



# Annual Report 2018-2019



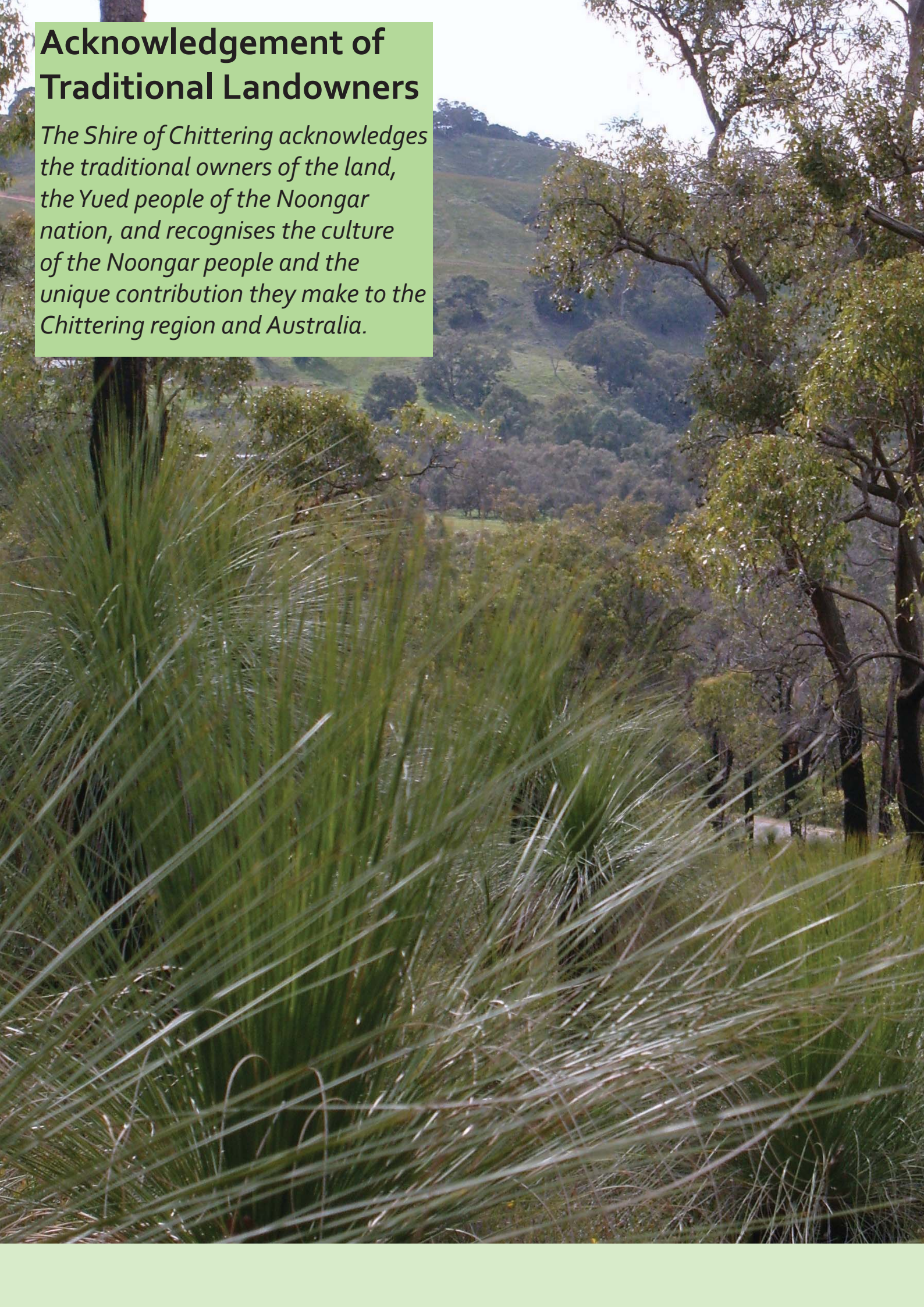
**A connected,  
thriving  
community**





## Acknowledgement of Traditional Landowners

*The Shire of Chittering acknowledges the traditional owners of the land, the Yued people of the Noongar nation, and recognises the culture of the Noongar people and the unique contribution they make to the Chittering region and Australia.*





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# Purpose of the Annual Report

The Western Australian *Local Government Act 1995* requires every local government to produce an Annual Report by 31 December each year. In addition, the Annual Report:

- Is an essential tool to inform the community and key stakeholders about achievements, challenges and future plans;
- Promotes greater community awareness of the Shire's programs and services which contribute to a high quality of life for residents, visitors and stakeholders;
- Demonstrates the Shire's performance against the long-term vision of the Strategic Community Plan, projects and priorities detailed within the Shire's Corporate Business Plan;
- Provides information about the Shire's organisational performance; and
- Illustrates the Shire's commitment to accountable and transparent government.

## Alternative Formats

This document is available in alternative formats and languages on request. You can make a request by emailing [chatter@chittering.wa.gov.au](mailto:chatter@chittering.wa.gov.au) or calling the Shire's Human Resources Coordinator on 9576 4600.

This Annual Report can also be viewed on the Shire's website at [chittering.wa.gov.au](http://chittering.wa.gov.au).

## Feedback or Questions

Feedback or questions relating to this Annual Report are welcome.

Email: [chatter@chittering.wa.gov.au](mailto:chatter@chittering.wa.gov.au)

Mail: Shire of Chittering  
PO Box 70  
Bindoon WA 6502

## How to Read the Annual Report

The Annual Report is divided into the following sections:

- An overview of information about the Shire of Chittering (Pages 6 to 14);
- An overview of the Council and the organisation (Pages 16 to 23);
- Reports against the activities within each key theme of the Strategic Community Plan (Pages 24 to 29);
- Corporate Business Plan Future Projects (Page 30);
- Statutory Reporting (Pages 31 to 33); and
- 2018/19 Financial Indicators and Audited Financial Statements (Pages 34 to 85).





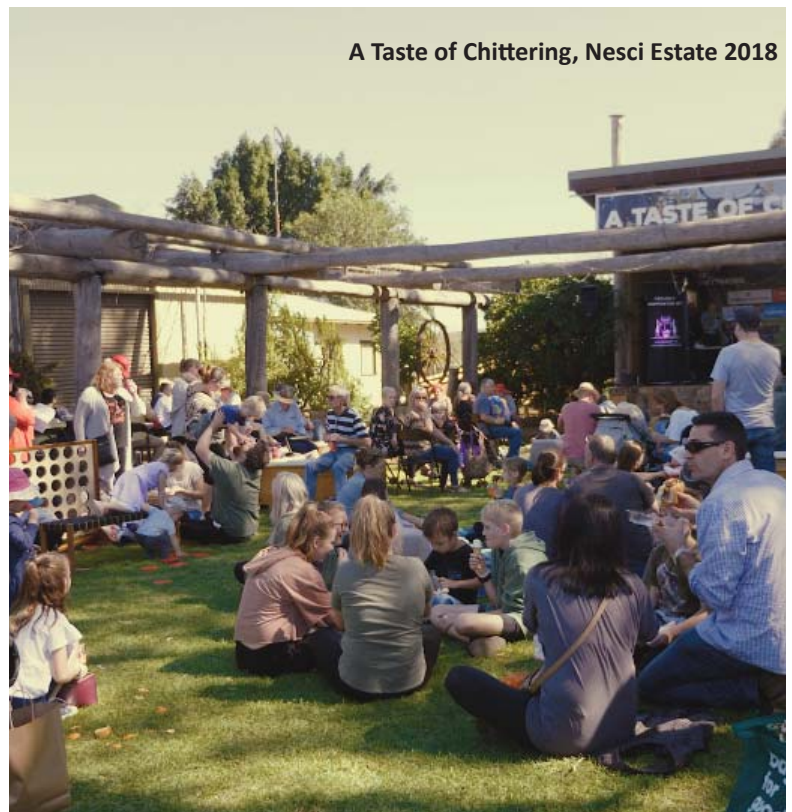
# Strategic Community Plan 2017-2027

This Annual Report shows how the Shire of Chittering is delivering the vision outlined in its Strategic Community Plan 2017-2027, the Shire's overarching guide for the future.

## **Vision**

*"A connected, thriving community"*

This Annual Report outlines achievements against each key theme in the Plan.



**Our Community**

**Our Natural  
Environment**

**Our Built  
Environment**

**Economic Growth**

**Strong Leadership**



# Shire Values



The Shire has adopted the following values to align with the vision of the *Strategic Community Plan 2017-2027*.

**Support** - We support colleagues, community and Council, as well as understand workloads and to provide assistance, and we support with empathy and compassion.

**Honesty** - We build trust, integrity and relationships to create transparency.

**Accountability** - We ensure accountability with ourselves, our community and our team to deliver quality and strive for continuous improvements.

**Respect** - We treat everyone with fairness and dignity

**Effective Communication** - We listen to what is being said and responding with respect



# Our Services

Local government in Western Australia is established under the Local Government Act 1995, and is the third sphere of government. Local government is responsible for delivering a wide range of economic, human, recreational and property services as well as developing and maintaining essential community infrastructure.

Local government has legislative responsibility to perform many functions for the local community which are mandatory services. Examples include approvals for planning, building and health, and swimming pool security fencing.

Local government also delivers discretionary services to the community, such as library programs and events, and the provision of recreational facilities and programs, which contribute to an improved quality of life for people within the community.

## Provision and Maintenance of Community Facilities, Infrastructure and Assets

Community Buildings

Playgrounds

Bindoon Library and Little Free Libraries

Bridges

Footpaths

Stormwater Drainage

Roads

Parks

Street Lighting

Car Parks

Streetscapes

Sport and Recreation Facilities

Fleet

Natural Bushland and Conservation Areas





## Delivery of Discretionary Services

Conservation and Environmental Programs

Shire Rangers

Leisure Centres and Recreational Programs and Events

Waste Services (recycling, greens, white goods, etc)

Economic Development and Investment Attraction

Civic Ceremonies

Community Development

Youth Services

Community Safety Programs

Library Programs and Events

Facility Hire

Community Health Programs

Community Education Programs

Cultural Programs

Graffiti Removal

Festivals and Events

Noise Investigations

Stable Fly Management



ANZAC Day Wreath making

## Provision of Mandatory Service - State Legislation and Local Laws

Animal Control

Litter

Verge Obstruction

Public Event Compliance

Signs

Abandoned Vehicles

Bushfire Prevention and Management

Building and Planning Compliance

Waste Services (weekly refuse collection)

Public Building Inspections

Library Lending Services

Urban Planning

Swimming Pool Safety

Access and Inclusion

Food Safety

Building, Planning and Health Approvals

Environmental Health Regulations





# Calendar of Community Events

# 2018

## July



Brockman Centre School Holiday Fun

## August



A Taste of Chittering  
Targa West

## September



Centenary of Armistice Community Tree Planting  
Chittering Spring Festival

## October



Halloween Party  
Book Folding Workshops  
Bindoon Agricultural Show and Rodeo  
Emergency Heros School Holiday Activity

## November



Book Folding Workshops  
Science Month Activities and Experiments  
NaMoWriMo Write in Sessions  
Computer Security Seminar  
Seniors Week Farm Flavour Trail Tour  
Me @ 3 Play Session  
Chittering Car Day & Markets

## December



Library Members and Volunteers Christmas Party  
Bindoon Christmas Tree  
Muchea Christmas Tree & Outdoor Movie  
Lower Chittering Christmas Tree & Outdoor Movie



# 2019

## January



Community Australia Day Celebrations

## February



Library Lovers Day Morning Tea  
Youth Krew Drive-in Movie Night

## March



Annual General Meeting of Electors  
Muchea Industrial Park Prospectus Launch  
Mango Festival

## April



Spy Month Activity Packs  
School Holiday Activity @ Muchea Hall

## May



Wear Ya Wellies  
National Simultaneous Storytime  
National Families Week

## June



Movie Madness



# President's Message



It gives me much pleasure in presenting the Annual Report for 2018-2019. The past 12 months have been a busy time with significant development and a host of events occurring throughout the Shire and even some changes within the administration.

In late 2018, we bid farewell to our CEO, Alan Sheridan. Alan served the municipality and Council professionally and passionately and his contributions were of significant benefit to the Council as we planned future projects and the ongoing strategic direction of the Shire. Following a rigorous selection process, we welcome our new CEO, Matthew Gilfellon who, with his family, will settle into Bindoon in July 2019. Matthew is a young and eminently-qualified CEO who is looking forward to the challenges of managing our Shire.

Development-wise, this year we saw some exciting progress made on a few significant projects. The Shire launched the Muchea Industrial Park Investment Prospectus in February this year to promote the opportunity and attract investment. The 1,167ha Park, which is traversed by Great Northern Highway and the NorthLink Tonkin Highway freeway extension at Muchea, offers the freight and logistics sectors and advanced manufacturing and processing industries significant opportunities at the northern "gateway" to the metropolitan area. Subdivision roads are already being constructed and earthworks on a couple of sites (including a \$15 million truck stop) have commenced. Once developed, the Park should generate many tens of thousands of dollars in rates revenue for the Shire which can be offset against the various community projects already underway or being considered by the Council.

The construction of the NorthLink Tonkin Highway freeway extension is also well underway with completion expected around December 2019. Works have also commenced on the Muchea North section (running from Muchea to the Chittering Roadhouse) and this project is also expected to be completed late in 2019 or early 2020. While the Shire is already a weekend destination for many tourists and metro area residents, the new highway will significantly decrease travel time to the Shire from the city and provide even more opportunity to showcase our abundant attractions and fantastic countryside.

These infrastructure projects will also provide improved opportunities for Chittering residents to better access employment either in the MIP or in Perth, and education and medical and specialist services only available in the metropolitan area.

The year also saw Council successful in its grant application to progress the Lower Chittering Recreation Facility, receiving \$4.71M from the Federal Government towards

the \$9.71M project. The Shire is borrowing the balance of \$5M dollars which includes a self-supporting loan of \$1.725 to Immaculate Heart College for their contribution towards the project (for future school day use of parts of the facility), to be paid back to the Shire in due course. While the Shire is able to service the full loan amount, the College's opportunity contribution should realise the construction of a \$9.71M wholly Shire-owned community facility for a ratepayer contribution of only \$3.2M.

The planning for several other strategic community projects is well underway and various exciting private projects have received town planning approval during the year. The next 12 months will see Council continue to strive towards the implementation of Shire projects relevant to all parts of our community and oversee the carefully managed approval of a wide range of developments which complement our environment and community.

On behalf of the residents and Council, I would like to thank our staff who have again worked tirelessly throughout the year helping Council to manage costs and deliver services to the Chittering community. The Shire operation has been managed efficiently and professionally and staff regularly worked late hours on administrative matters or to produce fantastic events for locals and visitors to the Shire including most notably Taste of Chittering held at Nesci Estate and the infamous Wear Ya Wellies which attract thousands of attendees. Those efforts are truly appreciated by Council.

I would also like to recognise the continued efforts of our community volunteers, from brigade members to CWA and sporting group members, and recognise the wonderful service they provide to the benefit of us all.

Finally, and mirroring my sentiments of last year, we continue to grow at an exciting rate with many opportunities being presented to us as a Shire. Our ongoing challenge is to ensure that we make the most of those opportunities and continue to do our best to protect our environment, our lifestyle and our way of life.

Yours in service.

**Cr Gordon Houston**





# Chief Executive Officer's Message

It continues to be an exciting time for the Shire of Chittering. Population continues to be high and while this is exciting for the future of the shire it also provides some challenges, particularly around retaining our environmental and community values.

The Muchea Industrial Park project continues to get closer. This year we received funding from the Federal Government to produce a prospectus for the Muchea Industrial Park. When Northlink is completed, the industrial park will be in a much better position and we hope that the prospectus will help to spark interest in the area.

Wear Ya' Wellies and Taste of Chittering were both again successfully run and proved great at attracting visitors to our area. These events and others such as Targa West, help to promote our shire to a wider audience. In addition to these events, we also run many smaller community focused events throughout the year.

We have not forgotten about our core services. The maintenance of our Parks and Gardens continues to be performed at a good standard. We have also continued with a larger road program to try and increase the standards of our roads. This year we replaced Flat Rocks Bridge, utilised shire and Blackspot funding to fix blackspots on Muchea East Road, Chittering Road, Wandena Road and Mooliabeenee Road. Large works were performed on Muchea East Road in part thanks to Regional Road Group Funding.

We also built a large section of footpath on Archibald Street in Muchea with the rest to follow next year.

This year saw the departure of Alan Sheridan from the CEO position. He was replaced by Neil Hartley in an acting capacity until I commenced in the position. I would like to thank Alan for his time at the shire and the many projects that developed and Neil for his influence while he was at the shire.

I would like to thank all the staff at the shire for their work and commitment. They are the real drivers of the shire and a positive attitude does more for ensuring an efficiently run shire than anything else.

I would also like to thank Council for their continue cooperation and support. A good relationship is essential to a well performing shire and their trust makes the relationship easy.

**Matthew Gilfellow**

# Year in Review 2018/19

## Major Achievements

Whilst the *Strategic Community Plan 2017-2027* provides the vision for all Shire activities, the Shire's *Corporate Business Plan* contains the priority projects and programs to achieve the vision. A copy of the Corporate Business Plan can be found on the Shire's website at [chittering.wa.gov.au](http://chittering.wa.gov.au)

The following outlines the major achievements against the *Corporate Business Plan* in 2018/19 and provides a status of each project or program at the end of the year.

Achievements include:

- Road reseals, reconstruction, bridges and footpaths - \$2,602,418
- Town Streets - \$103,132
- Muchea Hall - \$26,000 'Pavillion Upgrade'
- New Customer Service / Office Refit - \$174,400
- Re-purchase of land for future lifestyle village - \$550,000
- Phone Upgrade and Chambers Equipment - \$52,500
- Muchea Industrial Park Prospectus - \$157,500
- Chinkabee Complex, cricket pitch resurface - \$4,700
- Muchea Sportsground, cricket practice nets - \$58,800
- Muchea Sportsground, upgrades - \$7,500
- Muchea Entrance Signage - \$14,500
- Lower Chittering Sports and Recreation Facility, Stage 1 - \$90,500
- Wannamal Rest Area, Lock-up storage shed - \$5,500
- Memorial Gardens at Cemetary - \$12,500
- Needoonga Trail Enhancement - \$32,600









# The Council and the Organisation

## Council Structure

The Shire of Chittering consists of popularly elected members (seven) who are elected for a four year term. Elections are held every two years, at which half the seats are contested.

Council governs the Shire's affairs, monitors the performance of its functions, and is responsible for allocating finances and resources. Council also determines and reviews the Shire's policies, plans and other statutory documents.

Council meetings are held between February and December, and are usually held on the third Wednesday of the month. Council is the major decision-making body for the Shire. Meetings are open to the public who can ask questions or make a deputation to Council.

## Committees, Advisory Groups and External Organisations

To assist with decision making responsibilities, Council has established three internal committees comprising of Elected Members and external representatives. Each committee performs a specific purpose and its recommendations are presented to Council as the decision-making body. A table of the Shire's Committees and the attendance record of Elected Members at those meetings are details in this Annual Report from pages xx-xx.

A number of Advisory Groups are established to facilitate community participation in Council's decision-making process. These groups provide an opportunity for the Shire to capture the views of the community to assist Elected Members and Council to address strategic issues.

Agendas of Council Meetings and Committees are published on the Shire's website, and are made available prior to the meetings. Minutes of the Council and Committee Meetings are also available to the public on the Shire's website at [www.chittering.wa.gov.au](http://www.chittering.wa.gov.au)

Elected Members also participate and represent the Shire on external boards and committees to provide an input into various issues that face the local government industry and the Chittering community. Membership is listed against each Elected Member.







## **President Cr Gordon Houston**

*Term expires October 2019*

**President since July 2016**

**Email:** crhouston@chittering.wa.gov.au

### **Interests**

Precinct planning, recreation trails and reserves, infrastructure services, project activities, heritage

### **Council appointed Committees / Advisory Groups / External Committees / Boards**

- Audit Committee
- Local Emergency Management Committee
- WALGA Avon Midland Country Zone
- Chittering Vally Land Conservation District Committee
- Northern Growth Alliance
- Wheatbelt Development Assessment Panel



## **Cr Peter Osborn**

*Term expires October 2021*

**Elected Member since October 2015**

**Email:** crosborn@chittering.wa.gov.au

### **Interests**

Environment, waste management, catchment management

### **Council appointed Committees / Advisory Groups / External Committees / Boards**

- Audit Committee
- Chittering Bushfire Advisory Committee
- Local Emergency Management Committee
- Chittering Community Planning Advisory Group
- Chittering Education Scholarship Advisory Group
- Chittering Mining Advisory Group
- WALGA Avon Midland Country Zone
- Chittering Tourist Association
- Chittering Vally Land Conservation District Committee
- Ellen Brockman Integrated Catchment Committee
- Northern Growth Alliance
- Wannamal Community Centre Inc
- Wheatbelt Development Assessment Panel
- Wheatbelt North Regional Road Group



### **Cr Mary Angus**

*Term expires October 2019*

**Elected Member since October 2016**

**Email:** crangus@chittering.wa.gov.au

#### **Interests**

Health and aged care, youth and related services, sport and recreation

#### **Council appointed Committees / Advisory Groups / External Committees / Boards**

- Audit Committee
- Chittering Education Scholarship Advisory Group
- Chittering Youth Krew Advisory Group
- District Health Advisory Council (WA Country Health Services Wheatbelt)
- Wheatbelt Development Assessment Panel



### **Cr Don Gibson**

*Term expires October 2021*

**Elected Member since May 2005**

**Email:** crgibson@chittering.wa.gov.au

#### **Interests**

Heritage

#### **Council appointed Committees / Advisory Groups / External Committees / Boards**

- Audit Committee
- Chittering Community Support Funding Advisory Group
- Bindoon and Districts Historical Society





### **Cr Aaron King**

*Term expires October 2019*

**Elected Member since October 2015**

**Email:** crking@chittering.wa.gov.au

#### **Interests**

Integrated planning, asset management, financial sustainability

#### **Council appointed Committees / Advisory Groups / External Committees / Boards**

- Audit Committee
- Chittering Mining Advisory Group
- Chittering Community Complex Advisory Group



### **Cr Carmel Ross**

*Term expires October 2021*

**Elected Member since October 2017**

**Email:** ccross@chittering.wa.gov.au

#### **Interests**

Economic development and tourism

#### **Council appointed Committees / Advisory Groups / External Committees / Boards**

- Audit Committee
- Chittering Bushfire Advisory Committee
- Chittering Community Planning Advisory Group
- Chittering Community Complex Advisory Group
- Bindoon and Districts Historical Society
- Chittering Tourist Association
- District Health Advisory Council (WA Country Health Service Wheatbelt)
- Wannamal Community Centre Inc
- Wheatbelt Development Assessment Panel



## Cr George Tilbury

*Term expires October 2019*

**Elected Member since October 2015**

**Email:** [crtilbury@chittering.wa.gov.au](mailto:crtilbury@chittering.wa.gov.au)

### Interests

Law, order and public safety

### Council appointed Committees / Advisory Groups / External Committees / Boards

- Audit Committee
- Chittering Community Support Funding Advisory Group
- Chittering Youth Krew Advisory Group
- Chittering Community Complex Advisory Group
- Chittering Valley Progress and Sporting Association





# Elected Member Conference and Training Attendance

To enable Elected Members to develop and maintain skills and knowledge relevant to their role as representatives of the Shire, Elected Members are encouraged to attend conferences and training events to keep more informed and better able to fulfill their duties of office.

The following table represents conferences and training undertaken during 2018/19:

Elected Member	Conference/Training Details	Location	Date(s)
Cr Carmel Ross	Planning Practices - The Essentials	WALGA, West Leederville	30 July 2018
Cr Carmel Ross	Beneficial Enterprises - how local government can meet market failure	Perth	1 August 2018
Cr Gordon Houston	Local Government Convention and Exhibition	Perth	1 - 3 August 2018
Cr Mary Angus	Local Government Convention and Exhibition	Perth	1 - 3 August 2018
Cr Donald Gibson	Local Government Convention and Exhibition	Perth	1 - 3 August 2018
Cr Gordon Houston	Environmental Health Australia Conference	Fremantle	30 October 2018
Cr Mary Angus	Meeting Procedures and Debating (for Elected Members) eLearning	eLearning	14 February 2019
Cr Carmel Ross	Planning Practices - Advance	WALGA, West Leederville	28 March 2019



# Council and Committee Meeting Attendance

Elected Member	Ordinary Council (11)	Special Council (4)	Annual / Special Electors (2)	Audit Committee (2)	Bushfire Advisory Committee (3)	Local Emergency Management Committee (2)
Cr Gordon Houston <sup>4</sup>	11	3	2	1		2
Cr Peter Osborn <sup>1</sup>	10	3	2	2	3	
Cr Mary Angus	11	4	2	2		
Cr Donald Gibson <sup>3</sup>	10	4	2	2		
Cr Aaron King <sup>5</sup>	10	3	1	1		
Cr Carmel Ross	11	4	2	2	3	
Cr George Tilbury <sup>2</sup>	9	4	2	1		

<sup>1</sup> Cr Peter Osborn was an apology for OCM on 15 August 2018, on Approved Leave of Absence for LEMC on 28 November 2018, on Approved Leave of Absence for SCM on 27 March 2019

<sup>2</sup> Cr George Tilbury was on Approved Leave of Absence for OCM on 19 September 2018, an apology for the Audit Committee on 20 March 2019, an apology for the OCM on 20 March 2019

<sup>3</sup> Cr Donald Gibson was an apology for OCM on 21 November 2018

<sup>4</sup> Cr Gordon Houston was an apology for the Audit Committee and Special Council Meetings on 29 January 2019

<sup>5</sup> Cr Aaron King was an apology for the Audit Committee and Special Council Meetings on 29 January 2019, an apology for OCM on 19 June 2019, an apology for the Special Meeting of Electors on 17 June 2019



# Organisation Structure

The Shire's organisational structure is designed to facilitate the delivery of projects and programs within the five key theme's of the Shire's *Strategic Community Plan*.

The structure is led by the Chief Executive Officer who is supported by an Executive Leadership Team comprising of three Executive Managers. Each Manager oversees the operations of Business Units structured to meet the Shire's strategic and operational objectives, legislative responsibilities and to ensure services are delivered in the most efficient and effect manner.

## Chief Executive Officer - Matthew Gilfellon



*Reporting  
to the  
Strategic  
Community  
Plan*





# Our Community

*An inclusive, active, safe and healthy community*

Outcome	Strategies	Measures	Results 2019
<b>An active and supportive community</b>	Strengthen aged, youth and children services access through partnerships and advocacy	Community satisfaction with services and support for youth, families, seniors and people with disabilities	<ul style="list-style-type: none"> <li>Youth Krew continues with membership increasing</li> <li>Club development activities continue with social and recreational clubs</li> <li>Interaction with the NDIS through the trial site</li> <li>Ongoing support for Seniors Week</li> </ul>
	Develop and enhance existing recreation and social facilities for local communities	Community satisfaction with range and quality of recreation opportunities	

Outcome	Strategies	Measures	Results 2019
<b>Strong sense of community</b>	Actively support community, volunteer groups and networks	Maintain or increase the number of community volunteers	<ul style="list-style-type: none"> <li>Continued Club newsletter, which is issued every quarter</li> <li>Ongoing user group meetings with all facility users</li> </ul>
	Strengthen and grow social events and festivals	Community satisfaction in social events and festivals	<ul style="list-style-type: none"> <li>Three annual large scale community events: Wear Ya Wellies (est 7,500 attendees), A Taste of Chittering (est 8,000 attendees) and Bindoon Show (est 3,500 attendees) and Bindoon Rodeo (est 2,500)</li> <li>Community Assistance Grant continues to provide financial assistance to local groups</li> <li>Area promotion for local events</li> </ul>
	Activate our local centres and towns	Increased positive social activity in our centres and towns	<ul style="list-style-type: none"> <li>Engagement with the Chittering Tourist Association</li> </ul>

Outcome	Strategies	Measures	Results 2019
<b>A safe and healthy community</b>	Improve the safety of our community	Community satisfaction with the Shire's role in community safety	<ul style="list-style-type: none"> <li>CCTV upgrades in all centres</li> </ul>
	Advocate for improved education and health services	Community satisfaction with the Shire's role in public health	<ul style="list-style-type: none"> <li>Continuation of the Chittering Health Advisory Group</li> <li>User meetings with the Chittering Health Centre</li> </ul>

# Our Natural Environment

*A protected and bio-diverse environment which community and visitors enjoy*

Outcome	Strategies	Measures	Results 2019
<b>Protective environment</b>	Ensure the protection of our local biodiversity	Naturally reverse bush conditions against nationally accepted practices	<ul style="list-style-type: none"> <li>Actively support and encourage local landcare groups and wildlife carers through the Community Assistance Grant Fund</li> <li>Upgrade existing trails and planning for new area promotion of any existing eco-tourism</li> <li>Support Chittering Spring Festival through the Community Assistance Grant Fund</li> <li>Investigated opportunities for increase in eco-tourism activities</li> </ul>
	Develop an integrated network of walking and cycling trails	Community satisfaction with the town's conservation and environmental management	
	Explore opportunities for other eco based recreational activities		
	Support eco-tourism		

Outcome	Strategies	Measures	Results 2019
<b>Sustainable resources</b>	Education and partnerships	Community education programs implemented	<ul style="list-style-type: none"> <li>Chittering Landcare funding and support</li> <li>Annual report to Council indicates above average diversion of waste from landfill. Difficult to increase at this time without interventions</li> <li>Chittering is above average with it's recycling rates when compared to similar sized local governments</li> </ul>
	Encourage sustainable design	ANZEEC standard of water quality against Nationally accepted practice	
	Improved waste management outcomes	Waste to landfill - kilograms per capita (maintain or decrease)  Recycling rates - kilogram per capita (increase)  Increased uptake of solar power technology in the Shire	
	Improve the sustainability of Council buildings		

Outcome	Strategies	Measures	Results 2019
<b>Protection of life and property</b>	Improved bushfire preparedness and recovery	Community bushfire safety education programs implemented  Hazard risk mapping and planning conducted	<ul style="list-style-type: none"> <li>Extensive awareness project implemented and in the process of being implemented throughout the Shire</li> <li>Implemented Hazard Risk Mapping and Planning</li> </ul>



# Our Built Environment

*Well-planned built landscapes that are progressive, vibrant, diverse and reflect the Shire's unique country lifestyle*

Outcome	Strategies	Measures	Results 2019
<b>Development of local hubs</b>	Plan for new and enhanced community facilities	Community facilities which meet the needs of the community	<ul style="list-style-type: none"> <li>Lower Chittering Sports Facility Concept Planning commenced</li> <li>Commenced Place Making Strategy for Bindoon townsite</li> <li>Muchea Industrial Park; planning for major industrial area commenced. Future development to ensure preservation of natural environment</li> <li>Bindoon streetscape has led to a significant increase in business, promoting a more pleasant and inviting atmosphere</li> </ul>
	Activate local town centres to ensure a good mix of resident, commercial and social infrastructure	Community satisfaction with housing choice and community facilities in the Shire	
	Plan for and facilitate housing choice		
	Balance urban development with a focus on natural environmental protection and open spaces		

Outcome	Strategies	Measures	Results 2019
<b>Safe access</b>	Advocate for improved public transport	Community satisfaction with roads, footpaths and cycle paths	<ul style="list-style-type: none"> <li>Ongoing; implementation of Capital Works Program to improve footpath</li> <li>Safety and improvements to roads under renewal of Blackspots motorcycle safety measures</li> </ul>
	Improve pedestrian and cycle access	Community satisfaction with access to public transport both within the Shire and to/from it	
	Improve road safety options		

Outcome	Strategies	Measures	Results 2019
<b>Improved infrastructure and amenities</b>	Improved asset management across all asset classes	Community satisfaction with infrastructure across the Shire	<ul style="list-style-type: none"> <li>Asset Management Plan reviewed and updated, to be published as part of the Corporate Business Plan</li> <li>Level of complaints regarding roads and other infrastructure is generally low</li> </ul>
Focus on improved asset management			

# Economic Growth

*Thriving, sustainable and diverse economic investment and local employment opportunities from cottage to large-scale industry*

Outcome	Strategies	Measures	Results 2019
<b>Economic growth</b>	Support private investment which stimulates significant and sustainable jobs growth	Number of business in the Shire (increase)	<ul style="list-style-type: none"> <li>Collaborated with the Northern Growth Alliance (Shires of Chittering, Dandaragan and Gingin) to produce an investment prospectus and tourism strategy, that was launched in December 2018</li> <li>Significant focus on delivery of an investment prospectus for the Muchea Industrial Park</li> <li>Support for Farm Gate enterprise local market and new investments such as the Locavore Store in Bindoon</li> </ul>
	Actively pursue development of the Muchea Employment Node	Productivity (Gross Regional Product estimate) (increase)	
	Support agricultural growth, with a focus on local produce and agribusiness		

Outcome	Strategies	Measures	Results 2019
<b>Local business growth</b>	Encourage and support local businesses and new investments for the future	Estimated number of local jobs (increase) Positive relationship and partnership with local Chamber of Commerce Local Business Mentoring and incentives program delivered in partnership with the Chambe of Commerce	<ul style="list-style-type: none"> <li>Excellent partner with local Chamber of Commerce which has a proactive and positive approach to small business</li> <li>Support for Chittering Tourist Association workshops</li> <li>Support for Chamber of Commerce to run programs for local businesses</li> </ul>

Outcome	Strategies	Measures	Results 2019
<b>Increased visitors</b> <i>Visitors are welcome to stay and recreate</i> <i>Improved access and places to visit</i>	Support and promote accommodation options	Increase in the number of local accommodation options	<ul style="list-style-type: none"> <li>Support for local operators wishing to establish farmstays</li> <li>Increased promotion through local events which have grown rapidly - increase in attendance by 50% each year</li> </ul>
	Support and grow events to attract visitation	Continued support of cultural events across the Shire	
	Facilitate, promote and support ecotourism	Increased promotion of the Shire of Chittering as a tourist destination Increased number of visitors to the Shire	



# Strong Leadership

*A responsive and empowering Council which values consultation, accountability and consistency*

Outcome	Strategies	Measures	Results 2019
<b>An engaged community</b>	Encouraged and promote community engagement	<p>Community satisfaction with how they are consulted about local issues (improve)</p> <p>Community satisfaction with Council's leadership (improve)</p> <p>Community who feel that the Shire understands community needs and prioritises appropriately</p>	<ul style="list-style-type: none"> <li>Briefings with community groups on strategic projects</li> <li>Continuing support of CPAG</li> <li>Engagement with local schools and businesses</li> </ul>

Outcome	Strategies	Measures	Results 2019
<b>Strong partnerships and relationships</b>	<p>Build effective partnerships with stakeholders</p> <p>Actively seek grant funding opportunities to support identified projects</p>	<p>Increased and strengthened partnerships with stakeholders for the benefit of the Shire of Chittering</p> <p><i>(Stakeholders: Residents, Avon Regional Organisation of Councils (AROC), Northern Growth Alliance, State Government departments, Federal Government agencies and philanthropists, Chamber of Commerce Chittering Tourist Association)</i></p>	<ul style="list-style-type: none"> <li>Northern Growth Alliance (Shires of Chittering, Dandaragn and Gingin) launched investment prospectus in December 2018 which included regional tourism strategy</li> <li>State and Federal contributed funding to work associated with MIP and other infrastructure projects</li> <li>Active support for the Chittering Tourist Association, Chamber of Commerce, Wheatbelt Development Commission and Regional Development Australia</li> </ul>

Outcome	Strategies	Measures	Results 2019
<b>Accountable Governance</b>	Good governance which supports efficient and effective service delivery	<p>Residents are satisfied with the Shire of Chittering as a governing organisation - level of trust (improve)</p> <p>Proportion of customer requests (CRMs) responded to within target timeframes (maintain or improve)</p> <p>Satisfaction with the Shire's responsiveness to resolving problems and enquiries</p> <p>DLGC financial health indicator</p>	<ul style="list-style-type: none"> <li>Positive feedback from community briefings that were undertaken by the Chief Executive Officer</li> <li>In the main, customer requests are responded to in the target timeframe</li> </ul>

# Corporate Business Plan

## Future Projects

The *Corporate Business Plan 2017-2021* was endorsed by Council in October 2018 and contains the objectives and strategies of the Strategic Community Plan, with the addition of specific operating actions and capital works to be delivered by the Shire.

The following projects are listed for future action:

- Enactment of Council's Ten-Year Roads Program, including (but not limited to);
  1. Flat Rocks Road – gravel road reconstruct
  2. Settlement Road - gravel road reconstruct
  3. Tea Tree Road - gravel road reconstruct
  4. Moolieabeenee Road - reseal
  5. Murray Grey Circle - reseal
  6. Edmonds Place - reseal
  7. Angus Way - reseal
  8. Santa Gertrudis Drive - reseal
  9. Reserve Road - reseal
  10. Crest Hill Road - reseal
  11. Chittering Road - rural road reconstruction (RRG funded)
  12. Muchea East Road - rural road reconstruction (RRG funded)
  13. Archibald Street - reconstruct and seal
  14. Ridgetop Ramble - reconstruct shoulders and seal
  15. Forest Hills Parade - reconstruct shoulders and seal
  16. Chittering Road Bridge (#4025) - substructure repairs
- Plant renewal
- New recreational facility in Bindoon, plus an indoor / outdoor gym
- New Regional Recreation and Community facility in Lower Chittering
- Upgrades to Wannamal Community Centre, including court fencing, resurfacing tennis courts and upgrade of equipment
- Camping / caravan facilities in Bindoon
- The development of Town Park
- Development of Stage 1 of the Lifestyle Village
- Continued upgrades to the Brockman Centre
- Development of the BMX / Skate Park at John Glenn Park, Muchea
- Change room extensions to the Muchea Sportsground
- Development of the Carty Reserve to Bindoon Trail, Stage 1
- Continuation of the development of a Mountain Bike Park, Bindoon
- Development of a nature park at Maddern Road Public Open Space





# Statutory reporting

## COMPLIANCE WITH THE DISABILITY SERVICES ACT 1999, SECTION 29(2)

The 'draft' *Disability Access and Inclusion Plan 2018-2022* was presented to Council in March 2018 for approval to be advertised. Public comment period opened end of March 2018 and closed in May 2018. The feedback was presented back to Council in July 2018, where it was adopted by Council.

### RECORD KEEPING

The *State Records Act 2000* requires the Shire to have an approved Record Keeping Plan which details the way the Shire keeps its records. The Shire's Record Keeping Plan was reviewed in January 2014 and is scheduled for review during 2019.

### FREEDOM OF INFORMATION

Access to information/documents may be granted to members of the community under the *Freedom of Information Act 1992*. An Information Statement is available along with application forms on the Shire's website. The statement is a guide on the Freedom of Information (FOI) process and also lists the types of documents available outside of FOI.

During 2018-2019, the Shire received two Freedom of Information applications. One application was completed within the time-frame prescribed by legislation, and one was withdrawn by the applicant. The two applications that were carried over from 2017-2018 were completed.

Freedom of Information legislation provides for extensions of time beyond the 45 day time-frame. Extensions of time must be agreed by both parties. There were no such applications were completed in accordance with agreed extended time-frames.

# Statutory reporting

## **NATIONAL COMPETITION POLICY**

In 1995 the Council of Australian Governments entered into a number of agreements, collectively known as the National Competition Policy. Local Government is affected mainly where it operates significant business activities which compete, or could compete, with private business sector business.

Local Government will also be affected where local laws unnecessarily affect competition.

The Shire is required to comply with certain policies contained with the National Competition Policy Statement, and report on the progress in connection with the National Competitive Neutrality Principles and review of Local Laws.

During the financial year the Shire met its obligations under the National Competition Policy. The Shire continues to monitor Council policies and local laws for anti-competitive practices.

The Shire does not operate significant business activities which compete or could compete with private business sector business.

## **COMPETITIVE NEUTRALITY**

Local Governments are required to apply the principle of competitive neutrality to all business activities generating user-pays income in excess of \$200,000.

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

Annual reports must show that a public benefit test has been conducted for all significant business activities to determine if competitive neutrality is in the public interest.

The Shire does not have business activities which generate user-pays income in excess of \$200,000.

## **REGISTER OF POLICIES**

In accordance with the *Local Government Act 1995*, Section 2.7(2) Council is to determine the Shire's policies. The Shire's Register of Policies were reviewed internally. This document is available on the Shire's website ([www.chittering.wa.gov.au/documents/publications](http://www.chittering.wa.gov.au/documents/publications)).

## **DELEGATION AUTHORITY REGISTER**

In accordance with the *Local Government Act 1995*, Section 5.46 the Chief Executive Officer is to keep a register of delegations. This register is to be reviewed every financial year. The Shire's Delegated Authority Register was reviewed by Council in January 2019 and is available on the Shire's website ([www.chittering.wa.gov.au/documents/publications](http://www.chittering.wa.gov.au/documents/publications)).

## **COMPLIANCE WITH THE PUBLIC INTEREST DISCLOSURE ACT 2009**

There were no Public Interest Disclosures reported to the Shire of Chittering during the reporting period.

# Statutory reports

## COMPLIANCE WITH THE LOCAL GOVERNMENT (RULES OF CONDUCT) REGULATIONS 2007

There were two Rules of Conduct breaches received where one Elected Member was found to be in breach of the Regulations.

## LOCAL LAWS

The *Local Government Act 1995* requires all existing Local Laws to be reviewed every eight years. As part of this process the intention to review Local Laws is advertised in the media giving residents and ratepayers the opportunity to comment on any proposed changes, additions or deletions to the Shire's Local Laws.

There were no local laws reviewed or implemented during 2018-2019.

## PAYMENT TO EMPLOYEES

The *Local Government (Administration) Regulation 19B* requires the annual report to contain details of the number of employees of the local government entitled to an annual salary of \$100,000 or more in bands of \$10,000 for each such band over \$100,000.

TABLE: Salary Band

\$ FROM	\$ TO	No of Employees
100,000.00	109,999.99	2
110,000.00	119,999.99	3
120,000.00	129,999.99	0
130,000.00	139,999.99	0
140,000.00	149,999.99	0
150,000.00	159,999.99	0
160,000.00	169,999.99	0
170,000.00	179,999.99	0
180,000.00	189,999.99	1
190,000.00	199,999.99	0



# Financial Statements





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

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

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

Signed on the 20th day of November 2019



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Matthew Gilfellon  
Chief Executive Officer

**SHIRE OF CHITTERING**  
**STATEMENT OF COMPREHENSIVE INCOME BY NATURE AND TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
Rates	23(a)	5,629,376	5,576,226	5,441,331
Operating grants, subsidies and contributions	2(a)	1,831,819	1,167,125	1,758,856
Fees and charges	2(a)	1,443,358	1,332,718	1,341,620
Interest earnings	2(a)	134,463	130,834	146,390
Other revenue	2(a)	221,159	148,400	326,423
		9,260,175	8,355,303	9,014,620
<b>Expenses</b>				
Employee costs		(3,389,016)	(3,500,585)	(3,455,422)
Materials and contracts		(3,225,182)	(3,208,245)	(2,879,401)
Utility charges		(171,330)	(163,504)	(162,090)
Depreciation on non-current assets	10(d)	(3,680,009)	(4,742,350)	(4,713,435)
Interest expenses	2(b)	(78,260)	(90,010)	(66,931)
Insurance expenses		(161,945)	(182,841)	(161,814)
Other expenditure		(362,158)	(367,868)	(302,104)
		(11,067,900)	(12,255,403)	(11,741,197)
		(1,807,725)	(3,900,100)	(2,726,577)
Non-operating grants, subsidies and contributions	2(a)	655,535	1,012,284	792,389
Profit on asset disposals	10(a)	137,914	4,277	31,955
(Loss) on asset disposals	10(a)	(33,242)	(303,097)	(9,238)
Fair value adjustments to financial assets at fair value through profit or loss	7	35,034	0	0
(Loss) on revaluation of Other infrastructure Footpaths	9(a)	0	0	(343,375)
		795,241	713,464	471,731
		<b>(1,012,484)</b>	<b>(3,186,636)</b>	<b>(2,254,846)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	0	0	(34,371,425)
		<b>0</b>	<b>0</b>	<b>(34,371,425)</b>
<b>Total comprehensive income for the period</b>				
		<b>(1,012,484)</b>	<b>(3,186,636)</b>	<b>(36,626,271)</b>

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



**SHIRE OF CHITTERING**  
**STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
	2(a)			
Governance		17,841	14,100	56,009
General purpose funding		7,190,254	6,426,936	6,890,783
Law, order, public safety		351,576	313,553	555,213
Health		46,006	53,375	50,040
Education and welfare		18,753	19,100	16,306
Housing		123,555	132,080	145,051
Community amenities		1,054,080	940,048	978,470
Recreation and culture		12,872	13,400	19,850
Transport		120,494	108,228	84,844
Economic services		279,541	301,259	158,824
Other property and services		45,203	33,224	59,230
		<b>9,260,175</b>	<b>8,355,303</b>	<b>9,014,620</b>
<b>Expenses</b>				
	2(b)			
Governance		(852,933)	(854,175)	(640,387)
General purpose funding		(359,911)	(318,712)	(220,217)
Law, order, public safety		(972,609)	(1,015,330)	(1,178,236)
Health		(326,148)	(335,765)	(311,532)
Education and welfare		(124,840)	(116,647)	(67,595)
Housing		(331,271)	(343,317)	(289,611)
Community amenities		(2,139,862)	(2,138,375)	(1,911,990)
Recreation and culture		(1,427,168)	(1,389,057)	(1,068,051)
Transport		(3,438,630)	(4,648,715)	(4,716,497)
Economic services		(909,612)	(983,374)	(732,235)
Other property and services		(106,656)	(21,926)	(537,915)
		<b>(10,989,640)</b>	<b>(12,165,393)</b>	<b>(11,674,266)</b>
<b>Finance Costs</b>				
	2(b)			
Governance		(2,538)	(2,592)	(288)
Health		(24,030)	(24,529)	(28,562)
Housing		(7,887)	(7,045)	(7,622)
Recreation and culture		(3,784)	(4,013)	(4,664)
Transport		(11,205)	(11,437)	(8,403)
Economic services		(28,758)	(39,294)	(17,392)
Other property and services		(58)	(1,100)	0
		<b>(78,260)</b>	<b>(90,010)</b>	<b>(66,931)</b>
		<b>(1,807,725)</b>	<b>(3,900,100)</b>	<b>(2,726,577)</b>
Non-operating grants, subsidies and contributions	2(a)	655,535	1,012,284	792,389
Profit on disposal of assets	10(a)	137,914	4,277	31,955
(Loss) on disposal of assets	10(a)	(33,242)	(303,097)	(9,238)
Fair value adjustments to financial assets at fair value through profit or loss	7	35,034	0	0
(Loss) on revaluation of Other infrastructure Footpaths	9(a)	0	0	(343,375)
		<b>795,241</b>	<b>713,464</b>	<b>471,731</b>
<b>Net result for the period</b>		<b>(1,012,484)</b>	<b>(3,186,636)</b>	<b>(2,254,846)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	0	0	(34,371,425)
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>(34,371,425)</b>
<b>Total comprehensive income for the period</b>		<b>(1,012,484)</b>	<b>(3,186,636)</b>	<b>(36,626,271)</b>

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

**SHIRE OF CHITTERING**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30TH JUNE 2019**

	NOTE	2019 \$	2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	3,401,065	3,779,031
Trade receivables	5	767,066	732,698
Inventories	6	5,068	3,676
<b>TOTAL CURRENT ASSETS</b>		4,173,199	4,515,405
<b>NON-CURRENT ASSETS</b>			
Trade receivables	5	85,108	72,668
Other financial assets	7	77,534	42,500
Property, plant and equipment	8	31,567,818	31,003,082
Infrastructure	9	67,824,098	67,733,333
<b>TOTAL NON-CURRENT ASSETS</b>		99,554,558	98,851,583
<b>TOTAL ASSETS</b>		103,727,757	103,366,988
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	814,313	319,981
Borrowings	13(a)	408,220	248,357
Employee related provisions	14	664,142	535,702
<b>TOTAL CURRENT LIABILITIES</b>		1,886,675	1,104,040
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	13(a)	2,056,336	1,769,174
Employee related provisions	14	89,696	118,240
Other provisions	15	332,000	0
<b>TOTAL NON-CURRENT LIABILITIES</b>		2,478,032	1,887,414
<b>TOTAL LIABILITIES</b>		4,364,707	2,991,454
<b>NET ASSETS</b>		99,363,050	100,375,534
<b>EQUITY</b>			
Retained surplus		52,722,697	53,603,086
Reserves - cash backed	4	1,962,087	2,094,182
Revaluation surplus	11	44,678,266	44,678,266
<b>TOTAL EQUITY</b>		99,363,050	100,375,534

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

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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2017</b>		<b>56,361,998</b>	<b>1,590,116</b>	<b>79,049,691</b>	<b>137,001,805</b>
Comprehensive income					
Net result for the period		(2,254,846)	0	0	(2,254,846)
Other comprehensive income	11	0	0	(34,371,425)	(34,371,425)
Total comprehensive income		(2,254,846)	0	(34,371,425)	(36,626,271)
Transfers from/(to) reserves		(504,066)	504,066	0	0
<b>Balance as at 30 June 2018</b>		<b>53,603,086</b>	<b>2,094,182</b>	<b>44,678,266</b>	<b>100,375,534</b>
Comprehensive income					
Net result for the period		(1,012,484)	0	0	(1,012,484)
Other comprehensive income	11	0	0	0	0
Total comprehensive income		(1,012,484)	0	0	(1,012,484)
Transfers from/(to) reserves		132,095	(132,095)	0	0
<b>Balance as at 30 June 2019</b>		<b>52,722,697</b>	<b>1,962,087</b>	<b>44,678,266</b>	<b>99,363,050</b>

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



**SHIRE OF CHITTERING**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		5,599,139	5,601,226	5,351,435
Operating grants, subsidies and contributions		1,803,682	1,209,125	2,027,082
Fees and charges		1,443,358	1,332,718	1,341,620
Interest received		134,463	130,834	146,390
Goods and services tax received		196,094	1,800	603,035
Other revenue		221,159	148,400	326,423
		9,397,895	8,424,103	9,795,985
<b>Payments</b>				
Employee costs		(3,382,681)	(3,524,085)	(3,408,523)
Materials and contracts		(2,641,438)	(3,223,245)	(2,835,153)
Utility charges		(171,330)	(163,504)	(162,090)
Interest expenses		(75,503)	(92,010)	(59,355)
Insurance paid		(161,945)	(182,841)	(161,814)
Goods and services tax paid		(184,528)	0	(646,237)
Other expenditure		(362,158)	(367,868)	(302,104)
		(6,979,583)	(7,553,553)	(7,575,276)
<b>Net cash provided by (used in) operating activities</b>	16	2,418,312	870,550	2,220,709
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	8(a)	(1,713,578)	(2,147,419)	(1,897,110)
Payments for construction of infrastructure	9(a)	(2,616,936)	(3,083,370)	(2,156,988)
Non-operating grants, subsidies and contributions	2(a)	655,535	1,012,284	792,389
Proceeds from sale of property, plant & equipment	10(a)	431,676	1,130,855	150,506
<b>Net cash provided by (used in) investment activities</b>		(3,243,303)	(3,087,650)	(3,111,203)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	13(b)	(257,975)	(509,216)	(116,089)
Proceeds from new borrowings	13(b)	705,000	705,000	1,032,500
<b>Net cash provided by (used in) financing activities</b>		447,025	195,784	916,411
<b>Net increase (decrease) in cash held</b>		(377,966)	(2,021,316)	25,917
Cash at beginning of year		3,779,031	3,752,946	3,753,114
<b>Cash and cash equivalents at the end of the year</b>	16	3,401,065	1,731,630	3,779,031

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

**SHIRE OF CHITTERING**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	24 (b)	1,702,874	1,671,698	2,433,126
		1,702,874	1,671,698	2,433,126
<b>Revenue from operating activities (excluding rates)</b>				
Governance		17,841	14,100	56,009
General purpose funding		1,627,739	853,242	1,471,234
Law, order, public safety		356,331	313,553	555,213
Health		46,006	53,375	50,040
Education and welfare		18,753	19,100	16,306
Housing		208,976	132,080	145,051
Community amenities		1,054,080	940,048	978,470
Recreation and culture		12,872	13,400	19,850
Transport		168,232	110,277	116,799
Economic services		279,541	303,487	158,824
Other property and services		45,203	33,224	59,230
		3,835,574	2,785,886	3,627,026
<b>Expenditure from operating activities</b>				
Governance		(855,471)	(867,599)	(640,675)
General purpose funding		(359,911)	(318,712)	(220,217)
Law, order, public safety		(985,478)	(1,027,635)	(1,184,146)
Health		(351,533)	(366,302)	(340,094)
Education and welfare		(124,840)	(116,647)	(67,595)
Housing		(339,158)	(416,226)	(297,233)
Community amenities		(2,141,382)	(2,143,972)	(1,911,990)
Recreation and culture		(1,431,912)	(1,393,070)	(1,072,715)
Transport		(3,466,013)	(4,662,554)	(4,728,228)
Economic services		(938,370)	(1,222,668)	(749,627)
Other property and services		(107,074)	(23,115)	(881,290)
		(11,101,142)	(12,558,500)	(12,093,810)
Non-cash amounts excluded from operating activities	24(a)	3,541,859	5,041,170	5,015,841
<b>Amount attributable to operating activities</b>		(2,020,835)	(3,059,746)	(1,017,817)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	655,535	1,012,284	792,389
Proceeds from disposal of assets	10(a)	431,676	1,130,855	150,506
Purchase of property, plant and equipment	8(a)	(1,713,578)	(2,147,419)	(1,897,110)
Purchase and construction of infrastructure	9(a)	(2,616,936)	(3,083,370)	(2,156,988)
<b>Amount attributable to investing activities</b>		(3,243,303)	(3,087,650)	(3,111,203)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	13(b)	(257,975)	(509,216)	(116,089)
Proceeds from borrowings	13(c)	705,000	705,000	1,032,500
Transfers to reserves (restricted assets)	4	(598,413)	(601,711)	(900,390)
Transfers from reserves (restricted assets)	4	730,508	979,629	396,324
<b>Amount attributable to financing activities</b>		579,120	573,702	412,345
<b>Surplus/(deficit) before imposition of general rates</b>		(4,685,018)	(5,573,694)	(3,716,675)
<b>Total amount raised from general rates</b>	23	5,597,549	5,573,694	5,419,549
<b>Surplus/(deficit) after imposition of general rates</b>	24(b)	<b>912,531</b>	<b>0</b>	<b>1,702,874</b>

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



## **1. BASIS OF PREPARATION**

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

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

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

### **CRITICAL ACCOUNTING ESTIMATES**

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

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

### **THE LOCAL GOVERNMENT REPORTING ENTITY**

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

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

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



## 2. REVENUE AND EXPENSES

### (a) Revenue

#### Grant Revenue

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

	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Operating grants, subsidies and contributions</b>			
Governance	0	0	4,273
General purpose funding	1,304,409	633,126	1,197,223
Law, order, public safety	257,523	259,653	451,218
Education and welfare	18,753	15,600	13,764
Recreation and culture	2,886	400	3,380
Transport	112,463	108,228	62,237
Economic services	135,785	150,118	26,761
	1,831,819	1,167,125	1,758,856
<b>Non-operating grants, subsidies and contributions</b>			
Recreation and culture	21,935	67,977	33,871
Transport	633,600	944,307	758,518
	655,535	1,012,284	792,389
<b>Total grants, subsidies and contributions</b>	2,487,354	2,179,409	2,551,245

#### SIGNIFICANT ACCOUNTING POLICIES

##### Grants, donations and other contributions

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 22. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

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

(a) Revenue (Continued)	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
<b>Other revenue</b>			
Reimbursements and recoveries	173,484	91,900	326,423
Other	47,675	56,500	0
	221,159	148,400	326,423
<b>Fees and Charges</b>			
Governance	955	2,000	4,155
General purpose funding	52,164	50,000	52,048
Law, order, public safety	53,093	50,400	50,549
Health	45,440	53,375	49,179
Education and welfare	0	3,500	1,329
Housing	116,932	125,580	128,196
Community amenities	1,027,799	883,948	920,353
Recreation and culture	5,042	1,050	5,785
Transport	30	0	(1,090)
Economic services	140,228	149,641	127,216
Other property and services	1,675	13,224	3,900
	1,443,358	1,332,718	1,341,620

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

**Interest earnings**

Reserve accounts interest	38,586	41,884	30,073
Rates instalment and penalty interest (refer Note 23(b))	69,946	68,950	71,576
Other interest earnings	25,931	20,000	44,741
	134,463	130,834	146,390

**SIGNIFICANT ACCOUNTING POLICIES**

**Interest earnings**

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

(b) Expenses	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report	26,947	29,800	23,019
- Other services	450	10,000	4,800
- Assistance with Annual Financial Report	3,700	0	3,000
	31,097	39,800	30,819
<b>Interest expenses (finance costs)</b>			
Borrowings (refer Note 13(b))	78,260	90,010	66,931
	78,260	90,010	66,931

### 3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		3,401,065	3,779,031
		3,401,065	3,779,031
<b>Comprises:</b>			
- Unrestricted cash and cash equivalents		937,791	1,449,742
- Restricted cash and cash equivalents		2,463,274	2,329,289
		3,401,065	3,779,031
The following restrictions have been imposed by regulations or other externally imposed requirements:			
<b>Reserve accounts</b>			
Leave Reserve	4	179,874	137,334
Plant Replacement Reserve	4	531,484	777,787
Community Housing Reserve	4	73,576	72,240
Seniors Housing Reserve	4	7,585	7,446
Public Open Space Reserve	4	275,751	270,746
Cemetery Development Reserve	4	34,568	33,941
Recreation Development Reserve	4	237,663	233,351
Ambulance Replacement Reserve	4	4,422	4,341
Waste Management Reserve	4	347,735	292,332
Contributions to Roadworks Reserve	4	38,028	37,339
Waste Water Treatment Reserve	4	93,598	91,899
Unspent Grants Reserve	4	137,803	135,426
		1,962,087	2,094,182
<b>Other restricted cash and cash equivalents</b>			
Unspent grants/contributions	22	119,473	235,107
Bonds and Deposits Held	12 and 26	381,714	0
<b>Total restricted cash and cash equivalents</b>		2,463,274	2,329,289

#### SIGNIFICANT ACCOUNTING POLICIES

##### Cash and cash equivalents

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



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

4 RESERVES - CASH BACKED

	2019		2019		2019		2019		2019		2018		2018	
	Actual	Transfer	Actual	Transfer	Budget	Transfer	Budget	Transfer	Opening	Actual	Actual	Transfer	Actual	Actual
	Opening	to	Closing	(from)	Opening	to	Closing	(from)	Balance	Opening	to	Closing	Balance	Closing
	Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance	\$	\$	\$	\$	\$	\$
(a) Leave Reserve	137,334	42,540	179,874	0	137,334	42,747	180,081	0	95,527	41,807	0	137,334	0	137,334
(b) Plant Replacement Reserve	777,787	384,205	531,484	(630,508)	777,786	385,383	480,723	(702,446)	326,716	451,071	0	777,787	0	777,787
(c) Public Buildings and Amenities Reserve	0	0	0	0	0	0	0	0	78,924	1,493	(80,417)	0	(80,417)	0
(d) Gravel Acquisition Reserve	0	0	0	0	0	0	0	0	67,357	1,275	(68,632)	0	(68,632)	0
(e) Community Housing Reserve	72,240	1,336	73,576	0	72,240	1,445	73,685	0	80,713	1,527	(10,000)	72,240	(10,000)	72,240
(f) Seniors Housing Reserve	7,446	139	7,585	0	7,446	149	7,595	0	17,122	324	(10,000)	7,446	(10,000)	7,446
(g) Public Open Space Reserve	270,746	5,005	275,751	0	270,746	5,415	276,161	0	265,721	5,025	0	270,746	0	270,746
(h) Bindoon Community Bus Reserve	0	0	0	0	0	0	0	0	44,057	833	(44,890)	0	(44,890)	0
(i) Cemetery Development Reserve	33,941	627	34,568	0	33,941	679	34,620	0	33,313	628	0	33,941	0	33,941
(j) Recreation Development Reserve	233,351	104,312	237,663	(100,000)	233,351	104,667	238,018	(100,000)	229,020	104,331	(100,000)	233,351	(100,000)	233,351
(k) Ambulance Replacement Reserve	4,341	81	4,422	0	4,341	87	4,428	0	4,259	82	0	4,341	0	4,341
(l) Waste Management Reserve	292,332	55,403	347,735	0	292,332	55,847	348,179	0	188,762	103,570	0	292,332	0	292,332
(m) Landcare Vehicles Reserve	0	0	0	0	0	0	0	0	71,041	1,344	(72,385)	0	(72,385)	0
(n) Contributions to Roadworks Reserve	37,339	689	38,028	0	37,339	745	38,084	0	36,648	691	0	37,339	0	37,339
(o) Waste Water Treatment Reserve	91,899	1,699	93,598	0	91,899	1,838	93,737	0	50,936	50,963	(10,000)	91,899	(10,000)	91,899
(p) Unspent Grants Reserve	135,426	2,377	137,803	0	135,426	2,709	138,135	(138,135)	0	0	0	135,426	0	135,426
	2,094,182	598,413	1,962,087	(730,508)	2,094,181	601,711	1,716,263	(979,629)	1,590,116	900,390	(396,324)	2,094,182	(396,324)	2,094,182

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

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

Anticipated date of use	Name of Reserve	Purpose of the reserve
	Leave Reserve	Ongoing to be used to fund employee accumulated annual, sick, long service leave and employee gratuities
	Plant Replacement Reserve	Ongoing to be used to fund plant purchases, trades or major overhauls
	Public Buildings and Amenities Reserve	Closed
	Gravel Acquisition Reserve	Closed
	Community Housing Reserve	Ongoing to be used to fund repairs, improvements, extensions or construction of community units
	Seniors Housing Reserve	Ongoing to be used to fund repairs, improvements, extensions or construction of seniors units
	Public Open Space Reserve	Ongoing to be used to fund public open space developments in accordance with developer precincts
	Bindoon Community Bus Reserve	Closed
	Cemetery Development Reserve	30/06/2020 to be used to fund the development or acquisition of cemetery land or facilities
	Recreation Development Reserve	Ongoing to be used to fund the development or acquisition of recreation land or facilities
	Ambulance Replacement Reserve	30/06/2020 to be used to contribute towards the cost of purchasing or replacing an Ambulance
	Waste Management Reserve	Ongoing to be used to fund the replacement landfill sites and rehabilitation of existing landfill sites
	Landcare Vehicles Reserve	Closed
	Contributions to Roadworks Reserve	Ongoing to be used for the maintenance of Mooliabeenie Road
	Waste Water Treatment Reserve	Ongoing to be used to fund the development of a Waste Water Management system for the Shire
	Unspent Grants Reserve	30/06/2020 to be used to fund isolate funds received for specific projects not completed in 2017/18

## 5. TRADE RECEIVABLES

### Current

Rates receivable  
 Sundry receivables  
 GST receivable

### Non-current

Pensioner's rates and ESL deferred

	2019	2018
	\$	\$
	309,589	291,792
	415,892	387,755
	41,585	53,151
	<b>767,066</b>	<b>732,698</b>
	85,108	72,668
	<b>85,108</b>	<b>72,668</b>

## SIGNIFICANT ACCOUNTING POLICIES

### Trade and other receivables

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

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

### Impairment and risk exposure

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

### Previous accounting policy: Impairment of trade receivables

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

### Classification and subsequent measurement

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

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

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

**6. INVENTORIES**

**Current**

Other inventories - Fuel and Materials

	2019	2018
	\$	\$
	5,068	3,676
	5,068	3,676
	3,676	3,676
	1,392	0
	5,068	3,676

The following movements in inventories occurred during the year:

**Carrying amount at 1 July**

Additions to inventory

**Carrying amount at 30 June**

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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



**7. OTHER FINANCIAL ASSETS**

**Non-current assets**

Financial assets at fair value through profit and loss

**Financial assets at fair value through profit and loss**

*- Unlisted equity investments*

- Units in Local Government House Trust
- Shares in Bendigo Bank

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

Fair value gains/(losses) on equity investments at fair value through profit and loss are recognised in other gains/(losses) and classified as other property and services

	2019	2018
	\$	\$
	77,534	42,500
	<b>77,534</b>	<b>42,500</b>
	35,034	0
	42,500	42,500
	<b>77,534</b>	<b>42,500</b>
	35,034	0
	<b>35,034</b>	<b>0</b>

The units in Local Government House Trust have been recognised using fair value as at 30 June 2018. Changes in the fair value of units in Local Government House Trust have not been recognised nor considered as they are unlikely to be material and are unable to be reliably determined at the time of preparation of these statements.

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

**Financial assets at fair value through profit and loss**

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

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

**Impairment and risk**

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

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

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

Refer to Note 24 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

## 8. PROPERTY, PLANT AND EQUIPMENT

### (a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non-specialised	Buildings - specialised	Total buildings	Total land and buildings	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	12,305,984	0	12,305,984	546,657	13,278,128	13,824,785	26,130,769	4,228,161	30,358,930
Additions	610,298	0	610,298	0	684,854	684,854	1,295,152	601,958	1,897,110
(Disposals)	0	0	0	0	0	0	0	(127,789)	(127,789)
Depreciation (expense)	0	0	0	(25,622)	(634,376)	(659,998)	(659,998)	(465,171)	(1,125,169)
<b>Carrying amount at 30 June 2018</b>	12,916,282	0	12,916,282	521,035	13,328,606	13,849,641	26,765,923	4,237,159	31,003,082
<b>Comprises:</b>									
Gross carrying amount at 30 June 2018	12,916,282	0	12,916,282	546,657	13,962,982	14,509,639	27,425,921	5,152,547	32,578,468
Accumulated depreciation at 30 June 2018	0	0	0	(25,622)	(634,376)	(659,998)	(659,998)	(915,388)	(1,575,386)
<b>Carrying amount at 30 June 2018</b>	12,916,282	0	12,916,282	521,035	13,328,606	13,849,641	26,765,923	4,237,159	31,003,082
Additions	550,683	0	550,683	115,949	274,296	390,245	940,928	772,650	1,713,578
Provision for remediation costs	32,000	300,000	332,000	0	0	0	332,000	0	332,000
(Disposals)	(180,000)	0	(180,000)	0	0	0	(180,000)	(147,004)	(327,004)
Depreciation (expense)	0	0	0	(28,457)	(654,770)	(683,227)	(683,227)	(470,611)	(1,153,838)
<b>Carrying amount at 30 June 2019</b>	13,318,965	300,000	13,618,965	608,527	12,948,132	13,556,659	27,175,624	4,392,194	31,567,818
<b>Comprises:</b>									
Gross carrying amount at 30 June 2019	13,318,965	300,000	13,618,965	662,606	14,237,277	14,899,883	28,518,848	5,611,999	34,130,847
Accumulated depreciation at 30 June 2019	0	0	0	(54,079)	(1,289,145)	(1,343,224)	(1,343,224)	(1,219,805)	(2,563,029)
Carrying amount at 30 June 2019	13,318,965	300,000	13,618,965	608,527	12,948,132	13,556,659	27,175,624	4,392,194	31,567,818

**8. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar properties, where land has no restrictions to use and/or sale	Independent registered valuer	June 2017	Price per hectare
Land - freehold land	3	Market approach using estimated market values based on observable market conditions. Where land is subject to certain restrictions as to its use and/or sale, and has no active market	Independent registered valuer	June 2017	Adjusted price per hectare
Buildings - non-specialised	2	Market approach using observable open market values of similar assets, adjusted for condition and comparability, at their highest and best use	Independent registered valuer	June 2017	Price per square metre
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2017	Utilising both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs)
<b>Plant and equipment</b>					
- Independent Valuation 2016	2	Market approach using recent observable market data for similar assets	Independent registered valuer	June 2016	Open market values of similar assets adjusted for condition and comparability
- Independent Valuation 2016	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2016	Construction costs and current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs)

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

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



## 9. INFRASTRUCTURE

### (a) Movements in Carrying Amounts

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

	Infrastructure - Roads	Other Infrastructure Footpaths	Other Infrastructure Drainage	Other Infrastructure Parks and Ovals	Other Infrastructure Bridges and Culverts	Other Infrastructure Other	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	96,028,757	909,273	3,973,903	750,450	1,890,105	321,818	103,874,306
Additions	1,913,156	151,034	0	29,488	63,310	0	2,156,988
Revaluation increments / (decrements) transferred to revaluation surplus	(43,918,693)	(324,299)	3,817,465	2,416,100	3,354,709	283,293	(34,371,425)
Revaluation (loss) / reversals transferred to profit or loss	0	(343,375)	0	0	0	0	(343,375)
Depreciation (expense)	(3,246,152)	(16,170)	(96,171)	(74,771)	(132,586)	(22,416)	(3,588,266)
Transfers	0	0	0	(211,000)	0	216,105	5,105
<b>Carrying amount at 30 June 2018</b>	<b>50,777,068</b>	<b>376,463</b>	<b>7,695,197</b>	<b>2,910,267</b>	<b>5,175,538</b>	<b>798,800</b>	<b>67,733,333</b>
<b>Comprises:</b>							
Gross carrying amount at 30 June 2018	105,964,623	1,113,123	13,802,568	5,016,000	11,381,355	1,366,000	138,643,669
Accumulated depreciation at 30 June 2018	(55,187,555)	(736,660)	(6,107,371)	(2,105,733)	(6,205,817)	(567,200)	(70,910,336)
<b>Carrying amount at 30 June 2018</b>	<b>50,777,068</b>	<b>376,463</b>	<b>7,695,197</b>	<b>2,910,267</b>	<b>5,175,538</b>	<b>798,800</b>	<b>67,733,333</b>
Additions	2,161,483	241,847	0	103,132	95,955	14,519	2,616,936
Depreciation (expense)	(1,620,517)	(18,552)	(391,896)	(254,613)	(181,938)	(58,655)	(2,526,171)
<b>Carrying amount at 30 June 2019</b>	<b>51,318,034</b>	<b>599,758</b>	<b>7,303,301</b>	<b>2,758,786</b>	<b>5,089,555</b>	<b>754,664</b>	<b>67,824,098</b>
<b>Comprises:</b>							
Gross carrying amount at 30 June 2019	108,126,106	1,354,970	13,802,568	5,119,132	11,477,309	1,380,519	141,260,604
Accumulated depreciation at 30 June 2019	(56,808,072)	(755,212)	(6,499,267)	(2,360,346)	(6,387,754)	(625,855)	(73,436,506)
<b>Carrying amount at 30 June 2019</b>	<b>51,318,034</b>	<b>599,758</b>	<b>7,303,301</b>	<b>2,758,786</b>	<b>5,089,555</b>	<b>754,664</b>	<b>67,824,098</b>

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9. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level2), residual values and remaining life assessments (Level 3) inputs
Other Infrastructure Footpaths	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level2), residual values and remaining life assessments (Level 3) inputs
Other Infrastructure Drainage	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level2), residual values and remaining life assessments (Level 3) inputs
Other Infrastructure Parks and Ovals	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level2), residual values and remaining life assessments (Level 3) inputs
Other Infrastructure Bridges and Culvert	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level2), residual values and remaining life assessments (Level 3) inputs
Other Infrastructure Other	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level2), residual values and remaining life assessments (Level 3) inputs

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

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

## 10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

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

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

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

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

#### Revaluation

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

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

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

#### Land under control

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

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

#### Land under roads

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

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

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

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

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





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**10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)**

**(b) Fully Depreciated Assets in Use**

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

	2019	2018
	\$	\$
Plant and equipment	1,260	7,960
	<u>1,260</u>	<u>7,960</u>

**(c) Temporarily Idle Assets**

The carrying value of assets held by the Shire which are temporarily idle or retired from active use and not classified as held for sale are shown below.

	2019	2018
	\$	\$
Buildings - specialised	455,771	455,771
	<u>455,771</u>	<u>455,771</u>

## 10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

### (d) Depreciation

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Buildings - non-specialised	28,457	25,779	25,622
Buildings - specialised	654,770	638,267	634,376
Plant and equipment	470,611	468,027	465,171
Infrastructure - Roads	1,620,517	3,266,064	3,246,152
Other infrastructure Footpaths	18,552	16,268	16,170
Other infrastructure Drainage	391,896	96,762	96,171
Other infrastructure Parks and Ovals	254,613	75,231	74,771
Other infrastructure Bridges and Culverts	181,938	133,400	132,586
Other infrastructure Other	58,655	22,552	22,416
	3,680,009	4,742,350	4,713,435

### Revision of useful lives of plant and equipment

The Shire of Chittering has not conducted a review of the useful life of assets during the 2018/19 year. This process will be undertaken as we transition to the new asset management computer system in the 2019/20 year.

### SIGNIFICANT ACCOUNTING POLICIES

#### Depreciation

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

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

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

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:  
 (a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the

#### Depreciation rates

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

Asset Class	Useful life
Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Computer equipment	3 years
Plant and equipment - Heavy	5 to 15 years
Plant and equipment - Light	0 to 10 years
Sealed roads and streets	
- clearing and earthworks	not depreciated
- construction/road base	50 years
Original surfacing and non major re-surfacing	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
- clearing and earthworks	not depreciated
- construction/road base	50 years
Footpaths - slab	40 years
Footpaths - asphalt	10 years
Sewerage piping	100 years
Water supply piping/drainage	75 years
Parks and Ovals	50 years
Other Infrastructure	20 years



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**11 REVALUATION SURPLUS**

	2019			2019			2018			2018		
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Revaluation Movement on Revaluation	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Revaluation Movement on Revaluation	Closing Balance		
Revaluation surplus - Land - freehold land	16,183,185	0	0	0	16,183,185	16,183,185	0	0	0	16,183,185		
Revaluation surplus - Plant and equipment	1,138,001	0	0	0	1,138,001	1,138,001	0	0	0	1,138,001		
Revaluation surplus - Infrastructure - Roads	13,593,968	0	0	0	13,593,968	57,512,661	0	(43,918,693)	(43,918,693)	13,593,968		
Revaluation surplus - Other infrastructure Footpaths	0	0	0	0	0	324,299	0	(324,299)	(324,299)	0		
Revaluation surplus - Other infrastructure Drainage	7,549,590	0	0	0	7,549,590	3,732,125	3,817,465	0	3,817,465	7,549,590		
Revaluation surplus - Other infrastructure Parks and Ovals	2,416,100	0	0	0	2,416,100	0	2,416,100	0	2,416,100	2,416,100		
Revaluation surplus - Other infrastructure Bridges and Culverts	3,514,129	0	0	0	3,514,129	159,420	3,354,709	0	3,354,709	3,514,129		
Revaluation surplus - Other infrastructure Other	283,293	0	0	0	283,293	0	283,293	0	283,293	283,293		
	44,678,266	0	0	0	44,678,266	79,049,691	9,871,567	(44,242,992)	(34,371,425)	44,678,266		

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

## 12. TRADE AND OTHER PAYABLES

### Current

Sundry creditors	
Bonds and deposits (refer to Note 26)	
Accrued salaries and wages	
ATO liabilities	
Accrued interest on long term borrowings	

2019	2018
\$	\$
380,054	176,632
381,714	0
26,734	26,453
0	93,842
25,811	23,054
814,313	319,981

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other payables

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





### 13. INFORMATION ON BORROWINGS (Continued)

#### (c) New Borrowings - 2018/19

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges \$	Actual Balance Unspent \$
					2019 Actual \$	2019 Budget \$	2019 Actual \$	2019 Budget \$		
83 - Lifestyle Village	WATC	Debtenture	5	4.00%	650,000	650,000	650,000	650,000	29,125	0
86 - Admin Telephone System	WATC	Debtenture	5	4.00%	55,000	55,000	55,000	55,000	2,464	0
					<b>705,000</b>	<b>705,000</b>	<b>705,000</b>	<b>705,000</b>	<b>31,589</b>	<b>0</b>

#### (d) Undrawn Borrowing Facilities

##### Credit Standby Arrangements

Bank overdraft limit  
 Bank overdraft at balance date  
 Credit card limit  
 Credit card balance at balance date  
**Total amount of credit unused**

	2019 \$	2018 \$
Bank overdraft limit	150,000	150,000
Bank overdraft at balance date	0	0
Credit card limit	25,000	25,000
Credit card balance at balance date	(10,238)	(9,317)
<b>Total amount of credit unused</b>	<b>164,762</b>	<b>165,683</b>

##### Loan facilities

Loan facilities - current  
 Loan facilities - non-current  
**Total facilities in use at balance date**

Loan facilities - current	408,220	248,357
Loan facilities - non-current	2,056,336	1,769,174
<b>Total facilities in use at balance date</b>	<b>2,464,556</b>	<b>2,017,531</b>

### SIGNIFICANT ACCOUNTING POLICIES

#### Financial liabilities

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

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

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

#### Borrowing costs

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

**Risk** - Information regarding exposure to risk can be found at Note 25.

## 14. EMPLOYEE RELATED PROVISIONS

### Employee Related Provisions

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
<b>Opening balance at 1 July 2018</b>			
Current provisions	296,427	239,275	535,702
Non-current provisions	0	118,240	118,240
	296,427	357,515	653,942
Additional provision	299,891	56,911	356,802
Amounts used	(256,906)	0	(256,906)
<b>Balance at 30 June 2019</b>	339,412	414,426	753,838
<b>Comprises</b>			
Current	339,412	324,730	664,142
Non-current	0	89,696	89,696
	339,412	414,426	753,838

### Amounts are expected to be settled on the following basis:

	2019 \$	2018 \$
Less than 12 months after the reporting date	233,493	535,702
More than 12 months from reporting date	469,437	83,378
Expected reimbursements from other WA local governments	50,908	34,862
	753,838	653,942

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

### SIGNIFICANT ACCOUNTING POLICIES

#### Employee benefits

##### Short-term employee benefits

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

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

##### Other long-term employee benefits

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

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

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

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

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

##### Provisions

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

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

## 15 OTHER PROVISIONS

	<b>Provision for Remediation</b>	
	<b>Costs</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Opening balance at 1 July 2018</b>		
Non-current provisions	0	0
	0	0
Additional provision	332,000	332,000
<b>Balance at 30 June 2019</b>	332,000	332,000
<b>Comprises</b>		
Non-current	332,000	332,000
	332,000	332,000

### Provision for remediation costs

Under the licence for the operation of the Mooliabeenie waste landfill site, the Shire has a legal obligation to restore the site. The Shire also has an obligation to perform restoration works at the Shire depot site.

A provision for remediation is recognised when:

- there is a present obligation as a result of waste activities undertaken;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount of the provision can be measured reliably.

The estimated future obligations include the costs of restoring the affected areas and continued monitoring of the site.

The provision for future remediation costs is the best estimate of the present value of the expenditure required to settle the remediation obligation at the reporting date. Future remediation costs are reviewed annually and any changes in the estimate are reflected in the present value of the remediation provision at each reporting date.

Amounts which are reliably expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on the remaining life of the waste facility.



## 16. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	3,401,065	1,731,630	3,779,031
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	(1,012,484)	(3,186,636)	(2,254,846)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets	(35,034)	0	0
Depreciation	3,680,009	4,742,350	4,713,435
(Profit)/loss on sale of asset	(104,672)	298,820	(22,717)
Loss on revaluation of fixed assets	0	0	343,375
Reversal of loss on revaluation of fixed assets	0	0	(5,105)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(46,808)	68,800	135,128
(Increase)/decrease in inventories	(1,392)	0	2,030
Increase/(decrease) in payables	494,332	(40,500)	97,638
Increase/(decrease) in provisions	99,896	0	4,160
Grants contributions for the development of assets	(655,535)	(1,012,284)	(792,389)
Net cash from operating activities	2,418,312	870,550	2,220,709

## 17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	394,697	42,500
General purpose funding	77,534	364,460
Law, order, public safety	2,933,800	3,040,972
Health	3,953,326	4,056,496
Education and welfare	337,250	344,700
Housing	2,253,562	2,505,420
Community amenities	2,029,826	1,739,185
Recreation and culture	13,165,483	13,496,720
Transport	69,027,963	68,555,787
Economic services	2,823,205	2,319,089
Other property and services	2,867,502	2,678,046
Unallocated	3,863,609	4,223,613
	<b>103,727,757</b>	<b>103,366,988</b>

## 18. CONTINGENT LIABILITIES

In compliance with the Contaminated Sites Act 2003 Section 11, the Shire of Chittering has listed sites to be possible sources of contamination. Details of those sites are:

- Muchea Landfill Site
- Bindoon Landfill Site
- Wannamal Landfill Site (former site)

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk, and agree with the Department of Environment Regulation on the need and criteria for remediation of a risk based approach, the Shire is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the Department of Environment Regulation Guidelines.

## 19. CAPITAL COMMITMENTS

### (a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

Payable:

- not later than one year

	2019	2018
	\$	\$
	67,668	0
	53,838	0
	121,506	0
	121,506	0

The capital expenditure projects outstanding at the end of the current reporting period are:

- Renovation works at the Shire depot \$19,222
- Capital works on the Lower Chittering Sports & Recreation Buildings \$30,596
- Landscaping at the Brockman Centre \$4,750
- Landscaping at the Cemetery \$13,100

The plant & equipment purchases outstanding at the end of the current reporting period relates to:

- The purchase of 2 vehicles \$53,838

### (b) Operating Lease Commitments

The Shire of Chittering does not have any operating lease commitments.

#### SIGNIFICANT ACCOUNTING POLICIES

##### Leases

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

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

##### Leases (Continued)

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

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

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



## 20. RELATED PARTY TRANSACTIONS (Continued)

### Transactions with related parties

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

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

The following transactions occurred with related parties:	2019 Actual	2018 Actual
	\$	\$
Sale of goods and services	485	0
Purchase of goods and services	4,343	576

### Related Parties

#### The Shire's main related parties are as follows:

##### *i. Key management personnel*

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

##### *ii. Other Related Parties*

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

##### *iii. Entities subject to significant influence by the Shire*

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

## 21 JOINT ARRANGEMENTS

### (a) Share of joint operations

The Shire of Chittering together with Homeswest have a joint venture regarding community housing. The housing units have been constructed on Council owned land and the asset ownership is apportioned 77% Homeswest and 23% to the Shire. The joint venture arrangements are for a period of fifty (50) years from commencement - 1 July 2003.

	2019	2018
	\$	\$
Land and buildings	2,175,688	2,175,688
Less: accumulated depreciation	(41,494)	(20,747)
<b>Total assets</b>	<b>2,134,194</b>	<b>2,154,941</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Interests in joint arrangements

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

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

##### Interests in joint arrangements (Continued)

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

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22. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received	Expended	Closing	Received	Expended	Closing
	Balance <sup>(1)</sup> 1/07/17	2017/18	2017/18	Balance <sup>(1)</sup> 30/06/18	2018/19	2018/19	Balance <sup>(4)</sup> 30/06/19
	\$	\$	\$	\$	\$	\$	\$
<b>Law, order, public safety</b>							
DFES - BRPC Position	25,555	159,971	(185,526)	0	0	0	0
DFES - ESL Operating Grant	4,114	227,333	(218,667)	12,780	212,693	(225,473)	0
OEM - Safer Communities CCTV	0	0	0	0	29,330	(29,330)	0
DFES - Fire Mitigation Activity Fund	0	0	0	0	15,500	(15,500)	0
<b>Education and welfare</b>							
RSC - Wear Ya Wellies	0	9,000	(9,000)	0	0	0	0
LotteryWest - Events Wear Ya Wellies	5,500	0	(5,500)	0	11,300	(11,300)	0
Various - Wear Ya Wellies	0	0	0	0	6,171	(6,171)	0
COTA WA - Seniors Week	0	0	0	0	975	(975)	0
Anglicare - Me@3 Program	0	0	0	0	308	(308)	0
<b>Recreation and culture</b>							
Kidsport	11,554	6,266	(17,820)	0	950	(950)	0
Muchea Dual Pump & Jump Track	0	5,000	0	5,000	0	(5,000)	0
Bindoon S&R - Chinkabee Resurface	0	0	0	0	(4,320)	4,320	0
DLGC - Muchea Cricket Nets	0	0	0	0	22,036	(22,036)	0
Muchea Cricket Club - Cricket Nets	0	0	0	0	4,220	(4,220)	0
Cadbury - Library Chocolates	0	0	0	0	1,937	(1,937)	0
<b>Transport</b>							
RRG - Road Projects - Chittering Road	12,069	77,247	(89,316)	0	0	0	0
WALGCC - Flat Rocks Rd Bridge 5374	40,000	0	0	40,000	0	0	40,000
MRWA - Blizzard Rd Bridge 4701	134,000	0	(63,310)	70,690	67,000	(137,690)	0
Contribution to Roadworks	5,970	0	(5,970)	0	6,040	(6,040)	0
MRWA Blackspot - Muchea East Road 2015/16	0	113,256	(6,619)	106,637	0	(106,637)	0
MRWA - Blackspot - Chittering Road 2018/19	0	0	0	0	8,920	(8,920)	0
MRWA - Blackspot - Wandena Road 2018/19	0	0	0	0	83,873	(4,400)	79,473
MRWA - Blackspot - Mooliabeenee Road 2018/19	0	0	0	0	16,967	(16,967)	0
RRG - Muchea East Road 2017/18 - 2018/19	0	0	0	0	399,749	(399,749)	0
DoT - Archibald Footpath	0	0	0	0	57,091	(57,091)	0
MRWA - Street Lighting	0	0	0	0	4,109	(4,109)	0
MRWA - Direct Road Grant	0	0	0	0	102,314	(102,314)	0
<b>Economic services</b>							
WA Police - TASTE	0	0	0	0	5,300	(5,300)	0
Tourism WA - TASTE	0	0	0	0	6,000	(6,000)	0
Various - TASTE	0	0	0	0	23,701	(23,701)	0
Various - Tourism Signage	0	0	0	0	1,200	(1,200)	0
BBRF - MIP Special Projects Officer	0	0	0	0	99,584	(99,584)	0
<b>Total</b>	<b>238,762</b>	<b>598,073</b>	<b>(601,728)</b>	<b>235,107</b>	<b>1,182,948</b>	<b>(1,298,582)</b>	<b>119,473</b>

Notes:

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

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

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

(4) - Disclosed as Restricted Cash in Note 3.



23. RATING INFORMATION

(a) Rates

RATE TYPE	Differential general rate / general rate	Rate in \$	Number of Properties	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2017/18
				Actual Rateable Value \$	Actual Rate Revenue \$	Actual Interim Rates \$	Actual Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$	Actual Total Revenue \$			
Gross rental valuations															
GRV		0.100227	1,613	30,506,565	3,057,581	21,881	3,079,462								2,920,300
Unimproved valuations															
UV		0.006302	723	320,797,000	2,021,663	1,974	2,023,637								1,964,749
Sub-Total			2,336	351,303,565	5,079,244	23,855	5,103,099								4,885,049
Minimum payment															
Gross rental valuations															
GRV		1,000	427	3,013,857	427,000	0	427,000								468,000
Unimproved valuations															
UV		950	71	5,328,409	67,450	0	67,450								66,500
Sub-Total			498	8,342,266	494,450	0	494,450								534,500
Total amount raised from general rate			2,834	359,645,831	5,573,694	23,855	5,597,549								5,419,549
Ex-gratia rates															2,483
Rates Adjustments															(2,236)
Movement in Excess Rates															21,534
Totals															5,441,331

SIGNIFICANT ACCOUNTING POLICIES

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

## 24. RATE SETTING STATEMENT INFORMATION

	2018/19 (30/06/19 Carried Forward)	2018/19 Budget (30/06/19 Carried Forward)	2018/19 (01/07/18 Brought Forward)
Note	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
<b>Adjustments to operating activities</b>			
Less: Profit on asset disposals	10(a) (137,914)	(4,277)	(31,955)
Movement in pensioner deferred rates (non-current)	(12,440)	0	(21,219)
Movement in employee benefit provisions (non-current)	(28,544)	0	(33,735)
Add: Loss on disposal of assets	10(a) 33,242	303,097	9,238
Add: Loss on revaluation of fixed assets	9(a) 0	0	343,375
Add: Movement in employee entitlement reserve	42,540	0	41,807
Less: Adjustment of fixed assets	0	0	(5,105)
Add: Depreciation on assets	10(d) 3,680,009	4,742,350	4,713,435
Less: Recognition of units in Local Government House Trust	(35,034)	0	0
<b>Non cash amounts excluded from operating activities</b>	<b>3,541,859</b>	<b>5,041,170</b>	<b>5,015,841</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
<b>Adjustments to net current assets</b>			
Less: Reserves - restricted cash	3 (1,962,087)	(1,716,263)	(2,094,182)
Add: Borrowings	13(a) 408,220	275,085	248,357
Add: Employee Entitlement Reserve	179,874	137,335	137,334
<b>Total adjustments to net current assets</b>	<b>(1,373,993)</b>	<b>(1,303,843)</b>	<b>(1,708,491)</b>
<b>Net current assets used in the Rate Setting Statement</b>			
Total current assets	4,173,199	2,381,146	4,515,405
Less: Total current liabilities	(1,886,675)	(1,077,303)	(1,104,040)
Less: Total adjustments to net current assets	(1,373,993)	(1,303,843)	(1,708,491)
<b>Net current assets used in the Rate Setting Statement</b>	<b>912,531</b>	<b>0</b>	<b>1,702,874</b>

## 25. FINANCIAL RISK MANAGEMENT

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

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

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

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

### (a) Interest rate risk

#### Cash and cash equivalents

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

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
<b>2019</b>					
Cash and cash equivalents	1.18%	3,401,065	0	3,399,615	1,450
<b>2018</b>					
Cash and cash equivalents	1.23%	3,779,031	0	3,777,781	1,250

#### Sensitivity

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

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	34,011	37,790

\* Holding all other variables constant

#### Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 13(b).



## 25. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk

#### Trade Receivables

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

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

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

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

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

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2019</b>					
Rates receivable (including deferred pensioners)					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount	4,241	209,351	84,001	97,103	394,696
Loss allowance	0.00%	0.00%	0.00%	0.00%	0.00%

#### 01 July 2018

Rates receivable (including deferred pensioners)					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount	228,593	68,345	18,786	48,736	364,460
Loss allowance	0.00%	0.00%	0.00%	0.00%	0.00%

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2019</b>					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount	160,601	10,885	240,920	3,486	415,892
Loss allowance	0	0	0	0	0

#### 01 July 2018

Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount	379,044	4,921	30	3,760	387,755
Loss allowance	0	0	0	0	0

## 25. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 13(d).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2019</b>					
Payables	432,417	381,714	0	814,131	814,313
Borrowings	450,034	1,113,505	477,758	2,041,297	2,464,556
	882,451	1,495,219	477,758	2,855,428	3,278,869
<b>2018</b>					
Payables	319,656	0	0	319,656	319,981
Borrowings	333,478	1,028,444	1,107,115	2,469,037	2,017,531
	653,134	1,028,444	1,107,115	2,788,693	2,337,512

## 26. TRUST FUNDS

There are no funds held at the balance date which are required to be held in the trust fund.

In previous years, bonds and deposits were held as trust monies. They are now included in Restricted cash at Note 3 and shown as a current liability at Note 12.

	1 July 2018	Amounts Received	Amounts Paid	Reclassification to Restricted Cash	30 June 2019
	\$	\$	\$	\$	\$
Animal Control	50	0	0	50	0
Bonds - Community Bus	1,100	1,800	(1,800)	1,100	0
Construction Training Fund (CTF)	2,773	21,303	(22,447)	1,630	0
Bonds - Crossovers	16,514	0	0	16,514	0
Bonds - Defects Roadworks	11,743	0	0	11,743	0
Bonds - Developer	95,682	0	(938)	94,744	0
Bonds - Extractive Industries	217,658	0	0	217,658	0
Bonds - Gravel Pit Rehabilitation	21,289	0	0	21,289	0
Bonds - Keys, Hall and Equipment	1,905	1,850	(2,050)	1,705	0
Building Services Levy (BSL)	2,938	27,002	(25,790)	4,150	0
Bonds - Transportable Buildings	0	10,000	0	10,000	0
Bonds - Community Housing	352	100	(352)	100	0
Bonds - Staff Housing	0	960	(960)	0	0
Unclaimed Monies	1,031	0	0	1,031	0
	373,036	63,015	(54,337)	381,714	0



## 27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

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

### AASB 9 Financial instruments

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

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

#### (a) Classification and measurement

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

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

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

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

## 27 INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

### (a) Classification and measurement

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

AASB 139 category	AASB 139 value	AASB 9 category amortised cost	Fair value through OCI	Fair value through P/L
	\$	\$	\$	\$
<b>Loans and receivables</b>				
Trade receivables*	766,884	766,884	0	0
Available for sale financial assets	77,534	0	0	77,534
	844,418	766,884	0	77,534

\* The change in carrying amount is a result of additional impairment allowance. See the discussion on impairment below.

### (b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. Upon adoption of AASB 9, the Shire has determined there is no further impairment on the Shire's Trade receivables.

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

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

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

### (a) Revenue from Contracts with Customers

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

Note	AASB 118	Reclassification	AASB 15
	carrying amount		carrying amount
	30 June 2019		01 July 2019
	\$	\$	\$
<b>Contract liabilities - current</b>			
Unspent grants, contributions and reimbursements	0	119,473	119,473
Adjustment to retained surplus from adoption of AASB 15	28(d)	(119,473)	

### (b) Leases

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019. As the Shire does not have any operating leases, no adjustments are expected to be made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019).



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

(c) Income For Not-For-Profit Entities

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

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

Note	AASB 1004	Reclassification	AASB 1058
	carrying amount		carrying amount
	30 June 2019		01 July 2019
	\$	\$	\$
Trade and other payables	814,313	123,562	937,875
Adjustment to retained surplus from adoption of AASB 1058	28(d)	(123,562)	

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

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

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

(d) Impact of changes to Retained Surplus

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

Note	Adjustments	2019
		\$
Retained surplus - 30 June 2019		52,722,697
Adjustment to retained surplus from adoption of AASB 15	28(a) (119,473)	
Adjustment to retained surplus from adoption of AASB 16	28(b) 0	
Adjustment to retained surplus from adoption of AASB 1058	28(c) (123,562)	(243,035)
Retained surplus - 01 July 2019		52,479,662

**29. OTHER SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

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

**c) Rounding off figures**

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

**d) Comparative figures**

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

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

**e) Budget comparative figures**

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

**f) Superannuation**

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

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

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

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

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

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

**h) Fair value hierarchy**

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

**Valuation techniques**

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

**Market approach**

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

**Income approach**

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

**Cost approach**

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

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

**i) Impairment of assets**

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

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

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

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



**30. ACTIVITIES/PROGRAMS**

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

**PROGRAM NAME AND OBJECTIVES**

**GOVERNANCE**

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

**GENERAL PURPOSE FUNDING**

To collect revenue to allow for the provision of services.

**LAW, ORDER, PUBLIC SAFETY**

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

**HEALTH**

To provide an operational framework for environmental and community health.

**EDUCATION AND WELFARE**

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

**HOUSING**

To provide and maintain staff, community and seniors housing.

**COMMUNITY AMENITIES**

To provide services required by the community.

**RECREATION AND CULTURE**

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

**TRANSPORT**

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

**ECONOMIC SERVICES**

To help promote the Shire and its economic wellbeing.

**OTHER PROPERTY AND SERVICES**

To monitor and control the Shire's overhead operating accounts.

**ACTIVITIES**

Includes the activities of members of Council and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific Council services.

Rates, general purpose government grants and interest revenue.

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance and contributions to medical health and community health centre.

Senior citizens programs, youth services and events.

Provision and maintenance of staff, community and seniors housing.

Waste collection services, operation of waste landfill sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of the town planning scheme, cemetery and public conveniences.

Maintenance of halls, the library and various parks, reserves and other recreation activities and cultural pursuits.

Construction and maintenance of roads, bridges, footpaths, drainage works, lighting and cleaning of streets and verge maintenance.

Tourism and area promotion. Provision of rural services including weed control, community bus operations, economic and community development programs and building control.

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



### 31. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	1.29	2.31	3.99
Asset consumption ratio	0.53	0.58	1.01
Asset renewal funding ratio	1.62	1.82	1.96
Asset sustainability ratio	0.68	0.43	0.78
Debt service cover ratio	6.22	9.47	20.46
Operating surplus ratio	(0.22)	(0.42)	(0.26)
Own source revenue coverage ratio	0.68	0.60	0.64

The above ratios are calculated as follows:

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

### 32 CHANGE IN ACCOUNTING POLICY

On 26 June 2018, paragraph 17A (5) was inserted into Local Government (Financial Management) Regulations 1996.

The regulation stated an asset is to be excluded from the assets of a local government if the fair value of the asset at the date of acquisition by the local government is under \$5,000.

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

As a result, during the year assets with a fair value at the date of acquisition of under \$5,000 and purchased prior to 30 Jun 2018 have been excluded from the assets of the Shire along with those assets acquired during the year ended 30 June 2019 with a fair value of under \$5,000 which were capitalised in error (refer to Note 10).

## INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF THE SHIRE OF CHITTERING

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## REPORT ON THE AUDIT OF THE FINANCIAL REPORT

### Opinion

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

In our opinion, the financial report of the Shire of Chittering:

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

### Basis for Opinion

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

### Emphasis of Matter – Basis of Preparation

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

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

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

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

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



**INDEPENDENT AUDITOR'S REPORT  
TO THE COUNCILLORS OF  
THE SHIRE OF CHITTERING (CONTINUED)****REPORT ON THE AUDIT OF THE FINANCIAL REPORT (CONTINUED)****Auditor's Responsibilities for the Audit of the Financial Report**

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

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

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

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



**INDEPENDENT AUDITOR'S REPORT  
TO THE COUNCILLORS OF  
THE SHIRE OF CHITTERING (CONTINUED)**

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

- a) In our opinion, there is a significant adverse trend in the financial position of the Shire as the asset sustainability ratio and operating surplus ratio have been below the DLGSCI standard for the past 3 years.
- b) All required information and explanations were obtained by us.
- c) All audit procedures were satisfactorily completed in conducting our audit.
- d) In our opinion, the asset consumption ratio and asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

**MATTERS RELATING TO THE ELECTRONIC PUBLICATION OF THE AUDITED FINANCIAL REPORT**

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

MOORE STEPHENS  
CHARTERED ACCOUNTANTS



WEN-SHIEN CHAI  
PARTNER

Date: 20 November 2019  
Perth, WA



**Chittering** - *from Muchea through Bindoon to Wannamal*