing social, economic and financial viability

### Identifying alternative revenue sources:

The pursuit of grant funding continues to be an important component of Council's revenue strategy to supplement Council's rate base in the delivery of works and services. Council receives the following discretionary grants which are annual allocations incorporated into Council's operational budget and financial planning.

- 1) WA Grants Commission General Purpose and Local Roads Grants - \$942,852
- 2) Emergency Services Levy Funding - \$22,920
- 3) Main Roads WA – Direct Grant - \$88,511
- 4) Roads to Recovery - \$295,797
- 5) WA Treasury – Swimming Pool Operational Grant - \$3,000

In addition to the grant funding noted above the Shire of Jerramungup has leveraged funding for projects relating to asset improvements and community events as follows:

- 1) Department of Sport and Recreation – KidSport Program \$23,100
- 2) Lotterywest – Sea Dragon Festival - \$18,683
- 3) Department of Agriculture - Drought Assistance Tanks - \$16,183
- 4) Great Southern Development Commission – Fitzgerald Biosphere Garden and Jerramungup Revitalisation Project - \$150,000
- 5) Main Roads WA – Road Upgrade Projects – Swamp Road, Devils Creek Road, Gairdner South Road - \$1,666,968
- 6) Royalties for Regions – Country Local Government Fund – Jerramungup Revitalisation Project - \$324,822
- 7) Great Southern Development Commission – Bremer Bay Town Centre Masterplanning - \$30,000

Council has also partnered with Landcorp in the delivery of the Bremer Bay Town Centre project. Landcorp's contribution through the Regional Development Assistance Program has been essential in the planning phase to date and is estimated to be valued at \$260,000 towards this stage of the project. Future funding from Landcorp towards the project will continue through the construction phase.

The supplementation of Council funds with grant funding is fundamental to the achievement of the objectives and goals of the Strategic Plan. Council staff are constantly seeking and gaining funding for projects within the community which would be difficult to self-fund enabling improvement and expansion to community services to roll out in a far shorter timeframe.



### **Providing a range of sporting and recreation opportunities:**

Through the CSRFF process the Boxwood Hill Combined Sports Club accomplished the completion of the Netball/Tennis court redevelopment in 2011/2012, which has resulted in a safer and more suitable facility for the community. The facility was showcased at this year's ONA second semi-final and is a testament to the community who have volunteered extensively to ensure the success of the project.

The Shire of Jerramungup has also partnered with the Department of Sport and Recreation to roll out the KidSport program which seeks to provide equal opportunities to kids of all backgrounds in sporting participation. The Shire recognises the valuable contribution recreation makes to our communities and will continue to endorse and facilitate the program through its existence.

Council is currently in the process of upgrading and planning for further parks, gardens and paths improvements recognising that recreation exists outside of the sporting environment. This was a key theme in the Community Strategic Plan workshops and initiatives will roll out through the implementation of the plan.

### **Establishing partnerships with neighboring Councils to achieve service delivery efficiencies:**

The first year of the shared corporate services and planning roles have been completed with the Shire of Ravensthorpe and have been heralded as a success by both Councils. This process has seen an improved access to resources by both Councils and has provided opportunities to share training, staff relief, advertising, human resources and planning expenses and provide an overall efficiency improvement for both Councils. The Shire's of Jerramungup and Ravensthorpe endorsed the continuation of the resource sharing arrangements in June 2012.

The resource sharing in the works department has also continued in the area of Works Manager, Plant Operation and Ranger services. The additional pool of staffing available through these arrangements ultimately provides each community with a higher standard of consistent service delivery.

Once again the initiative demonstrated by the three Council's within our region have shown that there are other solutions than amalgamation to the sustainability of Local Government.

### **Ensuring that the availability of residential, industrial and commercial land meets demand:**

#### ***Unallocated Crown Land***

In the Shire's townsites are a number of parcels of land that are unallocated crown land. This land is often zoned correctly, that is for residential, industrial or commercial purposes but remains unallocated.

The Shire has continued to work to gain management over the Unallocated Crown Land within the existing townsites to ensure that this land would be available to accommodate short term residential and industrial needs. Negotiations with Water Corporation & Department of Regional Development and Lands continue.

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### **Industry**

The 4-5 year process to rezone Lot 1321 Borden-Bremer Bay Road, Bremer Bay to create Bremer Bay's first industrial area stopped when the land changed hands and the new landowner made it clear that they only wished to farm the land for the foreseeable future. An alternative site for a full industrial estate is still being sought.

The owner of Lot 11 Borden-Bremer Bay Road, Bremer Bay has nearly completed the rezoning of 85ha at the eastern end of Lot 11 (opposite Lot 1321) to the 'Rural Enterprise' zone. This zone allows for the co-location of light industry and hobby farms on the same lot, allowing people to work from home and not have to invest separately in a residential and an industrial property if they want to move to Bremer Bay. Up to 36 lots have been zoned; the application for the first stage is expected shortly.

### **Residential**

Residential lots in Collins Street, Jerramungup, were developed by the Shire at the end of last financial year and there has been some interest shown in recent times.

Stage 1 of the residential subdivision of Lot 231 Bremer Bay Road, Bremer Bay by Seadunes Pty Ltd was completed, creating 33 residential lots adjacent to the Bremer Bay Caravan Park; six lots are currently on the market. The subdivision application for stage 2 is currently being assessed by the Western Australian Planning Commission.

Planning approval was granted for a Park Home Park at the Bremer Bay Beaches Resort site on the corner of Wellstead Road and Point Henry Road allowing the eventual development of up to 42 park homes for permanent occupation in a purpose built estate.

### **Town Centre**

The Town Centre Structure Plan continues to progress, receiving final approval from the Council in April 2012. It is currently being assessed by the Western Australian Planning Commission for final approval.

The Shire has lodged two successful grant applications with LandCorp, the State Government developer, to create the first retail, civic and medium density lots within the Town Centre. A subdivision application has been lodged and approval expected by the end of 2012. This should result in the construction of a new main street and entry roundabout in early 2013.

This will ensure adequate commercial land is located in an area that consolidates future retail, office and entertainment

## **Recognising our heritage and the contribution that war settlement and indigenous people have made to the community:**

The Shire of Jerramungup has completed a lasting legacy project to our war service history through the finalisation of the Jerramungup War Memorial. The gardens and stone wall upgrade merge our local environment with a tribute to the men and women who served our country. The Shire hosts annual ceremonies for ANZAC Day and Remembrance Day to honour our local servicemen and those who didn't make it home.

Ready for this years Remembrance Day service the War Memorial had a new badge installed, the Australian Defence Force Emblem (the ADF Emblem). The ADF Emblem represents the combined effort of the three single Services: the Royal Australian Navy, Australian Army, and Royal Australian Air Force.

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## Key Focus Area Two: Service delivery and the environment

### Ensuring that growth occurs in a controlled and sustainable manner:

#### ***Building Act 2012***

A new Building Act and Regulations were released in April 2012 that made sweeping changes to the way in which Building Permits are administered. The Shire revised their working practices, public information and staffing arrangements to accommodate the new Act. An information session with local builders was conducted and the new forms, fees and information distributed widely in an effort to assist local builders and owner builders adjust to the new Building system.

#### ***Local Planning Strategy***

The Council adopted the limited review of the Local Planning Strategy for final approval in February 2012 following public advertising. This brings the Shire's strategic land use planning up to date. The Strategy responds to a number of changing circumstances and important factors including:

- The need to identify industrial land for Bremer Bay;
- Changes to the identified Public Drinking Water Source Areas;
- The potential population increases that a new mine planned at Wellstead may bring; and
- To review and clearly identify the land availability to cater for a range of lifestyle and accommodation needs.

The review will continue into 2012, 13 with further consideration by the Western Australian Planning Commission.

#### ***Bremer Bay Town Centre Master Plan***

Council granted final approval for the Master Plan for the future Bremer Bay Town Centre in April 2012. The Master Plan guides the subdivision and development of the future Town Centre for Bremer Bay. Following this, LandCorp prepared and lodged a subdivision application for the first stage of the town centre development on behalf of Council. Subdivision approval is expected by December 2012 and construction is to commence in March 2013. Further detailed planning continues with a Fire Management Plan, Local Water Management Strategy, Design Guidelines, Landscaping Plans, and a commercial strategy to guide how the centre will grow over time all being developed in the coming year.

#### ***Scheme Amendments***

Council granted final approval to an 'omnibus' amendment to the Local Planning Scheme, an amendment that makes numerous small fixes to the Scheme to refresh it without undertaking a full review.

Scheme Amendment 8 was introduced to the Scheme that creates a 'Rural Enterprise' zone. This zone allows for hobby farming, residential and light industrial activity to co-locate.

#### ***Local Planning Policies***

Council has been progressing the review of the Planation and Agroforestry policy in the last year, a policy intended to respond to the specific issue of carbon sequestration plantations and their potential for impacts on the local environment, economy, population and social structures in the Shire. A revised policy is expected to be presented to Council early in 2013.

A Water Conservation policy was adopted by Council in April 2012, the first policy of its kind in the state to mandate rainwater tanks for new residential development and substantial extensions to existing dwellings.



### **Developing innovative approaches to minimise fossil fuel consumption and the community reliance on reticulated water services:**

The Water Conservation Local Planning Policy for the Shire was adopted in April 2012 that requires plumbed rainwater tanks for new residential development. The policy also encourages and provides information on water-wise gardens, encouraging grey water recycling systems, retention of vegetation on sites and reduction of grassed areas.

Planning for a rural residential area for Jerramungup south of the golf course continued with investigations into the ability for development in this area to provide for all of its own water needs on site.

### **Ensuring the service delivery process is supported by appropriately skilled, qualified and enthusiastic staff members:**

The Shire of Jerramungup continues to be an active training organisation promoting internal staff development the fundamental means of improving the organisation and the service delivery output. The Shire has experienced improvement in staff retention measures over the past financial year and there are a number of staff members now approaching Long Service Leave which demonstrates their commitment to our organisation and the community.

### **Supporting a range of community services that enhances the community fabric:**

In 2011/2012 Council updates the Shire of Jerramungup Sport and Recreation Infrastructure Plan. From time to time the Sports Clubs within the Shire of Jerramungup will review their list of capital works projects. This update / review of the Sport and Recreation Infrastructure plan was prepared following consultation with the Sports Clubs over their proposed projects for the coming 5 years. Projects contained in this document form the basis of CSRFF project applications for community recreation facilities within the Shire.

There are a number of significant projects identified within the revised plan which will require significant planning and resourcing. Some of these projects include a Synthetic Bowling Rink for the Bremer Bay Sports Club, Change room upgrades and refurbishment for the Jerramungup Sports Pavillion and Community Hall Refurbishment for the Boxwood Hill Combined Sports Club plus many more projects.

One major project has already been completed with the Boxwood Netball Courts Upgrade. Through a grant from the Department of Sports & Recreation together with funding from the Shire the construction of the new courts & fencing was completed during 2011-2012, including the new acrylic surface being laid this will give these courts an additional 10-15 year life span.

Another project well under way during 2011-2012 supporting our sporting community was the Gairdner Progress Associations project to complete paving works surrounding the building. The Association applied for funding from the Foundation for Rural and Regional Renewal for \$5,000 with the application being partially successful with \$3,000 being approved for the improvement works at the Gairdner Hall.

Therefore the Progress Association required financial assistance from the Shire to complete the works especially with facing timing issues relating to funding acquittals, available resources and the timeframes associated with the Shire's financial assistance program. Council supported the application made by the Gairdner Progress Association to pave and cement the verandah area at the Gairdner Hall. Council reallocated \$8,000 from the Building Maintenance and Grounds

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budget to the Gairdner Hall to facilitate the works together with supplying used pavers to Gairdner Progress Association estimated at \$2,000 as a in kind donation.

### **Working in partnership with key agencies to deliver environmentally responsible services:**

The Shire continues to liaise and work with many government and non-government agencies in the performance of its duties and the provision of services. Ongoing discussions with the Department for Environment and Conservation (DEC) and the Fitzgerald Biosphere Group (FBG) have resulted in changes to Shire practices with Dieback management and road & drainage works.

Discussions with the DEC have led to the review of the waste management sites throughout in the Shire. The Shire of Jerramungup has worked with the surrounding Shire's to produce a consolidated Waste Management Strategy.

Feedback from the DEC has assisted in informing the Town Centre Structure Plan and establishing a number of ecological corridors through and around the Bremer Bay town site as part of recently approved development.

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## Key Focus Area Three: Building and road infrastructure

### Ensuring that built infrastructure is well utilised and maintained:

The Works Department has continued to focus on the delivery of well constructed and maintained assets in particular the local road network. The works programme each financial year is significant and injects approximately \$3,090,901 million in asset development. The Shire workforce has four dedicated works teams being Road Construction, Road Maintenance, Building Services and Town Services who cater for a wide variety of services and asset preservation roles. The shire has continued to develop staff resources through training and development and utilises modern plant and equipment to deliver our services to a high standard.

The shire also has an integrated customer service system which handles community service requests, complaints and notifications. Each request is logged electronically and assigned to the appropriate supervisor of the service area for addressing or investigating. This system has provided a better means of recording our customer requests and each supervisor can review their list of requests in the field. Customer requests can be lodged by contacting the Shire administration office on 08 98351022.

### Adopting whole of life asset management principles:

In recent years development of the job ledger has progressed to provide dependable costing and budgeting information reflective of our capacity and is used for a number of purposes including:

- a) Producing reliable asset management planning baseline data
- b) Assist Council in making Informed decisions.
- c) Track and compare different jobs and projects to monitor overall performance

### Keeping abreast of new technology and industry best practice:

A combination of modern technology and traditional, industry best practice is being applied to develop systems and procedures including:

- a) Traditional workforce structures with defined duties to promote initiative, improve efficiency, and develop skills, which is being complemented by contemporary training and formal recognition of employee career advancement.
- b) Modern technology has improved the ability to extract and manipulate traditional, activity-based information from the job ledger for asset management, budgetary and productivity assessment purposes.
- c) A combination of traditional practice and modern technology is being applied to develop fundamental technical capability and improve service delivery.



## Statutory Statements

### Record Keeping Policy

The Shire of Jerramungup and all of its employees are committed to efficient and compliant record keeping practices. Internal review and training strategies have been developed and implemented to ensure that all are aware of their compliance responsibilities and that the Information Management System is operating in accordance with the Record Keeping Plan.

As part of staff induction, the role and responsibilities of every employee, in relation to compliance with the record-keeping plan, are addressed. Ongoing training sessions are conducted by where appropriate and additional training is provided to ensure the operation of our Information Management System is effective and compliant.

### Annual Salaries

The Local Government Act requires the Annual Report to detail the number of employees who are entitled to an annual salary of \$100,000 or more and to break those employees down into bands of \$10,000. The Shire of Jerramungup has two employees whose salary falls between \$120,000 and \$129,999 and one employee whose salary falls between \$140,000 and \$149,999.

### Register of Financial Interests for Elected Members & Senior Staff

In accordance with the requirements of the Local Government Act (1995), this register is held in the Administration office and is available for viewing by the public.

### National Competition Policy

COMPETITIVE NEUTRALITY POLICY AND PRINCIPLES;

The Shire of Jerramungup has not identified any business that would be classified by the Australian Bureau of Statistics as either a "Public Financial Enterprise" or "Public Trading Enterprise".

COMPETITIVE NEUTRALITY POLICY AND PRINCIPLES; PRINCIPLE CN<sub>5</sub>

The Shire of Jerramungup has not identified any part of its business as "Significant Business Activity" in 2011/2012.

STRUCTURAL REFORM OF PUBLIC MONOPOLIES; PRINCIPLES SR<sub>2</sub>, SR<sub>3</sub> AND SR<sub>4</sub>

The Shire of Jerramungup acknowledges the principles of structural reform under the National Competition Policy.

### Disability Access and Inclusion Plan

The Shire of Jerramungup Disability Access and Inclusion Plan 2006 – 2010 (DAIP) has guided the Shire's efforts to make the Shire of Jerramungup community a more friendly and inclusive place for people with disabilities and has resulted in a number of improvements being made throughout the shire.

The upgrade of our shared path network, planning for disabled access in our new Bremer Bay Town Centre and regular updates of our website are all means by which the Shire has improved services for disabled persons this year. As our community infrastructure develops we will continue to improve disabled access.

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### **Public Interest Disclosure**

In accordance with the requirements of the Public Interest Disclosure Act 2003, the Shire of Jerramungup has established procedures to facilitate the making of disclosures under the Act. These procedures set out the processes in place in respect to protected disclosures generally, to protect people from reprisal for making protected disclosures, and to provide guidance on investigations. In the 2011-2012 financial year, no disclosures relating to improper conduct were made to the Shire and therefore no disclosures were referred to the ombudsman.

### **Freedom of Information Act 1992**

The Shire of Jerramungup is subject to the provisions of the Freedom of Information Act 1992, which gives individuals and organisations a general right of access to information held by the Shire. The Act also provides the right of appeal in relation to decisions made by the Shire to refuse access to information applied for under the Act. The Shire received no requests for information in 2011-2012.

### **Sewerage Scheme and Customer Service Charter**

This charter sets out the broad philosophy of the Shire in supplying sewerage services to the Jerramungup Townsite in accordance with the Licence issued to the Shire by the Economic Regulation Authority under the Water Services Licensing Act 1995. Copies of the charter are available at the Shire of Jerramungup administration office.

The charter informs the customers of the Shire of their rights in accordance with the provisions of the licence, including service interruptions, levels of service and complaints procedures. The Shire will provide its sewerage services in a manner that is fair, courteous and, timely with a focus on consultation with our customers, respecting their rights, and meeting their reasonable expectations.

### **Report on Complaints made against Councillors**

In accordance with section 5.53 of the Local Government Act and the associated Local Government (Rules of Conduct) Regulations 2007 the complaints made against councillors for 2011-2012 were:

- Number of entries in the register – Nil
- How the complaints were handled – N/A

## **Audit Report and Financial Statements**

The following pages contain the Shire of Jerramungup annual audit report and financial report. The Statements have been prepared in accordance with the Local Government Act 1995 and Local Government Financial Management

Regulations 1996 for the 2011-2012 financial year. These statements provide an insight into the financial position of the Shire of Jerramungup and are audited by Lincolns Accountants and Business Advisors. Clarification and further information on the annual financial statements can be obtained by contacting the Deputy Chief Executive Officer at [dceo@jerramungup.wa.gov.au](mailto:dceo@jerramungup.wa.gov.au).

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## INDEPENDENT AUDITOR'S REPORT TO THE RATEPAYERS OF THE SHIRE OF JERRAMUNGUP

### Report on the Financial Report

We have audited the accompanying financial report of the Shire of Jerramungup, which comprises the balance sheet as at 30 June 2012, and the income statement, statement of changes in equity, cash flow statement, rate setting statement and the notes to and forming part of the financial report for the year ended on that date.

### *Councils' Responsibility for the Financial Report*

The council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by council, as well as evaluating the overall presentation of the financial report.

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

### *Independence*

In conducting our audit, we have followed applicable independence requirements of Australian professional ethical pronouncements.



**INDEPENDENT AUDITOR'S REPORT  
TO THE RATEPAYERS OF THE SHIRE OF JERRAMUNGUP**

*Auditor's Opinion*

In our opinion the financial report of the Shire of Jerramungup is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- (a) giving a true and fair view of the Shire's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

*Other Matters*

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

- (a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- (b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- (c) All necessary information and explanations were obtained by us.
- (d) All audit procedures were satisfactorily completed in conducting our audit.

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Russell Harrison, Partner  
Lincolns Accountants and Business Advisers  
70 - 74 Frederick Street, Albany WA  
Dated this 14 day of December 2012.



**SHIRE OF JERRAMUNGUP**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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SHIRE OF JERRAMUNGUP  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Jerramungup being the annual financial report and other information for the financial year ended 30th June 2012 are in my opinion properly drawn up to present fairly the financial position of the Shire of Jerramungup at 30th June 2012 and the

Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 13 day of DECEMBER 2012

A handwritten signature in black ink, appearing to be "Bill Parker", written over a horizontal line.

Bill Parker  
Chief Executive Officer





SHIRE OF JERRAMUNGUP  
STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2012 \$	2012 Budget \$	2011 \$
<b>Revenue</b>				
Rates	22	2,349,591	2,341,544	2,351,506
Operating Grants, Subsidies and Contributions	28	1,595,160	1,055,280	1,314,829
Fees and Charges	27	966,867	865,341	599,918
Service Charges	24	0	0	0
Interest Earnings	2(a)	151,184	151,594	150,065
Other Revenue		<u>484,072</u>	<u>480,080</u>	<u>447,418</u>
		5,546,874	4,893,839	4,863,736
<b>Expenses</b>				
Employee Costs		(1,845,920)	(2,004,227)	(1,576,487)
Materials and Contracts		(2,227,133)	(2,815,977)	(2,148,277)
Utility Charges		(157,815)	(132,025)	(135,028)
Depreciation on Non-Current Assets	2(a)	(1,353,130)	(1,286,739)	(1,292,793)
Interest Expenses	2(a)	(31,299)	(31,706)	(35,287)
Insurance Expenses		(251,173)	(237,580)	(227,724)
Other Expenditure		<u>(23,983)</u>	<u>(141,918)</u>	<u>(117,665)</u>
		<u>(5,890,453)</u>	<u>(6,650,172)</u>	<u>(5,533,261)</u>
		(343,579)	(1,756,333)	(669,525)
Non-Operating Grants, Subsidies and Contributions	28	2,688,647	3,339,934	2,725,811
Profit on Asset Disposals	20	0	0	45,616
Loss on Asset Disposal	20	<u>(41,006)</u>	<u>(39,377)</u>	<u>(87,761)</u>
<b>Net Result</b>		<b>2,304,062</b>	<b>1,544,224</b>	<b>2,014,141</b>
<b>Other Comprehensive Income</b>				
		0	0	0
<b>Total Other Comprehensive Income</b>		<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Comprehensive Income</b>		<u><u>2,304,062</u></u>	<u><u>1,544,224</u></u>	<u><u>2,014,141</u></u>

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



SHIRE OF JERRAMUNGUP  
STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2012 \$	2012 Budget \$	2011 \$
<b>Revenue</b>				
Governance		32,704	13,805	25,896
General Purpose Funding		3,063,890	2,862,668	2,935,384
Law, Order, Public Safety		141,953	137,808	110,555
Health		4,189	8,535	10,063
Education and Welfare		49,852	46,239	47,203
Housing		75,301	72,631	73,140
Community Amenities		307,728	229,521	218,654
Recreation and Culture		103,843	100,559	116,254
Transport		982,082	681,901	709,838
Economic Services		26,811	28,616	32,690
Other Property and Services		758,521	711,556	624,715
	2(a)	5,546,874	4,893,839	4,904,392
<b>Expenses</b>				
Governance		(590,007)	(648,374)	(723,853)
General Purpose Funding		(103,832)	(63,576)	(76,366)
Law, Order, Public Safety		(336,283)	(311,602)	(221,858)
Health		(85,364)	(92,765)	(95,708)
Education and Welfare		(91,857)	(83,948)	(84,924)
Housing		(56,010)	(51,027)	(60,833)
Community Amenities		(812,878)	(689,274)	(875,155)
Recreation and Culture		(733,520)	(832,072)	(755,066)
Transport		(2,398,340)	(2,417,487)	(2,124,356)
Economic Services		(181,862)	(160,626)	(159,705)
Other Property and Services		(469,201)	(1,267,715)	(360,808)
	2(a)	(5,859,154)	(6,618,466)	(5,538,632)
<b>Finance Costs</b>				
Health		0	0	0
Housing		(27,395)	(27,732)	(29,872)
Community Amenities		(2,414)	(2,416)	(3,030)
Recreation and Culture		0	0	0
Transport		(1,490)	(1,558)	(2,385)
	2(a)	(31,299)	(31,706)	(35,287)
<b>Non-Operating Grants, Subsidies and Contributions</b>				
Governance				
General Purpose Funding				
Law, Order, Public Safety		16,183	0	169,095
Housing		0	0	0
Education and Welfare		0	0	0
Community Amenities		0	0	36,674
Recreation and Culture		155,907	140,000	356,704
Transport		2,317,587	2,277,129	2,163,338
Other Property and Services		198,969	922,805	0
		2,688,646	3,339,934	2,725,811
<b>Profit/(Loss) on Disposal of Assets</b>				
Governance		(1,287)	(311)	(34,537)
Health		(10,969)	(1,041)	(12,568)
Housing		0	0	0
Community Amenities		(25,109)	(33,531)	0
Recreation and Culture		0	0	0
Transport		(3,641)	(4,494)	4,962
		(41,006)	(39,377)	(42,143)
<b>Net Result</b>		<b>2,304,062</b>	<b>1,544,224</b>	<b>2,014,141</b>
<b>Other Comprehensive Income</b>				
		0	0	0
<b>Total Other Comprehensive Income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Comprehensive Income</b>		<b>2,304,062</b>	<b>1,544,224</b>	<b>2,014,141</b>

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



SHIRE OF JERRAMUNGUP  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2012

	NOTE	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	1,698,814	2,238,479
Trade and Other Receivables	4	1,023,162	199,014
Inventories	5	17,554	38,916
<b>TOTAL CURRENT ASSETS</b>		<u>2,739,530</u>	<u>2,476,409</u>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	369	706
Inventories	5	0	0
Property, Plant and Equipment	6	10,009,141	10,069,593
Infrastructure	7	90,984,427	89,044,477
<b>TOTAL NON-CURRENT ASSETS</b>		<u>100,993,937</u>	<u>99,114,776</u>
<b>TOTAL ASSETS</b>		<u>103,733,467</u>	<u>101,591,185</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	322,754	490,075
Long Term Borrowings	9	74,733	67,682
Provisions	10	278,269	237,551
<b>TOTAL CURRENT LIABILITIES</b>		<u>675,756</u>	<u>795,308</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	9	380,303	452,225
Provisions	10	70,243	40,549
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>450,546</u>	<u>492,774</u>
<b>TOTAL LIABILITIES</b>		<u>1,126,302</u>	<u>1,288,082</u>
<b>NET ASSETS</b>		<u>102,607,165</u>	<u>100,303,103</u>
<b>EQUITY</b>			
Retained Surplus		46,058,241	44,031,544
Reserves - Cash Backed	11	1,339,081	1,061,716
Reserves - Asset Revaluation	12	55,209,843	55,209,843
<b>TOTAL EQUITY</b>		<u>102,607,165</u>	<u>100,303,103</u>

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



SHIRE OF JERRAMUNGUP  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2012

NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2010	41,762,887	1,316,232	55,209,841	98,288,960
Changes in Accounting Policy	0	0	0	0
Correction of Errors	0	0	0	0
Restated Balance	41,762,887	1,316,232	55,209,841	98,288,960
Net Result	2,014,141	0	0	2,014,141
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	254,516	(254,516)	0	0
<b>Balance as at 30 June 2011</b>	<b>44,031,544</b>	<b>1,061,716</b>	<b>55,209,841</b>	<b>100,303,101</b>
Net Result	2,304,062	0	0	2,304,062
Total Other Comprehensive Income	0	0	0	0
Reserve Transfers	(277,365)	277,365	0	0
<b>Balance as at 30 June 2012</b>	<b>46,058,241</b>	<b>1,339,081</b>	<b>55,209,843</b>	<b>102,607,165</b>

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



SHIRE OF JERRAMUNGUP  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2012 \$	2012 Budget \$	2011 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		2,358,791	2,341,544	2,350,632
Operating Grants, Subsidies and Contributions		1,595,160	1,055,280	1,314,829
Fees and Charges		115,295	947,457	540,142
Service Charges		0	0	0
Interest Earnings		144,157	151,594	149,724
Goods and Services Tax		25,588	44,503	308
Other Revenue		484,072	480,080	447,418
		<u>4,723,063</u>	<u>5,020,458</u>	<u>4,803,053</u>
<b>Payments</b>				
Employee Costs		(1,748,065)	(2,004,227)	(1,529,097)
Materials and Contracts		(2,455,426)	(2,883,762)	(1,935,923)
Utility Charges		(157,815)	(132,025)	(135,028)
Insurance Expenses		(251,173)	(31,706)	(227,724)
Interest expenses		(31,472)	(237,580)	(56,663)
Goods and Services Tax		55,065	(48,000)	4,808
Other Expenditure		(23,983)	(141,918)	(117,665)
		<u>(4,612,869)</u>	<u>(5,479,218)</u>	<u>(3,997,292)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	13(b)	<u>110,194</u>	<u>(458,760)</u>	<u>805,761</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Development of Land Held for Resale		0	0	0
Payments for Purchase of Property, Plant & Equipment		(616,708)	(526,738)	(1,434,853)
Payments for Construction of Infrastructure		(2,784,654)	(3,367,289)	(2,146,242)
Advances to Community Groups		0	0	0
Payments for Purchase of Investments		0	0	0
Non-Operating Grants, Subsidies and Contributions		2,688,647	3,339,934	2,725,811
Proceeds from Sale of Plant & Equipment		127,728	229,091	196,850
Proceeds from Advances		0	0	0
Proceeds from Sale of Investments		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Cash Provided By (Used In) Investing Activities</b>		<u>(584,987)</u>	<u>(325,002)</u>	<u>(658,434)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(64,871)	(67,682)	(63,692)
Repayment of Finance Leases		0	0	0
Proceeds from Self Supporting Loans		0	0	0
Proceeds from New Debentures		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Cash Provided By (Used In) Financing Activities</b>		<u>(64,871)</u>	<u>(67,682)</u>	<u>(63,692)</u>
<b>Net Increase (Decrease) in Cash Held</b>		<u>(539,664)</u>	<u>(851,444)</u>	<u>83,635</u>
Cash at Beginning of Year		2,238,479	2,294,510	2,154,844
<b>Cash and Cash Equivalents at the End of the Year</b>	13(a)	<u><u>1,698,815</u></u>	<u><u>1,443,066</u></u>	<u><u>2,238,479</u></u>

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





SHIRE OF JERRAMUNGUP  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2012

	NOTE	2012 Actual \$	2012 Budget \$	2011 Actual \$
<b>Revenue</b>				
Governance		32,704	13,805	25,896
General Purpose Funding		714,299	521,124	583,878
Law, Order, Public Safety		158,136	137,808	279,650
Health		4,189	8,535	10,063
Education and Welfare		49,852	46,239	47,203
Housing		75,301	72,631	73,140
Community Amenities		307,728	229,521	255,328
Recreation and Culture		259,750	240,559	472,958
Transport		3,299,669	2,959,030	2,878,138
Economic Services		26,811	28,616	32,690
Other Property and Services		957,490	1,634,363	624,715
		<u>5,885,929</u>	<u>5,892,231</u>	<u>5,283,659</u>
<b>Expenses</b>				
Governance		(591,294)	(648,686)	(76,366)
General Purpose Funding		(103,832)	(63,576)	(758,390)
Law, Order, Public Safety		(336,283)	(311,602)	(221,858)
Health		(96,333)	(93,806)	(108,276)
Education and Welfare		(91,857)	(83,948)	(84,924)
Housing		(83,405)	(78,758)	(90,705)
Community Amenities		(840,401)	(725,221)	(878,185)
Recreation and Culture		(733,520)	(832,072)	(755,066)
Transport		(2,403,471)	(2,423,539)	(2,126,741)
Economic Services		(181,862)	(160,625)	(159,705)
Other Property and Services		(469,201)	(1,267,715)	(360,808)
		<u>(5,931,459)</u>	<u>(6,689,548)</u>	<u>(5,621,024)</u>
<b>Net Result Excluding Rates</b>		<b>(45,530)</b>	<b>(797,317)</b>	<b>(337,365)</b>
<b>Adjustments for Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure and Revenue</b>				
(Profit)/Loss on Asset Disposals	20	41,006	39,377	42,145
Movement in Accrued Interest		(173)	0	(21,376)
Movement in Deferred Pensioner Rates (Non-Current)		337	0	(99)
Movement in Accrued Salaries and Wages		27,443	0	(338)
Movement in Employee Benefit Provisions (Non-Current)			0	53,050
Depreciation and Amortisation on Assets	2(a)	1,353,130	1,286,739	1,292,793
<b>Capital Expenditure and Revenue</b>				
Purchase Land Held for Resale		0	0	0
Purchase Land and Buildings		(306,767)	0	(713,826)
Purchase Infrastructure Assets - Roads		(2,776,551)	(3,367,289)	(2,146,242)
Purchase Infrastructure Assets - Parks		(7,583)	(205,000)	0
Purchase Plant and Equipment		(306,473)	(321,738)	(703,447)
Purchase Furniture and Equipment		(3,468)	(3,500)	(17,580)
Purchase of Investments		0	0	0
Proceeds from Disposal of Investments		0	0	0
Proceeds from Disposal of Assets	20	168,733	229,091	196,850
Repayment of Debentures	21(a)	(64,871)	(67,682)	(63,693)
Proceeds from New Debentures	21	0	0	0
Self-Supporting Loan Principal Income		0	0	0
Transfers to Reserves (Restricted Assets)	11	(317,926)	(206,350)	(205,834)
Transfers from Reserves (Restricted Assets)	11	40,561	50,000	460,348
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	22(b)	931,895	1,032,125	745,002
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	22(b)	1,084,799	10,000	931,895
<b>Amount Required to be Raised from Rates</b>	<b>22(a)</b>	<b><u>(2,351,036)</u></b>	<b><u>(2,341,544)</u></b>	<b><u>(2,351,507)</u></b>

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



SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012

**1. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies which have been adopted in the preparation of this financial report are:

**(a) Basis of Preparation**

The financial report is a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the local Government Act 1995 and accompanying regulations.

Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of the 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.

**(b) The Local Government Reporting Entity**

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 19 to these financial statements.

**(c) Goods and Services Tax**

Revenues, expenses and assets capitalised are stated net of any GST recoverable.

Receivables and payables in the statement of financial position are stated inclusive of applicable GST. 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.



SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

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

(e) Trade and Other Receivables

Collectibility 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.

(f) Inventories

*General*

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

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

*Land Held for Resale*

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

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing an unconditional contract of sale.

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

(g) Fixed Assets

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

*Initial Recognition*

All assets are initially recognised at cost. 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 Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.





SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

**Revaluation**

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

**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 AASB1051 - 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 Council.

**Depreciation of Non-Current Assets**

All non-current assets having a limited useful life (excluding freehold land) are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.



SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

*Depreciation of Non-Current Assets (Continued)*

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods 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 formation	not depreciated
pavement	50 years
Footpaths - slab	40 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

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

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

Gains and losses on disposals are determined by comparing proceeds with with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

*Capitalisation Threshold*

Expenditure on items of equipment under \$2,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

(h) Financial Instruments

*Initial Recognition and Measurement*

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

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



SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

*Classification and Subsequent Measurement*

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

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

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

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

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

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

*(ii) Loans and receivables*

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

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

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost.

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





SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

*Classification and Subsequent Measurement (Continued)*

*(iv) Available-for-sale financial assets*

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

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

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

*(v) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

*Impairment*

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

*Derecognition*

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

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. 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.



SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) **Impairment**

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

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

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

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(j) **Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) **Employee Benefits**

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for the benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

(l) **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.

(m) **Provisions**

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result; and
- c) that outflow can be reliably measured.

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



SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(n) 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 Council, are classified as finance leases.

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

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

**(o) Joint Venture**

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 16.

The Council's interest in joint venture entities are recorded using the equity method of accounting in the financial report.

When the Council contributes assets to the joint venture or if the Council purchases assets from the joint venture, only the portion of gain or loss not attributable to the Council's share of the joint venture shall be recognised. The Council recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

**(p) Rates, Grants, Donations and Other Contributions**

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.



SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) **Superannuation**

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

(r) **Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on Council's intentions to release for sale.

(s) **Rounding Off Figures**

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

(t) **Comparative Figures**

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

(u) **Budget Comparative Figures**

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





SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2012.

Council's assessment of these new and amended standards and interpretations is set out below:

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 – Financial Instruments	December 2009	01 January 2013	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 Council, it is not anticipated the standard will have any material effect.
(ii) AASB 1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iii) AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material





SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(iv) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	01 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(v) AASB 2010 - 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	01 January 2013	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112]	December 2010	01 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.



SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(vii) AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2011 - 2 Amendments to Australian Accounting Standards - Arising from the Trans-Tasman Consequence Project - Reduced Disclosure Requirements. [AASB 101 & 1054]	May 2011	01 July 2013	
AASB 2011 - 3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB 1049]	May 2011	01 July 2012	
AASB 2011 - 6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127, 128 & 131]	July 2011	01 July 2013	



SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	01 January 2013	Nil - None of these, except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.



SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(ix) AASB 13 - Fair Value Measurement, AASB 2011 - 8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	September 2011	01 January 2013	AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 requires inputs to all fair value measurements to be categorised in accordance with fair value hierarchy. AASB 13 also requires enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value. AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB 13 does not differ significantly from that which is present in existing standards. The amendments to the legislation requires the phasing in of fair value in relation to fixed assets over the three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations.
(x) AASB 2011 - 9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.



**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Title and Topic	Issued	Applicable (*)	Impact
(xi) AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(xii) AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	September 2011	01 July 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2011 – 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]	November 2011	01 January 2013	
AASB 2011 – 13 Amendments to Australian Accounting Standards – Improvements to AASB 1049	December 2011	01 July 2012	

Notes:

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





SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

AASB 124  
AASB 1054  
AASB 2009 - 12  
AASB 2009 - 14  
AASB 2010 - 4  
AASB 2010 - 5  
AASB 2010 - 6  
AASB 2010 - 9  
AASB 2011 - 1

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.



SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012

2. REVENUE AND EXPENSES	2012	2011	
	\$	\$	
<b>(a) Net Result</b>			
The Net Result includes:			
(i) Charging as an Expense:			
<b>Significant Expense</b>			
General Purpose Funding	<u>0</u>	<u>0</u>	
 <b>Amortisation</b>			
Capitalised Leased Assets	0	0	
 <b>Auditors Remuneration</b>			
- Audit	12,331	7,140	
- Other Services	2,090	0	
 <b>Depreciation</b>			
Buildings	195,307	191,959	
Furniture and Equipment	23,598	24,409	
Plant and Equipment	289,521	253,255	
Roads	819,055	799,020	
Dual Use Paths	4,217	3,148	
Parks and Ovals	1,831	1,422	
Drainage	5,696	5,695	
Sewerage	7,164	7,164	
Other Reserves	6,741	6,721	
	<u>1,353,130</u>	<u>1,292,793</u>	
 <b>Interest Expenses (Finance Costs)</b>			
Finance Lease Charges	0	0	
Debentures (refer Note 21(a))	31,299	35,287	
	<u>31,299</u>	<u>35,287</u>	
 <b>Rental Charges</b>			
- Operating Leases	<u>0</u>	<u>0</u>	
 (ii) Crediting as Revenue:	2012	2012	2011
	\$	Budget	\$
		\$	
<b>Interest Earnings</b>			
Investments			
- Reserve Funds	52,526	66,226	70,172
- Other Funds	76,700	60,922	58,137
Other Interest Revenue (refer note 26)	21,958	24,446	21,756
	<u>151,184</u>	<u>151,594</u>	<u>150,065</u>



**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(b) Statement of Objective**

The Shire of Jerramungup is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

**GOVERNANCE**

Objective: To provide a decision making process for the efficient allocation of scarce resources.  
Activities: Administration and operation of facilities and services to members of Council; Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.

**GENERAL PURPOSE FUNDING**

Objective: To collect revenue to allow for the provision of services.  
Activities: Rates, general purpose government grants & interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

Objective: To provide services to help ensure a safer community.  
Activities: Supervision of various by-laws, fire prevention, emergency services & animal control.

**HEALTH**

Objective: To provide an operational framework for good community health.  
Activities: Food quality and pest control, maintenance and contributions to health services and facilities.

**EDUCATION AND WELFARE**

Objective: To meet the needs of the community in these areas.  
Activities: Operation and provision of retirement units in Jerramungup and Bremer Bay, assistance to Southern AgCare services, pre-school facility, childcare centre and local primary and high schools and other voluntary services.

**HOUSING**

Objective: Help ensure adequate housing.  
Activities: Maintenance of staff and rental housing.

**COMMUNITY AMENITIES**

Objective: Provide services required by the community.  
Activities: Rubbish collection services, operation of tips, noise control, administration of the town planning scheme, maintenance of cemeteries, control and maintenance of coastal reserves and other community/environmental services.

**RECREATION AND CULTURE**

Objective: To establish and manage efficiently infrastructure and resources which will help the social and well being of the community.  
Activities: Maintenance of halls, sporting complexes, resource centres, Bremer Bay Youth Camp, various parks and associated facilities, provision of library services in Jerramungup & Bremer Bay, maintenance and upgrade of television services.

**TRANSPORT**

Objective: To provide effective and efficient transport services to the community.  
Activities: Construction and maintenance of streets, roads, bridges, cleaning, and lighting of streets, parking facilities, traffic signs, depot maintenance and airstrips maintenance.





**SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(b) Statement of Objective (continued)**

**ECONOMIC SERVICES**

Objective: To help promote the shire and improve its economic wellbeing.

Activities: The regulation and provision of tourism, area promotion, building control, saleyards, noxious weeds, vermin control, and water supply including stand pipes.

**OTHER PROPERTY AND SERVICES**

Activities: Private works operations, plant repairs, and operations costs. Also provides for Dept Transport Licensing.



SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012

2. REVENUE AND EXPENSES (Continued)

Grant/Contribution	Function/ Activity	Opening	Received (+)	Expended (#)	Closing	Received (+)	Expended (#)	Closing
		Balance (*) 1-Jul-10	2010/11	2010/11	Balance (*) 30-Jun-11	2011/12	2011/12	Balance 30-Jun-12
		\$	\$	\$	\$	\$	\$	\$
Royalties for Regions - Asset Management	Governance	35,000	0	(35,000)	0	0	0	0
GSDC - Waste Management	Community Amenities	40,000	0	(40,000)	0	0	0	0
RLCIP - Roe Park Landscaping	Recreation	30,000	0	(30,000)	0	0	0	0
Department of Agriculture - Community Event#	Recreation	0	20,000	0	20,000	0	(20,000)	0
Main Roads - Swamp Road Upgrade+	Transport	0	837,312	(238,141)	599,171	1,255,968	(1,606,295)	248,844
Subdivision Contributions	Economic Service	14,780	0	0	14,780	0	(14,780)	0
Regional Waste Management+	Other Property & Services					198,969	(47,634)	151,335
Bremer Bay Town Centre (CLGF) and GSDC+						354,822	(176,613)	178,209
Kidsport+						23,100	(547)	22,553
<b>Total</b>		<b>119,780</b>	<b>857,312</b>	<b>(343,141)</b>	<b>633,951</b>	<b>1,832,859</b>	<b>(1,865,869)</b>	<b>600,941</b>

Notes:

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

(+) - 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.

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



SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012

	2012	2011
	\$	\$
<b>3. CASH AND CASH EQUIVALENTS</b>		
Unrestricted	(255,989)	527,965
Restricted	1,954,803	1,710,514
	<u>1,698,814</u>	<u>2,238,479</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	57,693	30,321
Plant Reserve	219,991	98,902
Building Reserve	168,591	170,206
Bremer Bay Youth Camp Reserve	44,515	42,348
Community Recreation Reserve	55,073	33,930
Jerramungup Entertainment Centre Reserve	7,258	46,204
Effluent Reserve	349,578	298,169
Jerramungup Retirement Units Reserve	99,261	94,428
Point Henry Fire Levy Reserve	54,136	39,835
Bremer Bay Boat Ramp Reserve	97,363	92,623
Bremer Bay Caravan Park Reserve	0	0
Bremer Bay Retirement Units Reserve	101,736	96,782
Capital Works Reserve	76,957	11,375
Swimming Pool Reserve	6,930	6,593
Unspent Grants	600,941	633,951
Unspent Loans	0	0
Committed Cash - Subdivision Contribution	14,780	14,847
	<u>1,954,803</u>	<u>1,710,514</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates Outstanding	46,029	54,892
Sundry Debtors	922,832	71,260
GST Receivable	39,528	65,116
Accrued Income	14,773	7,746
	<u>1,023,162</u>	<u>199,014</u>
<b>Non-Current</b>		
Rates Outstanding - Pensioners	369	706
Loans - Clubs/Institutions	0	0
	<u>369</u>	<u>706</u>
<b>5. INVENTORIES</b>		
<b>Current</b>		
Fuel and Materials	17,554	38,916
History Books	0	0
Land Held for Resale - Cost	0	0
Cost of Acquisition		
Development Costs		
	<u>17,554</u>	<u>38,916</u>
<b>Non-Current</b>		
Land Held for Resale - Cost		
Cost of Acquisition	0	0
Development Costs	0	0
	<u>0</u>	<u>0</u>



SHIRE OF JERRAMUNGUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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	2012 \$	2011 \$
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land and Buildings - Cost	11,142,052	10,835,285
Less Accumulated Depreciation	<u>(2,771,325)</u>	<u>(2,575,993)</u>
	8,370,727	8,259,292
Furniture and Equipment - Cost	456,562	453,095
Less Accumulated Depreciation	<u>(436,371)</u>	<u>(412,740)</u>
	20,191	40,355
Plant and Equipment - Cost	3,967,398	3,843,330
Less Accumulated Depreciation	<u>(2,349,175)</u>	<u>(2,073,384)</u>
	1,618,223	1,769,946
Plant and Equipment Under Lease		
Less Accumulated Amortisation	<u>0</u>	<u>0</u>
	0	0
	<u>10,009,141</u>	<u>10,069,593</u>



SHIRE OF JERRAMUNGUP  
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6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Total \$
Balance as at the beginning of the year	8,259,292	40,355	1,769,946	10,069,593
Additions	306,767	3,468	306,473	616,708
(Disposals)	0	0	(168,733)	(168,733)
Revaluation - Increments - (Decrements)	0 0	0 0	0 0	0 0
Impairment - (Losses) - Reversals	0 0	0 0	0 0	0 0
Depreciation (Expense)	(195,307)	(23,598)	(289,521)	(508,426)
<b>Carrying amount at the end of year</b>	<b>8,370,752</b>	<b>20,225</b>	<b>1,618,165</b>	<b>10,009,142</b>





SHIRE OF JERRAMUNGUP  
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	2012 \$	2011 \$
<b>7. INFRASTRUCTURE</b>		
Roads - Management Valuation 2005	93,248,103	93,248,103
Roads - Cost	8,654,587	5,928,317
Less Accumulated Depreciation	<u>(12,684,919)</u>	<u>(11,865,864)</u>
	89,217,771	87,310,556
Footpath		
Dual Use Paths - Cost	360,203	309,921
Less Accumulated Depreciation	<u>(80,052)</u>	<u>(75,834)</u>
	280,151	234,087
Drainage - Cost	790,081	790,081
Less Accumulated Depreciation	<u>(154,488)</u>	<u>(148,792)</u>
	635,593	641,289
Parks & Ovals - Cost	247,892	240,309
Less Accumulated Depreciation	<u>(58,093)</u>	<u>(56,262)</u>
	189,799	184,047
Sewerage - Cost	358,200	358,200
Less Accumulated Depreciation	<u>(176,352)</u>	<u>(169,709)</u>
	181,848	188,491
Other Reserves - Cost	667,468	667,468
Less Accumulated Depreciation	<u>(188,203)</u>	<u>(181,461)</u>
	479,265	486,007
	<u>90,984,427</u>	<u>89,044,477</u>

Council have adopted a policy of re-valuing with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date.

This policy also accords with AASB 116.

The Shire of Jerramungup are undertaking an asset strategy to change valuation method.



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7. INFRASTRUCTURE (Continued)

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.

	Roads \$	Dual Use Paths \$	Drainage \$	Parks and Ovals \$	Sewerage \$	Other Reserves \$	Total \$
Balance at the beginning of the year	87,310,555	234,087	641,289	184,046	188,492	486,008	89,044,477
Additions	2,726,270	50,281	0	7,583	0	0	2,784,134
(Disposals)	0	0	0	0	0	0	0
Revaluation - Increments - (Decrements)	0	0	0	0	520	0	520
Impairment - (Losses) - Reversals	0	0	0	0	0	0	0
Depreciation (Expense)	(819,055)	(4,217)	(5,696)	(1,831)	(7,164)	(6,741)	(844,704)
<b>Carrying amount at the end of year</b>	<b>89,217,770</b>	<b>280,151</b>	<b>635,593</b>	<b>189,798</b>	<b>181,848</b>	<b>479,267</b>	<b>90,984,427</b>



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	2012 \$	2011 \$
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	180,960	430,615
Accrued Interest on Debentures	7,104	7,277
Accrued Salaries and Wages	23,233	0
Pay As You Go Liability	29,667	25,457
GST Liability	81,790	26,726
	0	0
	<u>322,754</u>	<u>490,075</u>
<b>9. LONG-TERM BORROWINGS</b>		
<b>Current</b>		
Secured by Floating Charge		
Debentures	74,733	67,682
Lease Liability	0	0
	<u>74,733</u>	<u>67,682</u>
<b>Non-Current</b>		
Secured by Floating Charge		
Debentures	380,303	452,225
Lease Liability	0	0
	<u>380,303</u>	<u>452,225</u>
Additional detail on borrowings is provided in Note 21.		
<b>10. PROVISIONS</b>		
<b>Current</b>		
Provision for Annual Leave	180,573	154,917
Provision for Long Service Leave	97,696	82,634
	<u>278,269</u>	<u>237,551</u>
<b>Non-Current</b>		
Provision for Long Service Leave	70,243	40,549
	<u>70,243</u>	<u>40,549</u>



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	2012 \$	2012 Budget \$	2011 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Leave Reserve</b>			
Opening Balance	30,321	30,321	28,803
Amount Set Aside / Transfer to Reserve	27,371	26,516	1,518
Amount Used / Transfer from Reserve	-	-	-
	<u>57,692</u>	<u>56,837</u>	<u>30,321</u>
<b>(b) Plant Reserve</b>			
Opening Balance	98,902	98,903	129,869
Amount Set Aside / Transfer to Reserve	121,089	106,295	5,075
Amount Used / Transfer from Reserve	-	-	(36,042)
	<u>219,991</u>	<u>205,198</u>	<u>98,902</u>
<b>(c) Community Recreation</b>			
Opening Balance	33,930	33,930	79,727
Amount Set Aside / Transfer to Reserve	21,143	1,697	4,203
Amount Used / Transfer from Reserve	-	-	(50,000)
	<u>55,073</u>	<u>35,627</u>	<u>33,930</u>
<b>(d) Bremer Bay Youth Camp Reserve</b>			
Opening Balance	42,348	42,348	40,227
Amount Set Aside / Transfer to Reserve	2,167	2,117	2,121
Amount Used / Transfer from Reserve	-	-	-
	<u>44,515</u>	<u>44,465</u>	<u>42,348</u>
<b>(e) Building Reserve</b>			
Opening Balance	170,206	170,206	161,695
Amount Set Aside / Transfer to Reserve	-	8,510	8,511
Amount Used / Transfer from Reserve	(1,615)	(10,000)	-
	<u>168,591</u>	<u>168,716</u>	<u>170,206</u>
<b>(f) Bremer Bay Retirement Units Reserve</b>			
Opening Balance	96,782	96,782	91,935
Amount Set Aside / Transfer to Reserve	4,954	4,839	4,847
Amount Used / Transfer from Reserve	-	-	-
	<u>101,736</u>	<u>101,621</u>	<u>96,782</u>
<b>(g) JMP Entertainment Centre Reserve</b>			
Opening Balance	46,204	46,204	43,890
Amount Set Aside / Transfer to Reserve	-	2,310	2,314
Amount Used / Transfer from Reserve	(38,946)	(40,000)	-
	<u>7,258</u>	<u>8,514</u>	<u>46,204</u>



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	2012 \$	2012 Budget \$	2011 \$
<b>11. RESERVES - CASH BACKED (continued)</b>			
<b>(h) Effluent Reserve</b>			
Opening Balance	298,170	298,170	288,483
Amount Set Aside / Transfer to Reserve	51,408	41,822	28,942
Amount Used / Transfer from Reserve	-	-	(19,255)
	<u>349,578</u>	<u>339,992</u>	<u>298,170</u>
<b>(i) Point Henry Fire Levy Reserve</b>			
Opening Balance	39,835	39,835	36,621
Amount Set Aside / Transfer to Reserve	14,301	1,992	3,214
Amount Used / Transfer from Reserve	-	-	-
	<u>54,136</u>	<u>41,827</u>	<u>39,835</u>
<b>(j) Jerramungup Retirement Units Reserve</b>			
Opening Balance	94,428	94,428	89,699
Amount Set Aside / Transfer to Reserve	4,833	4,721	4,729
Amount Used / Transfer from Reserve	-	-	-
	<u>99,261</u>	<u>99,149</u>	<u>94,428</u>
<b>(k) Fishery Beach Boat Ramp Reserve</b>			
Opening Balance	92,622	92,622	87,984
Amount Set Aside / Transfer to Reserve	4,741	4,631	4,639
Amount Used / Transfer from Reserve	-	-	-
	<u>97,363</u>	<u>97,253</u>	<u>92,623</u>
<b>(m) Capital Works Reserve</b>			
Opening Balance	11,375	11,375	231,035
Amount Set Aside / Transfer to Reserve	65,582	569	135,391
Amount Used / Transfer from Reserve	-	-	(355,051)
	<u>76,957</u>	<u>11,944</u>	<u>11,375</u>
<b>(m) Swimming Pool Reserve</b>			
Opening Balance	6,593	6,593	6,263
Amount Set Aside / Transfer to Reserve	337	330	330
Amount Used / Transfer from Reserve	-	-	-
	<u>6,930</u>	<u>6,923</u>	<u>6,593</u>
<b>TOTAL CASH BACKED RESERVES</b>	<u>1,339,081</u>	<u>1,218,066</u>	<u>1,061,717</u>

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

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





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**Leave Reserve**

- to be used to fund annual and long service leave requirements.

**Plant Reserve**

- to be used for the purchase of major plant.

**Community Recreation Reserve**

- to be used to assist local sporting groups to upgrade their facilities.

**Bremer Bay Youth Camp Reserve**

- for the ongoing management and future upgrade of the reserve land on Lot 70 Borden Bremer Bay Road

**Building Reserve**

- to be used for the construction of new Council buildings.

**Bremer Bay Retirement Units Reserve**

- to be used for the provisions required at the units.

**Jerramungup Entertainment Centre Reserve**

- to be used for capital building improvements.

**Effluent Reserve**

- to be used to maintain the efficient running of the facility.

**Point Henry Fire Levy Reserve**

- to be used for the provision, maintenance and construction of strategic fire prevention activities within the Point Henry Peninsula.

**Jerramungup Retirement Units Reserve**

- to be used for the provisions required at the units.

**Fishery Beach Boat Ramp Reserve**

- to be used to upgrade and maintain the boat ramp facility at Fisheries Beach in Bremer Bay

**Capital Works Reserve**

- to be used to supplement future capital works programs.

**Swimming Pool Reserve**

- to preserve any surplus funds from the Jerramungup Swimming Pool's operations for future financial requirements of the Jerramungup Swimming Pool and associated facilities.

The Leave Reserve, Plant Reserve, BB Retirement Units Reserve, Jerramungup Retirement Reserve and Capital Works Reserve are expected to be utilised in 2012/13.



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12. RESERVES - ASSET REVALUATION	2012 \$	2011 \$
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
(a) <b>Land and Buildings</b>		
Opening balance	955,543	955,543
Revaluation Increment		
Revaluation Decrement		
	<u>955,543</u>	<u>955,543</u>
(b) <b>Roads</b>		
Opening Balance	54,254,298	54,254,298
Revaluation Increment		
Revaluation Decrement		
	<u>54,254,298</u>	<u>54,254,298</u>
<b>TOTAL ASSET REVALUATION RESERVES</b>	<u><u>55,209,841</u></u>	<u><u>55,209,841</u></u>



SHIRE OF JERRAMUNGUP  
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13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

	2012 \$	2012 Budget \$	2011 \$
Cash and Cash Equivalents	<u>1,698,814</u>	<u>1,443,066</u>	<u>2,238,479</u>

(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net Result	2,304,062	1,544,224	2,014,141
Amortisation	0	0	0
Depreciation	1,353,130	1,286,739	1,292,793
(Profit)/Loss on Sale of Asset	41,006	39,377	42,145
(Increase)/Decrease in Accrued Interest	(7,200)	0	(21,717)
(Increase)/Decrease in Accrued Wages & Sal	27,443	0	(2,823)
(Increase)/Decrease in Receivables	(816,783)	82,116	(58,371)
(Increase)/Decrease in Inventories	21,362	(1,694)	18,318
Increase/(Decrease) in Payables	(249,655)	(66,091)	194,036
Increase/(Decrease) in Employee Provisions	70,411	0	53,050
Increase GST Liability	55,064	0	0
Grants/Contributions for the Development of Assets	<u>(2,688,647)</u>	<u>(3,339,934)</u>	<u>(2,725,811)</u>
Net Cash from Operating Activities	<u>110,193</u>	<u>(455,263)</u>	<u>805,761</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	15,000	15,000
Credit Card Balance at Balance Date	<u>0</u>	<u>0</u>
<b>Total Amount of Credit Unused</b>	<u>15,000</u>	<u>15,000</u>

Loan Facilities

Loan Facilities - Current	74,733	67,682
Loan Facilities - Non-Current	380,303	452,225
<b>Total Facilities in Use at Balance Date</b>	<u>455,036</u>	<u>519,907</u>

<b>Unused Loan Facilities at Balance Date</b>	<u>0</u>	<u>0</u>
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SHIRE OF JERRAMUNGUP  
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14. CONTINGENT LIABILITIES

There are no contingent liabilities which the Shire Of Jerramungup is aware of arising from the 2011/2012 financial year, or years prior.

15. CAPITAL AND LEASING COMMITMENTS

(a) Finance Lease Commitments

	2012 \$	2011 \$
Payable:		
- not later than one year	0	0
- later than one year but not later than five years	0	0
- later than five years	0	0
Minimum Lease Payments	<u>0</u>	<u>0</u>
Less Future Finance Charges	<u>0</u>	<u>0</u>
Total Lease Liability	<u>0</u>	<u>0</u>

(b) Operating Lease Commitments

The Shire had no operating lease commitment for the 2011/12 financial year.

(c) Capital Expenditure Commitments

	2,012	2,011
Contracted for:		
- capital expenditure projects	0	599,171
- plant & equipment purchases	0	0
Payable:		
- not later than one year	0	599,171



SHIRE OF JERRAMUNGUP  
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16. JOINT VENTURE

The Shire together with the Department of Housing have a joint venture arrangement with regards to the provision of 6 retirement units at Lot 158 Jerramungup, and six retirement units in Roderick Street Bremer Bay. The Shire's equity in the units is included in Property, Plant and Equipment as follows:

	2012	2011
	\$	\$
<b>Non-Current Assets</b>		
Plant & Equipment	187,118	187,118
Less: Accumulated Depreciation	(54,899)	(50,251)
	<u>132,219</u>	<u>136,867</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	1,181,030	701,411
General Purpose Funding	0	0
Law, Order, Public Safety	407,015	344,657
Health	572,352	592,909
Education and Welfare	117,258	198,577
Housing	325,547	1,023,739
Community Amenities	916,347	725,453
Recreation and Culture	2,640,269	3,260,171
Transport	92,978,139	90,711,246
Economic Services	311,925	533,210
Other Property and Services	247,787	1,023,217
Unallocated	1,295,899	2,476,595
	<u>103,733,467</u>	<u>101,591,185</u>





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	2012	2011	2010
<b>18. FINANCIAL RATIOS</b>			
Current Ratio	1.27	1.00	1.57
Untied Cash to Unpaid Trade Creditors Ratio	(1.41)	1.23	3.04
Debt Ratio	0.01	0.01	0.01
Debt Service Ratio	0.02	0.01	0.02
Gross Debt to Revenue Ratio	0.08	0.11	0.13
Gross Debt to Economically Realisable Assets Ratio	0.04	0.04	0.05
Rate Coverage Ratio	0.28	0.31	0.49
Outstanding Rates Ratio	0.02	0.02	0.02

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Unpaid Trade Creditors Ratio	$\frac{\text{untied cash}}{\text{unpaid trade creditors}}$
Debt Ratio	$\frac{\text{total liabilities}}{\text{total assets}}$
Debt Service Ratio	$\frac{\text{debt service cost}}{\text{available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{gross debt}}{\text{total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{gross debt}}{\text{economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{net rate revenue}}{\text{operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{rates outstanding}}{\text{rates collectable}}$



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19. TRUST FUNDS

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

	Balance 1-Jul-11 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-12 \$
Youth Advisory Council	595	0	0	595
Fire Fighting Fund	5,581	0	0	5581
JEC Key Bonds	350	0	0	350
Building Bonds	10,000	10,000	(10,000)	10000
Housing Bonds	5,356	1,965	(1,637)	5684
Subdivision Bonds	30,792	17,623	0	48415
Other Bonds	22,182	400	(400)	22182
Hall and Shire Property Bonds	1,250	0	0	1250
Footpath Bonds	12,000	3,999	(4,500)	11499
CIGF regional grant funding	0	723,836	0	723836
	<u>88,106</u>			<u>829,392</u>

20. DISPOSALS OF ASSETS - 2011/12 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Governance</b>						
Toyota Prado	48,105	48,493	46,818	48,182	(1,287)	(311)
<b>Health</b>						
Holden Caprice	50,969	41,950	40,000	40,909	(10,969)	(1,041)
<b>Transport</b>						
Toyota Hilux SR5 2010	44,550	44,494	40,909	40,000	(3,641)	(4,494)
<b>Community Amenities</b>						
Holden Rodeo JP0025 FBG	25,109	0	0	0	(25,109)	0
4 Residential Blocks-Collins st Jerramungup		133,531		100,000		(33,531)
	<u>168,733</u>	<u>268,468</u>	<u>127,727</u>	<u>229,091</u>	<u>(41,006)</u>	<u>(39,377)</u>

SHIRE OF JERRAMUNGUP  
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21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1-Jul-11 \$	New Loans \$	Principal Repayments		Principal 30-Jun-12		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Loan 257 - Staff Housing	33,213		16,135	16,135	17,078	17,079	1,490	1,558
Loan 258 - JMP Community Centre	44,753		8,195	11,006	36,558	33,511	2,414	2,416
Loan 259 - Key Personnel	441,941		40,541	40,541	401,400	401,400	27,395	27,732
	519,907	0	64,871	67,682	455,036	451,990	31,299	31,706

Loan 259 is associated with the Police Housing project - Council receives \$72280 in rent for these properties annually.  
All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2011/12

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Nil										



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21. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-11 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-12 \$
Nil		0	0	0	0

(d) Overdraft

The Shire of Jerramungup did not require an overdraft facility during the 2011/2012 financial year.



SHIRE OF JERRAMUNGUP  
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22. RATING INFORMATION - 2011/12 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate	1,0310	360	169,430,900	1,746,751	(3,384)	0	1,743,367	1,746,751	0	0	1,746,751
	8,0140	402	4,473,102	357,433	3,562	3,867	364,862	356,363	0	0	356,363
<b>Sub-Totals</b>		762	173,904,002	2,104,184	178	3,867	2,108,229	2,103,114	0	0	2,103,114
<b>Minimum Rates</b>											
Unimproved Value	565	33	144,730	18,645	0	0	18,645	18,645	0	0	18,645
	565	389	2,107,369	219,785	0	0	219,785	219,785	0	0	219,785
<b>Sub-Totals</b>		422	2,252,099	238,430	0	0	238,430	238,430	0	0	238,430
Other Rate Charges							2,346,659				2,341,544
							3,071				
							392				
Discounts											
							2,350,122				2,341,544
							(531)				2,341,544
<b>Totals</b>						2,349,591				2,341,544	





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22. RATING INFORMATION - 2011/12 FINANCIAL YEAR	2012 (1 July 2011 Brought Forward) \$	2011 (30 June 2011 Carried Forward) \$
(b) Information on Surplus/(Deficit) Brought Forward		
<b>Surplus/(Deficit) 1 July 2011 Brought Forward</b>	<u>931895</u>	<u>931895</u>
<b>Comprises:</b>		
Cash - Unrestricted	527,965	527,965
Cash - Restricted	1,710,514	1,710,514
Investments - Restricted	0	0
Rates - Current	54892	54892
Sundry Debtors	68108	71260
GST Receivable	65116	65116
Inventories		
- Fuel and Materials	38916	38916
Accrued income	7746	7746
<b>Less:</b>		
Reserves - Restricted Cash		
- Leave Reserve	30,321	30,321
- Plant Reserve	98,902	98,902
- Building Reserve	170,206	170,206
Bremer Bay Youth Camp Reserve	42,348	42,348
Community Recreation Reserve	33,930	33,930
Jerramungup Entertainment Centre Reserve	46,204	46,204
Effluent Reserve	298,169	298,169
Jerramungup Retirement Units Reserve	94,428	94,428
Point Henry Fire Levy Reserve	39,835	39,835
Bremer Bay Boat Ramp Reserve	92,623	92,623
Bremer Bay Retirement Units Reserve	96,782	96,782
Capital Works Reserve	11,375	11,375
Swimming Pool Reserve	6,593	6,593
Unspent Grants	0	0
Unspent Loans	0	0
Committed Cash - Subdivision Contribution	0	0
Sundry Creditors	430615	430615
Accrued Interest on Debentures	0	0
Accrued Salaries and Wages	0	0
Current Employee Benefits Provision	22305	25457
GST	26726	26726
<b>Surplus/(Deficit)</b>	<u>931895</u>	<u>931,895</u>
<b>Difference:</b>		

There was no difference between the Surplus/(Deficit) 1 July 2011 Brought Forward position used in the 2012 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2011 audited financial report.



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23. SPECIFIED AREA RATE - 2011/12 FINANCIAL YEAR

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Recreation Centre Jerramungup Townsite \$230.60 Minimum Rate	3.2650	GRV		41,812	0	11,603	0
				41,812	0	11,603	0

The Shire of Jerramungup Effluent Area Rate is used to maintain the effluent system in the Jerramungup Townsite. The Jerramungup Effluent Charges are recorded as a fee and charge and funds are used to maintain and upgrade the wastewater system in Jerramungup.

24. SERVICE CHARGES - 2011/12 FINANCIAL YEAR

	Amount of Charge \$	Revenue Raised \$	Budget Revenue \$	Applied to Service Costs \$	Budget Applied to Costs \$
Nil					
		0	0	0	0

Council did not impose any service charges during 2011/2012.



SHIRE OF JERRAMUNGUP  
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25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2011/12 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Write off Small Balances	Write off	Nil	531	541

26. INTEREST CHARGES AND INSTALMENTS - 2011/12 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		10,142	10,570
Interest on Instalments Plan	5.00%		11,522	13,168
Charges on Instalment Plan		5	3,870	
			25,534	23,738

Ratepayers had the option of paying rates in four equal instalments, due on 24th September 2012, 16th November 2012, 18th January 2013 and 15th March 2013. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2012 \$	2011 \$
Governance	7,616	1,330
General Purpose Funding	3,200	4,100
Law, Order, Public Safety	23,953	22,535
Health	2,600	8,535
Education and Welfare	48,527	45,541
Housing	75,213	72,631
Community Amenities	286,085	209,531
Recreation and Culture	23,223	17,988
Transport	193,944	50,825
Economic Services	20,651	25,504
Other Property and Services	281,855	141,398
	<u>966,867</u>	<u>599,918</u>

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



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**28. GRANT REVENUE**

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

	2012	2011
<b>By Nature and Type:</b>	\$	\$
Operating Grants, Subsidies and Contributions	1,595,160	1,314,829
Non-Operating Grants, Subsidies and Contributions	<u>2,688,647</u>	<u>2,725,811</u>
	<u>4,283,807</u>	<u>4,040,640</u>
<b>By Program:</b>		
Governance	28,908	56,017
General Purpose Funding	553,022	423,069
Law, Order, Public Safety	133,827	255,060
Health	1,322	0
Education and Welfare	1,147	643
Housing	0	0
Community Amenities	16,100	37,704
Recreation and Culture	227,402	446,341
Transport	3,105,016	277,592
Economic Services	0	0
Other Property and Services	<u>217,063</u>	<u>45,881</u>
	<u>4,283,807</u>	<u>4,040,640</u>

**29. ELECTED MEMBERS REMUNERATION**

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

	2012	2012	2011
	\$	Budget	\$
		\$	
Meeting Fees	56,000	56,000	56,000
President's Allowance	12,000	12,000	12,000
Deputy President's Allowance	3,000	3,000	3,000
Travelling Expenses	1,060	0	0
Telecommunications Allowance	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>
	<u>79,060</u>	<u>78,000</u>	<u>78,000</u>

**30. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

	2012	2011
	<u>26</u>	<u>27</u>



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31. MAJOR LAND TRANSACTIONS

Sydney Street Subdivision - Collins Street Lots

(a) Details

This land was acquired during 2010/11 for residential sub-division. Additional costs included earthworks, headworks and drainage for developing the 4 residential lots.

(b) Current year transactions	2012 \$	2012 Budget \$	2011 \$
<b>Operating Revenue</b>			
- Profit on sale	0	(33,531)	0
<b>Capital Revenue</b>			
- Sale Proceeds	0	100,000	0
<b>Capital Expenditure</b>			
- Purchase of Land	0	0	662
- Development Costs	0		132,892
	<u>0</u>	<u>0</u>	<u>133,554</u>

There are no liabilities in relation to this land transaction as at 30 June 2012.

(c) Expected Future Cash Flows

	2013 \$	2014 \$	2015 \$	2016 \$	2017 \$	Total \$
<b>Cash Outflows</b>						
- Development Costs	(275,000)	0	(430,000)	0	0	(705,000)
- Loan Repayments	0	0	0	0	0	0
	<u>(275,000)</u>	<u>0</u>	<u>(430,000)</u>	<u>0</u>	<u>0</u>	<u>(705,000)</u>
<b>Cash Inflows</b>						
- Loan Proceeds	0	0	127,800	0	0	127,800
- Sale Proceeds	160,000	120,000	120,000	0	0	400,000
	<u>160,000</u>	<u>120,000</u>	<u>247,800</u>	<u>0</u>	<u>0</u>	<u>527,800</u>
<b>Net Cash Flows</b>	<u>(115,000)</u>	<u>120,000</u>	<u>(182,200)</u>	<u>0</u>	<u>0</u>	<u>(177,200)</u>

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2011/12 financial year.





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33. FINANCIAL RISK MANAGEMENT

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

Council 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 Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	1,698,814	2,238,479	1,698,814	2,238,479
Receivables	1,023,531	199,720	1,023,531	199,720
	<u>2,722,345</u>	<u>2,438,199</u>	<u>2,722,345</u>	<u>2,438,199</u>
<b>Financial Liabilities</b>				
Payables	322,754	490,075	322,754	490,075
Borrowings	455,036	519,907	428,488	490,630
	<u>777,790</u>	<u>1,009,982</u>	<u>751,242</u>	<u>980,705</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.



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33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	2012 \$	2011 \$
Impact of a 10% (*) movement in interest rates on cash and investments:		
- Equity	169,881	223,848
- Statement of Comprehensive Income	169,881	223,848

**Notes:**

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

Recent market volatility has seen large market movements for certain types of investments.

Impact of a 1% (\*) movement in interest rates on cash and investments:

- Equity	16,988	22,385
- Statement of Comprehensive Income	16,988	22,385



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33. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

Council'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. Council 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 Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council 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.

Council 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 Council's credit risk at balance date was:

	2012	2011
Percentage of Rates and Annual Charges		
- Current	1.27%	0.00%
- Overdue	98.73%	100.00%
Percentage of Other Receivables		
- Current	99.35%	77.11%
- Overdue	0.65%	22.89%



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33. FINANCIAL RISK MANAGEMENT (Continued)  
(c) Payables  
Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council 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 Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<b>2012</b>					
Payables	322,754			322,754	322,754
Borrowings	103,053	297,821	171,459	572,334	455,036
	<u>425,807</u>	<u>297,821</u>	<u>171,459</u>	<u>895,088</u>	<u>777,790</u>
<b>2011</b>					
Payables	490,075	0	0	490,075	490,075
Borrowings	99,698	328,935	240,043	668,676	519,907
	<u>589,773</u>	<u>328,935</u>	<u>240,043</u>	<u>1,158,751</u>	<u>1,009,982</u>



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33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables  
Borrowings (Continued)

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. Council 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:

	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<b>Year Ended 30 June 2012</b>								
Payables								
Borrowings								
<b>Fixed Rate</b>								
Debentures	17,078		36,558		401,400		455,036	6.34%
Weighted Average Effective Interest Rate	5.72%		5.80%		6.42%			
<b>Year Ended 30 June 2011</b>								
Payables								
Borrowings								
<b>Fixed Rate</b>								
Debentures	33,212		44,753		441,941		519,906	6.32%
Weighted Average Effective Interest Rate	5.72%		5.80%		6.42%			