

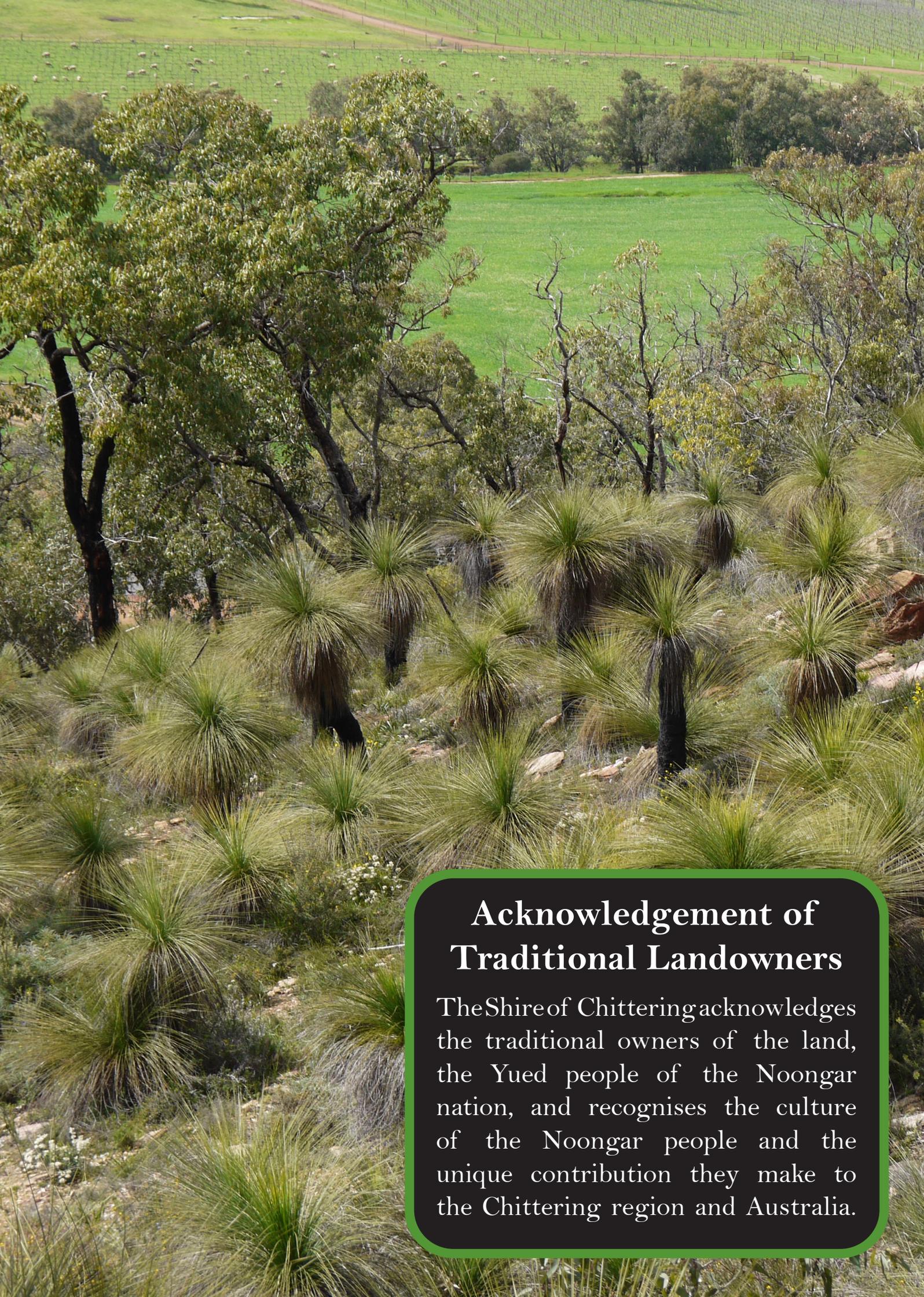


# Annual Report 2020 - 2021



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 15**);
- 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 35**); and
- 2020/2021 Financial Indicators and Audited Financial Statements (**Pages 36 to 95**).



# 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.

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

## Our Vision

*To be a Shire that creates pride and enjoyment for the community, our colleagues and ourselves.*

*We do this by:*

- *Always looking for Improvement;*
- *Acting with Integrity and upholding our values; and*
- *Asking the Question, "Is this in the best interests of Chittering?"*

## Our Values

*Positive Attitude*

*Respect*

*Accountability*

*Teamwork*

**Our Community**

**Our Natural Environment**

**Our Built Environment**

**Economic Growth**

**Strong Leadership**

# 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



# Our Services

## 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



## 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

# 2020

## September



Bindoon Farmers Market  
School Holiday Activities Rollerskating  
@ Muchea

## October



A Taste of Chittering  
School Holiday Activity - 000

## November



Bindoon Farmers Market  
Youth Krew Sponsored Mitch Martin  
Concert

## December



Terra Madre Day  
Christmas Lights in the Orchard  
Bindoon Farmers Market  
Thrive Sustainability Christmas Party

# 2021

## February



The Orchard Perth Live Music & Pizza Evening  
Nesci Estate Firies Fundraiser  
Bindoon Farmers Market  
Breastscreen WA Gingin Clinic

## March



Nesci Estate Wine Farm Twilight Wedding Expo  
Bindoon Farmers Market

## April



Bindoon Farmers Market

## May



Produce of the Valley  
Bindoon Farmers Market

## June



Bindoon Farmers Market  
Bush Fire Brigade Recognition Event

Many of the Shire's regular events have been affected by COVID-19

# President's Message

On behalf of Council, I am pleased to present the Shire of Chittering's Annual Report for 2020/2021 to the community. Recently elected as Councillor and President, the annual report below contains the information provided to me for the 2020/2021 financial year.

## Council Elections

An Extraordinary Election was held in February 2021 to fill two vacancies left by both resigning President Cr Don Gibson and Deputy President Cr John Davis. We welcomed Cr Mark Campbell with a term expiring in October 2023 and Cr Rebecca Foulkes -Taylor who had a term expiring in October 2021.

The recent local government elections were held on 16 October 2021, with nine candidates and three vacant positions. Support for many candidates and a voting turnout of 34.84 % saw close results, with myself and David Dewar newly elected councillors and Cr Carmel Ross re-elected to council for a 4 year term, expiring on 18 October 2025.

We thank the previous councillors, Cr Peter Osborn who retired after serving 6 years, 3 years as Deputy President and Cr Rebecca Foulkes -Taylor who served on council since February 2021. The willingness to serve your community is valued and your time and dedication appreciated.

Council elected myself as President and Cr Mary Angus as Deputy President during the OCM held on 20 October 2021.

After several changes to council in the previous few years we remain unified in delivering the best outcomes for our community going forward.

## Budget

The annual budget was adopted at a Special Meeting of Council held on 29 July 2020. The budget was prepared during a COVID-19 Pandemic and budget considerations needed to be made to accommodate financial hardship in these uncertain times.

This year the budget reflects a 0% increase to the rate in the dollar (RID). Furthermore, no administrative fees were charged to ratepayers entering into a payment arrangement with the Shire, making flexible payment arrangements more available to the community. Through all our efforts we hope to build a good relationship with our residents and ensure that those willing to work with us can do so without any additional fees and changes.

Council continues to allocate funds to reserves to secure

the Shire's ability to meet its future financial commitments and fund key strategic projects.

For the Shire to manage projects and services in the community, with assistance from government funding, we are very conscious of delivering low rates where possible.

Executive Manager of Corporate Services Melinda Prinsloo has improved the overall structure of Shire budget to provide more information and allow greater accountability.

## Strategic Community Plan.

In July 2020, the Strategic Community Plan adopted by Council on 21 June 2017 underwent a comprehensive desktop review incorporating feedback from two workshop sessions. Following the review, the format of the Strategic Community Plan was modified, but the content and direction of the plan remained the same as the previously adopted Strategic Community Plan.

## Community Advisory Forums

The introduction of community advisory forums in Bindoon, Lower Chittering, Muchea and Wannamal aims to better inform the community of Shire activities and the Council's strategic direction. Increasing the level of community engagement has been a priority for the Shire over the past 12 months. A better understanding of the community's views in each area of the Shire gives input that assists Council's strategic plans.

## Lower Chittering Sport and Recreation Centre

In October 2020, Council decided not to proceed with the BBRF grant of \$4.71 m to construct a Sport and Recreation Centre in Lower Chittering. This was due to substantial changes which include one investor pulling out with one-third of the funding, this has made the project no longer tenable in the current form, as previously agreed.

Following consultation with the community, Council has shifted its focus to the redevelopment of the Muchea Recreation Centre.

The Lower Chittering Reference Group has been established to assess the community needs and provide a recommendation to Council.



# President's Message

## Muchea Recreation Centre

In March 2021 council endorsed funding of \$2,707,964 for the construction of the multi-purpose community facility at Muchea Oval, with demolition of the old Muchea Hall to occur on completion of the new facility. The community groups have successfully raised \$68,630 in donations as their contribution to the development.

The Muchea Recreation Centre Project Reference Group are meeting with Site Architecture Studio representatives to refine the development to present options to Council for endorsement.

## Mountain Bike Park

The Mountain Bike and Adventure Park in Bindoon is currently being considered after the completion of a feasibility study in 2019 and various community engagement platforms.

Lot 3874 Chinkabee Rd, central to Bindoon is proposed to be purchased to allow this development to proceed. Part payment for this land will come from the proceeds from the disposal of property from Lot 1104 Grey Road and Lot 171 (RN 29) Binda Place, Bindoon.

In June 2020 Council requested public consultation on the plans and submitted a grant application to the Building Better Regions Fund in February 2021. The Shire has been notified that it has been unsuccessful in the grant application.

The Steering group is continuing to investigate alternative development stages and funding options.

## Aged Care

The Shire of Chittering engaged Verso Consulting to provide a feasibility study for the provision of aged and disability care within the Shire catchment. This study incorporated a needs analysis to determine aged and disability care needs within the Shire of Chittering, including current and future requirements for:

- In home aged and disability care.
- Respite care.
- Aged care facility (residential).
- Alternative aged care options

Council is currently assessing the draft report and determining the next steps.

## Community Bus

The Chittering Community Courtesy Bus Service ceased operations on a fortnightly basis to Midland as of October 2020. The Shire has been unsuccessful in finding

honorary drivers, with appropriate licences, for the Midland service however, with the recent appointment of a regular driver for the Joondalup service we will continue to offer a transport option the Joondalup area on a fortnightly basis.

The last Midland service will be on Tuesday, 29 September 2020. We would like to take the opportunity to thank those drivers who, over the past four years, have given their time to this much appreciated community service.

## Container Scheme

In March 2020, Council signed the Refund Point Agreement for the Container Deposit Scheme. The scheme will result in additional income for the Muchea Waste Site, due to a handling fee of \$0.06 per container. There will be limited capital costs associated with the set-up of the refund point. This will be covered by the current waste site budget. Depending on how much the refund point is used, additional staffing may be required for peak times, but this will be covered by the funds received to process containers.

## Conclusion

Council's emphasis on governance, efficiency and transparency has improved. Committees and council better reflect the emphasis on division of powers and clarification of roles. Practices have improved and a series of reviews of practice, policy and delegations are ongoing. Transparency is foremost and evident in audio recorded council meetings, names being recorded against votes and a reduction in confidential business.

Thank you to Matthew and staff for your dedication and commitment. It is not always visible to the community how much work staff do behind the scenes so I hope the community will join me in acknowledging this. Thank you also to my fellow Councillors for your time, commitment and effort over the past 12 months. I aim to build and foster strong working relationships with you and strengthen the existing foundations to deliver an even more transparent and accountable council and Shire for our ratepayers.

I hope this Annual Report portrays the sheer amount of hard work our Council and Shire staff have exerted over the last 12 months in our tireless attempt to serve our many community's interest.

# Chief Executive Officer's Message

The Shire continues to perform well over the 2020-2021 Financial Year despite continuing to deal with the COVID-19 pandemic.

Following the resignations of Cr John Davis and Cr Don Gibson, an extraordinary election were held in February. I would like to welcome and congratulate the newly elected councillors; Cr Mark Campbell and Cr Beck Foulkes-Taylor. Congratulations also to Cr Kylie Hughes who was elected as President and Cr Carmel Ross who was elected as Deputy President.

I want to thank all of the staff for their continued commitment during this stressful and busy time. Staff continued to adapt to ever changing circumstances and still perform their roles to a high standard. In addition to the entire staff I would also like to thank all our volunteers who drive the community bus, assist at the library, keep the visitors centres open, provide most of our emergency services and perform many others tasks that assist the Shire to run.

Community engagement has been a continued focus of the Shire over the past 12 months and I believe that we have made great strides in this area. While we will continue to learn and improve, I believe that our increased focus has helped to set a base on which greater community engagement in the strategic plans and budgets of Council can be achieved. I look forward to this in the coming 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.

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 continued cooperation and support. A good relationship is essential to a well performing shire and their trust makes the relationship easy.

**Matthew Gilfellon**  
**CHIEF EXECUTIVE OFFICER**

# Year in Review 2020/21

## 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 2020/21 and provides a status of each project or program at the end of the year.

Achievements include:

### *Economic Development & Tourism*

- Completion and endorsement of the Shire of Chittering Economic Development Strategy; providing an action plan for the Shire's involvement in developing the economy over the next decade that will look to assist in the advancement of economic growth, local business growth and increasing visitors to the Shire.
- Detailed design, business case for Bindoon Mountain Bike Park Stage 1, to deliver a new feature attraction and nature-based recreation facility in the Shire.
- Undertaking management of the Chittering Visitor Centre and Bindoon Transit Park; social media management, managing volunteers, fitting out, updated signage and alignment with Chittering's new tourism brand
- Continued investment in initiatives that encourage economic development, such as Shop Local strategies, development of food and wine trails, and support for local businesses.

### *Improvements to Community Facilities & Spaces*

- Solid Shade Structure - John Glenn Park
- Hard Stand - Upper Chittering Fire Station
- Renovation Works - Unit 4/8 Edmond Place, Bindoon
- Museum Insulation - Brockman Centre Precinct
- Divisional Wall and Entry - Tourist Bureau Building
- Internal Painting - Lower Chittering Hall
- External Painting - Muehea hall
- LED Lighting Upgrade - Bindoon, Upper Chittering and Muehea Fire Stations

### *Funding for Community Activities*

- Community Assistance Grants and Sponsorships for local community groups
- Education Scholarships
- Major Events such as, A Taste of Chittering, Bindoon Rodeo, and Volunteer Week promotions
- Other annual events such as Australia Day, ANZAC Day and Thank A Volunteer Event
- Youth Services including Youth Development Program, School Holiday Activities, and Youth Sponsorship
- Community support for vulnerable people during

COVID-19. Provision of vehicles and coordination of volunteers for delivery of essential services to those in need.

### *Roadworks Program*

Including but not limited to:

- Archibald Street - Reconstruction
- Ridgetop Ramble - Reconstruction
- Muehea East Road - Reconstruction: Chardonnay Dr - Powderbark Rd
- Chittering Road - Reconstruction and Intersection Upgrade
- Mooliabeenee Road - Black Spot - Intersection Upgrade: Mooliabeenee Rd/Crest Hill Rd
- Teatree Road North - Gravel re-sheeting
- Barn Road - Gravel re-sheeting
- Owen Road - Gravel re-sheeting
- Davis Road - Floodway upgrade
- Chittering Valley Road - Bridge Replacement with Culverts

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CAMEMBERIDGE  
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Locavore STORE  
BIBLICAL FRUITS  
FIG JAM \$10 EA



WOOTRA FARM  
MARINATED ASPARAGUS  
\$10.00  
Grown & made & in Chittering  
Travelled 14 kilometres

Peter and Gillian Osborne of Wootra Farm are well known for their beautiful asparagus which you can enjoy freshly picked from August to early November. They also make a limited supply of marinated asparagus, preserved to enjoy for the rest of the year! Stock up while you can!



# 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

(Membership effective as at 30 June 2021)

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 page 22.

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 Kylie Hughes**

*Term expires October 2023*

**President since November 2020**

**Elected Member since October 2019**

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

### **Interests**

Chittering Landcare, waste and catchment management

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

- Audit & Risk Committee
- Chittering Community Planning Advisory Group
- Chittering Mining Advisory Group
- Chittering Youth Krew Advisory Group
- Chittering Community Complex Advisory Group
- Chittering Land Conservation District Committee
- Ellen Brockman Integrated Catchment Committee
- Rural Water Council of WA (Inc) Wheatbelt Development Assessment Panel
- Local Emergency Management Committee
- Chittering Community Sport Funding Group
- Chittering Health Advisory Group



## **Cr Carmel Ross**

*Term expires October 2025*

**Elected Member since October 2017**

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

### **Interests**

Chamber of Commerce, Chittering Tourist Association, regional tourism initiatives, small business, project activities, and events

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

- Audit & Risk Committee
- Chittering Bushfire Advisory Committee
- Chittering Community Planning Advisory Group
- Chittering Health Advisory Group
- Bindoon & Districts Historical Society
- Muchea Hall User Group
- Wannamal Community Centre
- Wheatbelt Development Assessment Panel
- Local Emergency Management Committee
- Chittering Tourism Advisory Committee



### **Cr Mary Angus**

*Term expires October 2023*

**Elected Member since October 2016**

**Email:** [crangus@chittering.wa.gov.au](mailto: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 & Risk Committee
- Chittering Education Scholarship Advisory Group
- Chittering Youth Krew Advisory Group
- Chittering Health Advisory Group
- Wheatbelt Development Assessment Panel
- Chittering Community Support Funding Group



### **Cr Mark Campbell**

*Term expires October 2023*

**Elected Member since February 2021**

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

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

- Audit & Risk Committee
- Chittering Bush Fire Advisory Group
- Chittering Community Planning Advisory Group
- Chittering Mining Advisory Group



### **Cr John Curtis**

*Term expires October 2023*

**Elected Member since October 2019**

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

#### **Interests**

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

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

- Audit & Risk Committee
- Chittering Bushfire Advisory Committee
- Chittering Education Scholarship Advisory Group
- Bindoon & Districts Historical Society
- Chittering Tourist Advisory Group
- Chittering Land Conservation District Committee
- Ellen Brockman Integrated Catchment Committee
- Chittering Health Advisory Group



### **Cr Foulkes-Taylor**

*Retired October 2021*

**Elected Member since February 2021**

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

- Audit & Risk Committee
- Chittering Community Planning Advisory Group
- Chittering Education Scholarship Group
- Chittering Youth Krew Advisory Group



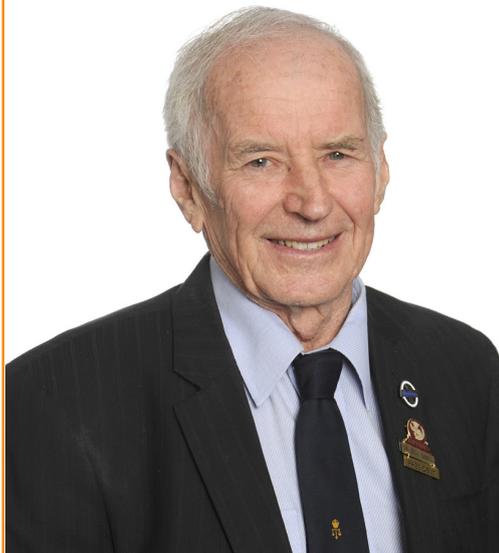
## Cr Peter Osborn

*Retired October 2021*

Elected Member since October 2015

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

- Audit & Risk Committee
- Rural Water Council of WA (Inc)
- Wannamal Community Centre
- Wheatbelt Development Assessment Panel



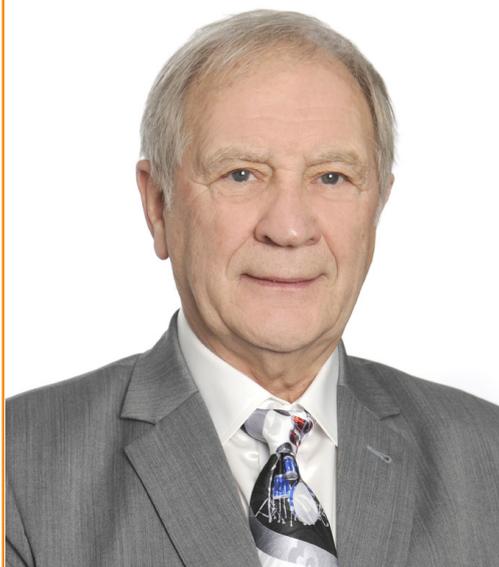
## Cr Don Gibson

*Retired January 2021*

Elected Member since May 2005

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

- Audit & Risk Committee
- Local Emergency Management Committee
- Chittering Community Support Funding Advisory Group
- Chittering Mining Advisory Group
- WALGA Avon Midland Country Zone
- Northern Growth Alliance
- Wheatbelt North Regional Road Group



## Cr John Davis

*Retired November 2020*

Elected Member since October 2019

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

- Audit & Risk Committee
- Local Emergency Management Committee
- Chittering Community Support Funding Advisory Group
- Chittering Community Complex Advisory Group
- WALGA Avon Midland Country Zone
- Northern Growth Alliance
- Wheatbelt North Regional Road Group

# Elected Member Conference and Training Attendance

On 27 June 2019, changes were made to the *Local Government Act 1995* requiring all elected members to undertake training within the first 12 months of being elected. The changes were introduced in recognition of the unique and challenging role that elected members have. The training course, Council Member Essentials, has been developed to provide elected members with the skills and knowledge to perform their role as leaders in their district.

## Council Member Essentials units

The Council Member Essentials course has five foundational units. All council members will be required to complete:

- Understanding local government
- Serving on council
- Meeting procedures
- Conflicts of interest
- Understanding of financial reports and budgets

The following table represents the mandatory training undertaken during 2020/2021:

Elected Member	Course Title	Date(s)
Cr Mark Campbell	Understanding Local Government	14 June 2021
	Conflicts of Interest	27 June 2021
	Meeting Procedures	15 June 2021
	Serving on Council	27 June 2021
	Understanding Financial Reports & Budgets	27 June 2021
Cr Rebecca Foulkes-Taylor	Understanding Local Government	17 June 2021
	Conflicts of Interest	2 June 2021
	Meeting Procedures	14 June 2021
	Serving on Council	15 June 2021
	Understanding Financial Reports & Budgets	14 June 2021
Cr Kylie Hughes	Meeting Procedures	28 October 2020
	Understanding Financial Reports & Budgets	28 October 2020
Cr Mary Angus	Understanding Local Government	26 July 2020
	Conflicts of Interest	26 July 2020
	Meeting Procedures	26 July 2020
	Understanding Financial Reports & Budgets	11 August 2020
Cr John Curtis	Conflicts of Interest	17 September 2020
	Meeting Procedures	3 September 2020
	Serving on Council	3 September 2020
	Understanding Financial Reports & Budgets	17 September 2020

# Council and Committee Meeting Attendance

Elected Member	Ordinary Council (11)	Special Council (5)	Annual / Special Electors (1)	Audit & Risk Committee (2)	Bushfire Advisory Committee (2)	Local Emergency Management Committee (2)
Cr Kylie Hughes	11	5	1	2	1	1
Cr Carmel Ross	11	5	1	2	2	
Cr Mary Angus	11	5	1	2		
Cr Mark Campbell <sup>3,6</sup>	2	1	1	2	1	
Cr John Curtis	11	5	1	2	2	
Cr Rebecca Foulkes-Taylor <sup>3,5</sup>	3	1				
Cr Peter Osborn	11	5	1	2	1	
Cr Don Gibson <sup>2,4</sup>	5	4				
Cr John Davis <sup>1</sup>	4	4				

<sup>1</sup> Cr Davis retired in November 2020.

<sup>2</sup> Cr Gibson retired in January 2021.

<sup>3</sup> Cr Campbell and Cr Foulkes-Taylor were elected in the extraordinary election of February 2021.

<sup>4</sup> Cr Don Gibson was on Approved Leave of Absence for the period 27 July until 28 August 2020.

<sup>5</sup> Cr Foulkes-Taylor was an apology for the Ordinary Meeting held 17 March 2021 and the Annual Electors Meeting held 6 May 2021.

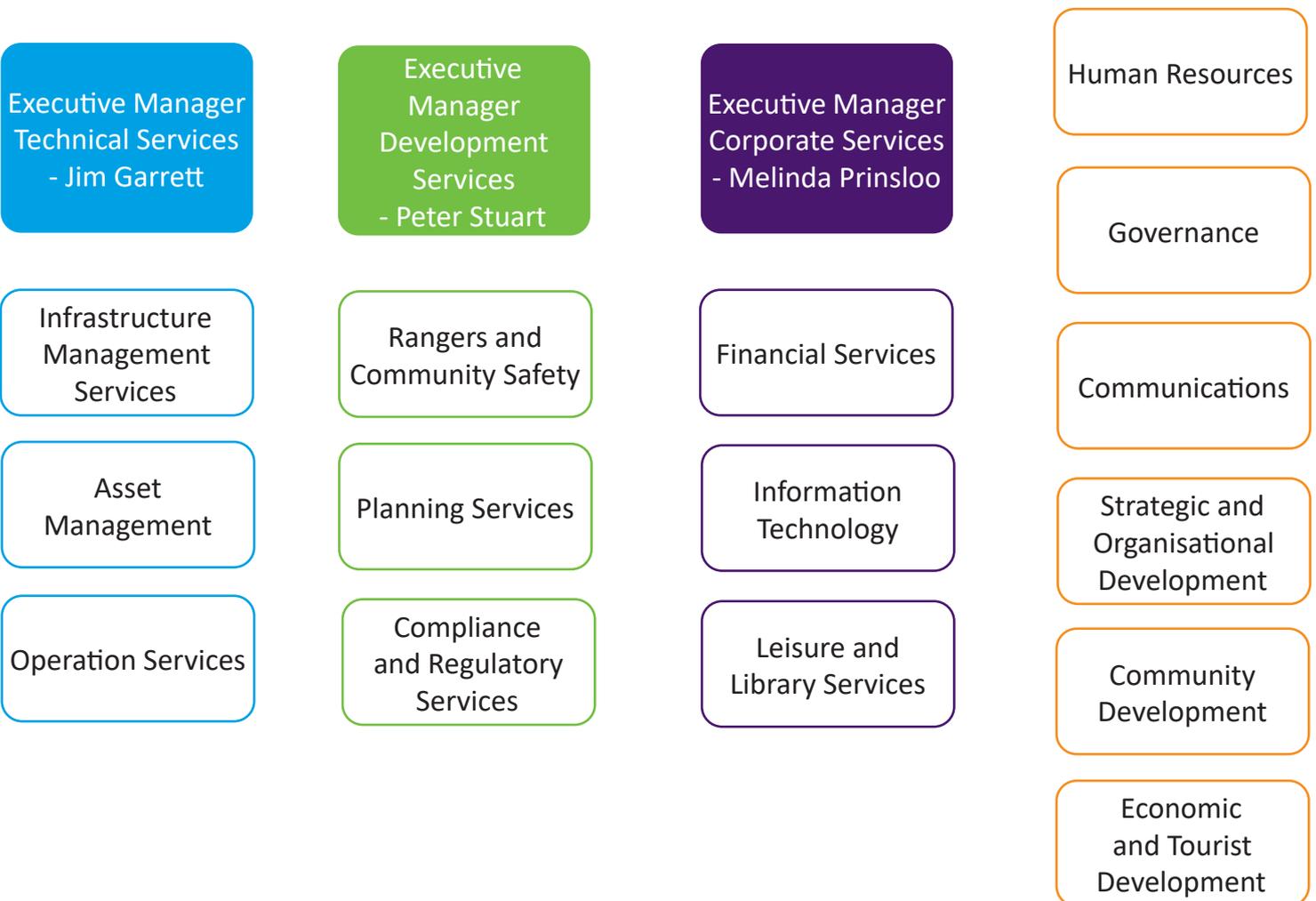
<sup>6</sup> Cr Campbell was an apology for the Ordinary Meetings held 21 April 2021 and 19 May 2021.

# Organisation Structure

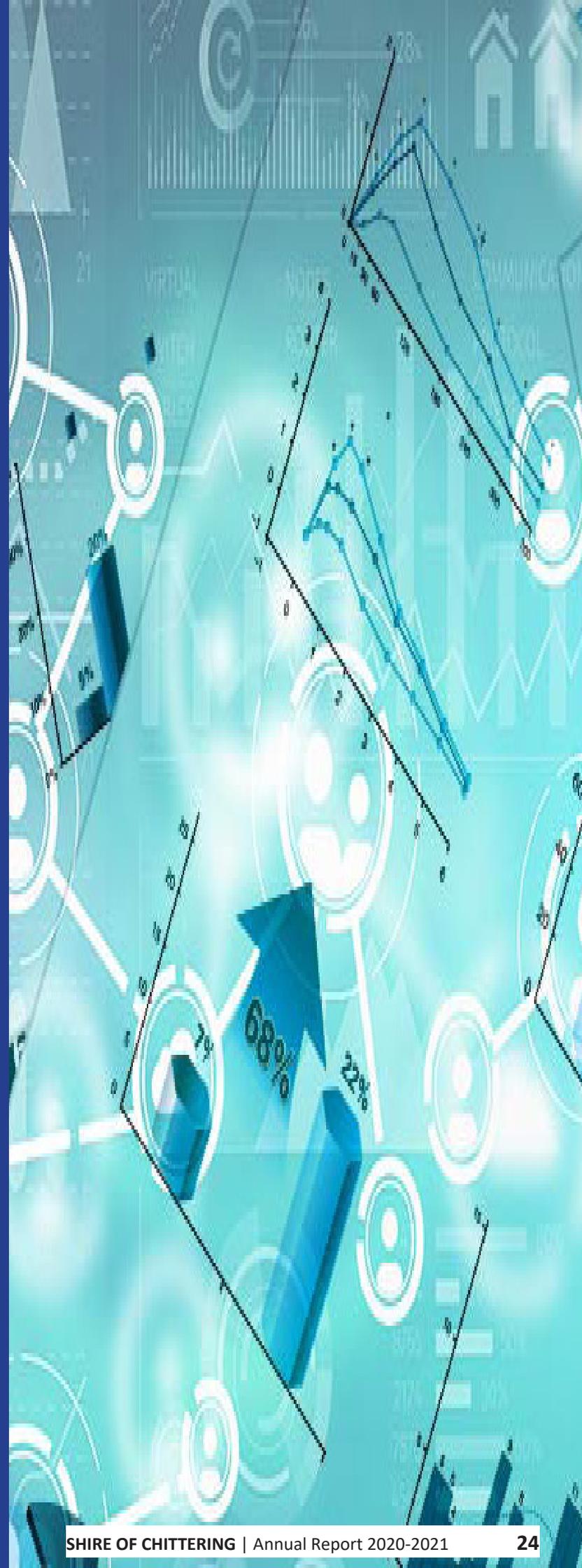
The Shire's organisational structure is designed to facilitate the delivery of projects and programs within the five key theme's of the Shire's Strategic Community Plan.

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 2021
<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	The Community Development Team continued to provide events and other opportunities for aged and youth.
	Develop and enhance existing recreation and social facilities for local communities	Community satisfaction with range and quality of recreation opportunities	Investigations continued into new recreation facilities, with grants received for the Muchea Recreation Centre.

Outcome	Strategies	Measures	Results 2021
<b>Strong sense of community</b>	Actively support community, volunteer groups and networks	Maintain or increase the number of community volunteers	The Community Development Team continued to support volunteer groups and financial assistance was also provided through the Community Grants Scheme.
	Strengthen and grow social events and festivals	Community satisfaction in social events and festivals	Unfortunately, due to COVID Requirements, the number of events and festivals has been reduced.
	Activate our local centres and towns	Increased positive social activity in our centres and towns	While COVID restricted events, some smaller events continued to be held and approval of food trucks has helped night time activation.

Outcome	Strategies	Measures	Results 2021
<b>A safe and healthy community</b>	Improve the safety of our community	Community satisfaction with the Shire's role in community safety	Rangers continue to play a vital role in community safety. Lobbying also took place in regards to a police station for the Lower Chittering and Muchea area.
	Advocate for improved education and health services	Community satisfaction with the Shire's role in public health	The Chittering Health Advisory Group, with support from the shire, has continued to lobby for better health services.

# Our Natural Environment

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

Outcome	Strategies	Measures	Results 2021
<b>Protective environment</b>	Ensure the protection of our local biodiversity	Naturally reverse bush conditions against nationally accepted practices	The shire continued to support Landcare's environmental efforts. Tree-planting activities took place at many shire reserves.  Work took place towards the development of Mountain Bike Trails in Bindoon which was greatly supported by the community.
	Develop an integrated network of walking and cycling trails	Community satisfaction with the town's conversation and environmental management	
	Explore opportunities for other eco based recreational activities		
	Support eco-tourism		

Outcome	Strategies	Measures	Results 2021
<b>Sustainable resources</b>	Education and partnerships	Community education programs implemented	Some waste education programs took place.  The Container Deposit Scheme was introduced at the Muchea Landfill.
	Encourage sustainable design	ANZECC 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)	
	Improve the sustainability of Council buildings	Increased uptake of solar power technology in the Shire	

Outcome	Strategies	Measures	Results 2021
<b>Protection of life and property</b>	Improved bushfire preparedness and recovery	Community bushfire safety education programs implemented  Hazard risk mapping and planning conducted	Funding was received for mitigation which was carried out over the year.

# Our Built Environment

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

Outcome	Strategies	Measures	Results 2021
<b>Development of local hubs</b>	Plan for new and enhanced community facilities	Community facilities which meet the needs of the community	Continued investigation into upgraded facilities and planning for town hubs took place, with aspirational plans developed for some sites.
	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 2021
<b>Safe access</b>	Advocate for improved public transport	Community satisfaction with roads, footpaths and cycle paths	Road Blackspot Funding was received to make our roads safer.
	Improve pedestrian and cycle access	Community satisfaction with access to public transport both within the Shire and to/from it	The footpath program continued to increase access to footpaths.
	Improve road safety options		

Outcome	Strategies	Measures	Results 2021
<b>Improved infrastructure and amenities</b>	Improved asset management across all asset classes	Community satisfaction with infrastructure across the Shire	Planning for end-of-life of facilities and other infrastructure took place, with results incorporated into the Long Term Financial Plan.
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 2021
<b>Economic growth</b>	Support private investment which stimulates significant and sustainable jobs growth	Number of business in the Shire (increase)	The shire works with investors to try and ensure their success.  The shire has continued to work with developers in the Muchea Industrial Park to ensure development while maintaining a future view towards ensuring environmental values are protected.
	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 2021
<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 Chamber of Commerce	Where possible, the shire works with new businesses to try and assist with new business development.

Outcome	Strategies	Measures	Results 2021
<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	The Shire has improved its tourism marketing, conducted famils and partnered with organisations to try and increase our tourism numbers.
	Support and grow events to attract visitation	Continued support of cultural events across the Shire  Increased promotion of the Shire of Chittering as a tourist destination	
	Facilitate, promote and support ecotourism	Increased number of visitors to the Shire	

# Strong Leadership

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

Outcome	Strategies	Measures	Results 2021
<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>	Community engagement has continued in many forms including Community Advisory Forums held throughout the shire.

Outcome	Strategies	Measures	Results 2021
<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>	The shire continues to work with and establish relationships with many stakeholders.

Outcome	Strategies	Measures	Results 2021
<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>	Governance has continued to be developed with a positive relationship with Council being established.

# Corporate Business Plan Future Projects

The *Long Term Financial Plan and Corporate Business Plan* was endorsed by Council in June 2021 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
- Plant renewal
- New recreational facility in Muchea
- New Community Centre in Lower Chittering
- Mountain Bike Park in Bindoon



## **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 and adopted in July 2018.

### **RECORD KEEPING**

The Shire of Chittering is required to create, maintain and submit a Recordkeeping Plan to the State Records Office every 5 years. The latest review was due during 2019. Due to the building project in 2018 and the subsequent lack of time to dedicate to the review an extension was sought and granted from the State Records Office until 2020. The review was again extended during the Covid-19 period and at the suggestion of the State Records Office in the wake of the Office releasing a new template for Recordkeeping Plans. During the Covid-19 period the Shire of Chittering initiated work from home conditions for some officers and this highlighted that a transition to a more digitised workplace could be both possible and desirable.

The Shire, in consultation with the State Records Office has initiated and moved forward with a more digitised approach to recordkeeping that defers to an additional General Disposal Authority that allows for the digitised version of a record to be viewed as the primary document. While this does not cover 100% of documents, with some legal documents and signed and executed documents still required and/or preferred as hardcopy, it does enable the Shire to manage up to 90% of current incoming documentation to be received as either digital or converted to digital and be accepted as the source record.

This then authorises the Shire to dispose of the majority of hard copy documents within 6-12 months of receipt. While our digitised versions are still required for the mandatory retention periods, the hardcopy can be disposed of. To manage this all hardcopy documents received are now filed in day files and stored at the records desk for easy access if required and easy disposal at the right time.

Storage of files going forward is no longer considered to be an issue and the cost of creating, maintaining and disposing of files should diminish as we continue to manage the hard files that we have and dispose of those that are now considered to be inactive and no longer required.

Officers, upon reviews, are happy with the digitised approach and it is enabling working from home to function at a higher level with access to information easier and more accessible.

# Statutory reporting

The Shire will look to a program to scan historical documents that are prior to the initiation of the Electronic Documents Records Management System (2006) over the next few years that will fully digitise all required documents and allow for the disposal of any files that are no longer required as hard copy.

The Recordkeeping Plan was submitted in September 2021 and accepted by the State Records Office Board in November.

## 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 2020/2021, the Shire received five Freedom of Information applications. Four applications were completed within the time-frame prescribed by legislation, and one was rolled over into the 2021/2022 reporting period.

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 was one such applications which was completed in accordance with agreed extended time-frames.

## 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 and adopted by Council on 19 August 2019. Individual policies have been reviewed and adopted during the 2020/2021 financial year. This document is available on the Shire's website (<https://www.chittering.wa.gov.au/policies.aspx>).

# Statutory reporting

## 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 and adopted by Council on 18 August 2021, and is available on the Shire's website (<https://www.chittering.wa.gov.au/council/council-policies-and-procedures/delegations-register.aspx>).

## COMPLIANCE WITH THE PUBLIC INTEREST DISCLOSURE ACT 2009

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

## CODE OF CONDUCT

Local governments are required to adopt a code of conduct for their Elected Members, committee members and employees. The Code of Conducts sets out the standards of behaviour which must be observed when performing their duties and is intended to promote accountable and ethical decision-making. This enables professional relationships to be established and maintained in the interests of providing good governance, overall integrity and good government for the community.

All new employees are required to complete an online induction to ensure that they understand and demonstrate the Shire's Code of Conduct.

A copy of the Code of Conducts are available on the Shire's website (<https://www.chittering.wa.gov.au/council/council-policies-and-procedures/code-of-conduct.aspx>)

## COMPLAINTS REGISTER

There were no formal complaints received during the 2020/2021 financial year.

## GIFT DISCLOSURES

Changes to the *Local Government Act 1995* in October 2019 required Elected Members to disclose any gifts over \$300 in writing to the Chief Executive Officer within 10 days of receipt, which are received in their official capacity, including contribution to travel. The changes also required such disclosures to be made to the Chief Executive Officer in writing to the President. The Chief Executive Officer maintains a register of these gifts which are available on the Shire's website (<https://www.chittering.wa.gov.au/registers/gifts>). The register is also available at the Shire's Administration building for public inspection.

A further change required Elected Members to make a disclosure of any gifts received from a person who is requiring a decision of the Council or Committee. The disclosure must be in writing to the Chief Executive Officer before the meeting, or at the meeting before the matter is discussed. The changes also required such disclosures to be made by the Chief Executive Officer in writing to the Council.

## 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 2020/2021.

## ELECTED MEMBER RENUMERATION

Elected Members are remunerated in accordance with the current determination of the Salaries and Allowances Tribunal (the Tribunal) under the *Salaries and Allowances Act 1975*. On 9 April 2019, the Tribunal determined the rates of remuneration applicable for the 2020/2021 financial year. The Shire is classified as a BAND 3 local government for the purposes of the Act and has determined that it will remunerate its Elected Members as follows:

- Annual attendance fee in lieu of Council meetings, committee meeting and prescribed meeting fees;

# Statutory reporting

- Annual allowance for President and Deputy; and
- Annual allowance for the reimbursement of expenses.

## PAYMENT TO EMPLOYEES

Regulation 19B of the *Local Government (Administration) Regulations 1996* requires the Shire to include the following information in its annual report:

- the number of employees of the Shire entitled to an annual salary of \$100,000 or more; and
- the number of those employees with an annual salary entitlement that falls within each band of the \$10,000 over \$100,000.

To eliminate the issues associated with the treatment of benefits other than cash salary, the Shire has adopted a total employee cost approach to remuneration. This packages all remuneration into one total number. This is considered a far more transparent and open approach to payment which exceeds the requirement of the regulations.

The following table is based on the amount each employee actually received over the period in this Annual Report, whether employed for a full year or not, and includes:

- Annual cash component
- Statutory 9.5% superannuation plus Shire matching contributions to additional superannuation where applicable
- Salary sacrifice
- Novated lease refunds (at conclusion of lease)
- Allowance for motor vehicle
- Overtime payments
- Cash-out of leave (either on request or termination)
- Higher duties where applicable
- Termination payments

TABLE: Salary Band

\$ FROM	\$ TO	2018/2019	2019/2020	2020/2021
100,000.00	109,999.99	2	0	0
110,000.00	119,999.99	3	3	1
120,000.00	129,999.99	0	0	0
130,000.00	139,999.99	0	0	1
140,000.00	149,999.99	0	0	2
150,000.00	159,999.99	0	1	0
160,000.00	169,999.99	0	0	0
170,000.00	179,999.99	0	0	0
180,000.00	189,999.99	1	0	0
190,000.00	199,999.99	0	0	0
200,000.00	209,000.99	0	0	1
<b>TOTAL</b>		<b>6</b>	<b>4</b>	<b>5</b>

## COMPLIANCE AUDIT RETURN

The *Local Government (Audit) Regulations 1996* requires local governments to carry out an annual compliance audit for the period 1 January to 31 December. The Return includes a range of compliance categories to be met by local governments.

The categories are:

- Commercial Enterprises by Local Governments
- Delegation of Power/Duty
- Disclosure of Interest
- Disposal of Property
- Elections

# Statutory reporting

- Finance
- Integrated Planning and Reporting
- Local Government Employees
- Official Conduct
- Optional Questions (relating to CEO reviews of financial management systems and procedures, and risk management, internal control and legislative compliance, and reporting of related party information)
- Tenders for providing Goods and Services

The Shire identified zero non-compliance issues for the year 2021.

The 2021 Compliance Audit Return was adopted by Council on 16 March 2022 with a certified copy of the Return, along with the relevant section of the Council resolution, submitted to the Department of Local Government, Sport and Cultural Industries.

## **EXTERNAL AUDITS**

The annual audit was undertaken by the Office of the Auditor General and signed off by the Acting Deputy Auditor General, Mr Grant Robinson on 18 February 2022.

## **COMMUNITY CONSULTATION**

The Shire has a range of consultation methods to inform decision-making on major projects, issues and policies to obtain feedback from the community, stakeholders and interested persons. This includes:

- Direct consultation via surveys, hardcopy and online, and in person;
- Information available on the Shire's website;
- E-newsletter publication;
- Social media posts and advertising; and
- Public notices.

## **PUBLIC NOTICES**

A range of statutory public notices were published on the Shire's website and in local newspapers during 2020/2021 such as notice of Council meetings, policy issues and planning matters.

# Financial Statements



**SHIRE OF CHITTERING  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

*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 2021 is based on proper accounts and records to present fairly the financial position of the Shire of Chittering at 30 June 2021 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 sixteenth day of February 2022



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Chief Executive Officer

Matthew Gilfellow

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Name of Chief Executive Officer



BUTLER SETTINERI (AUDIT) PTY LTD

**SHIRE OF CHITTERING**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Revenue</b>				
Rates	27(a)	5,949,574	5,919,666	5,803,943
Operating grants, subsidies and contributions	2(a)	2,556,795	1,057,437	1,743,541
Fees and charges	2(a)	1,408,065	1,298,138	1,341,044
Interest earnings	2(a)	36,956	125,971	115,090
Other revenue	2(a)	281,715	98,088	296,949
		<b>10,233,105</b>	<b>8,499,300</b>	<b>9,300,567</b>
<b>Expenses</b>				
Employee costs		(4,001,114)	(3,647,333)	(3,891,693)
Materials and contracts		(2,771,867)	(3,111,196)	(3,131,229)
Utility charges		(179,312)	(111,000)	(162,033)
Depreciation on non-current assets	11(d)	(4,196,905)	(3,755,880)	(4,331,588)
Interest expenses	2(b)	(76,170)	(63,534)	(71,991)
Insurance expenses		(186,629)	(200,216)	(188,091)
Other expenditure		(313,387)	(382,805)	(383,181)
		<b>(11,725,384)</b>	<b>(11,271,964)</b>	<b>(12,159,806)</b>
		<b>(1,492,279)</b>	<b>(2,772,664)</b>	<b>(2,859,239)</b>
Non-operating grants, subsidies and contributions	2(a)	1,091,336	6,649,558	1,475,362
Profit on asset disposals	11(a)	0	0	273,229
(Loss) on asset disposals	11(a)	(247,500)	0	(14,123)
Fair value adjustments to financial assets at fair value through profit or loss		1,293	0	3,576
		<b>845,129</b>	<b>6,649,558</b>	<b>1,738,044</b>
<b>Net result for the period</b>		<b>(647,150)</b>	<b>3,876,894</b>	<b>(1,121,195)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	49,449	0	(51,189)
<b>Total other comprehensive income for the period</b>		<b>49,449</b>	<b>0</b>	<b>(51,189)</b>
<b>Total comprehensive income for the period</b>		<b>(597,701)</b>	<b>3,876,894</b>	<b>(1,172,384)</b>

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



BUTLER SETTINERI (AUDIT) PTY LTD

**SHIRE OF CHITTERING**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Revenue</b>				
	2(a)			
Governance		953	6,600	2,101
General purpose funding		7,941,251	6,771,596	7,367,847
Law, order, public safety		504,449	200,173	272,962
Health		46,107	7,000	58,625
Education and welfare		3,076	33,300	1,848
Housing		125,831	126,259	139,961
Community amenities		1,059,678	1,024,948	1,012,568
Recreation and culture		24,969	13,000	16,539
Transport		137,674	121,655	151,865
Economic services		233,711	145,041	130,395
Other property and services		155,406	49,728	145,856
		<b>10,233,105</b>	<b>8,499,300</b>	<b>9,300,567</b>
<b>Expenses</b>				
	2(b)			
Governance		(811,098)	(896,402)	(891,993)
General purpose funding		(278,499)	(275,727)	(338,079)
Law, order, public safety		(1,251,705)	(1,066,327)	(1,243,276)
Health		(293,503)	(363,059)	(341,644)
Education and welfare		(78,692)	(141,081)	(71,637)
Housing		(321,829)	(292,221)	(315,957)
Community amenities		(2,397,278)	(2,191,934)	(2,330,377)
Recreation and culture		(1,519,055)	(1,583,095)	(1,658,949)
Transport		(3,796,955)	(3,611,376)	(3,785,264)
Economic services		(804,755)	(765,909)	(844,257)
Other property and services		(95,845)	(21,299)	(266,382)
		<b>(11,649,214)</b>	<b>(11,208,430)</b>	<b>(12,087,815)</b>
<b>Finance Costs</b>				
	2(b)			
Governance		(1,655)	(1,541)	(2,019)
Health		(5,961)	(10,278)	(22,723)
Housing		(2,498)	(1,988)	(3,906)
Recreation and culture		(2,399)	(1,809)	(2,836)
Transport		(27,886)	(22,042)	(10,595)
Economic services		(26,540)	(25,205)	(29,080)
Other property and services		(793)	(671)	(832)
		<b>(76,170)</b>	<b>(63,534)</b>	<b>(71,991)</b>
		<b>(1,492,279)</b>	<b>(2,772,664)</b>	<b>(2,859,239)</b>
Non-operating grants, subsidies and contributions	2(a)	1,091,336	6,649,558	1,475,362
Profit on disposal of assets	11(a)	0	0	273,229
(Loss) on disposal of assets	11(a)	(247,500)	0	(14,123)
Fair value adjustments to financial assets at fair value through profit or loss		1,293	0	3,576
		<b>845,129</b>	<b>6,649,558</b>	<b>1,738,044</b>
<b>Net result for the period</b>		<b>(647,150)</b>	<b>3,876,894</b>	<b>(1,121,195)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	49,449	0	(51,189)
<b>Total other comprehensive income for the period</b>		<b>49,449</b>	<b>0</b>	<b>(51,189)</b>
<b>Total comprehensive income for the period</b>		<b>(597,701)</b>	<b>3,876,894</b>	<b>(1,172,384)</b>

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

BUTLER SETTINERI (AUDIT) PTY LTD

**SHIRE OF CHITTERING**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	NOTE	2021 \$	2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	7,614,198	2,593,658
Trade and other receivables	6	548,163	611,385
Other financial assets	5(a)	0	1,004,350
Inventories	7	3,567	7,661
Other assets	8	2,396	3,612
<b>TOTAL CURRENT ASSETS</b>		<b>8,168,324</b>	<b>4,220,666</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	6	99,222	93,816
Other financial assets	5(b)	82,403	81,110
Property, plant and equipment	9	27,846,091	29,801,654
Infrastructure	10	67,884,768	68,529,446
<b>TOTAL NON-CURRENT ASSETS</b>		<b>95,912,484</b>	<b>98,506,026</b>
<b>TOTAL ASSETS</b>		<b>104,080,808</b>	<b>102,726,692</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	1,418,144	1,268,608
Other liabilities	15	164,306	73,870
Borrowings	16(a)	463,808	399,184
Employee related provisions	17	650,123	782,670
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,696,381</b>	<b>2,524,332</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	16(a)	3,449,782	1,648,602
Employee related provisions	17	83,463	63,864
Other provisions	18	976,269	1,017,280
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>4,509,514</b>	<b>2,729,746</b>
<b>TOTAL LIABILITIES</b>		<b>7,205,895</b>	<b>5,254,078</b>
<b>NET ASSETS</b>		<b>96,874,913</b>	<b>97,472,614</b>
<b>EQUITY</b>			
Retained surplus		50,067,002	50,877,749
Reserves - cash/financial asset backed	4	2,131,385	1,967,788
Revaluation surplus	13	44,676,526	44,627,077
<b>TOTAL EQUITY</b>		<b>96,874,913</b>	<b>97,472,614</b>

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



BUTLER SETTINERI (AUDIT) PTY LTD

**SHIRE OF CHITTERING**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2021**

		RESERVES CASH/FINANCIAL			
	NOTE	RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS	
		\$	\$	\$	
				TOTAL EQUITY	
				\$	
<b>Balance as at 1 July 2019</b>		<b>52,004,645</b>	<b>1,962,087</b>	<b>44,678,266</b>	<b>98,644,998</b>
Comprehensive income					
Net result for the period		(1,121,195)	0	0	(1,121,195)
Other comprehensive income	13	0	0	(51,189)	(51,189)
Total comprehensive income		(1,121,195)	0	(51,189)	(1,172,384)
Transfers from reserves	4	650,925	(650,925)	0	0
Transfers to reserves	4	(656,626)	656,626	0	0
<b>Balance as at 30 June 2020</b>		<b>50,877,749</b>	<b>1,967,788</b>	<b>44,627,077</b>	<b>97,472,614</b>
Comprehensive income					
Net result for the period		(647,150)	0	0	(647,150)
Other comprehensive income	13	0	0	49,449	49,449
Total comprehensive income		(647,150)	0	49,449	(597,701)
Transfers to reserves	4	(163,597)	163,597	0	0
<b>Balance as at 30 June 2021</b>		<b>50,067,002</b>	<b>2,131,385</b>	<b>44,676,526</b>	<b>96,874,913</b>

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



BUTLER SETTINERI (AUDIT) PTY LTD

SHIRE OF CHITTERING  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2021

NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates	5,982,901	5,919,666	5,713,625	
Operating grants, subsidies and contributions	2,623,104	1,057,437	1,934,728	
Fees and charges	1,408,065	1,298,138	1,341,044	
Interest received	36,956	125,971	115,090	
Goods and services tax received	458,490	290,500	614,275	
Other revenue	281,715	98,088	296,949	
	10,791,231	8,789,800	10,015,711	
<b>Payments</b>				
Employee costs	(4,038,043)	(3,647,333)	(3,774,530)	
Materials and contracts	(2,720,339)	(3,111,196)	(2,822,297)	
Utility charges	(179,312)	(111,000)	(162,033)	
Interest expenses	(78,634)	(63,534)	(71,991)	
Insurance paid	(186,629)	(200,216)	(188,091)	
Goods and services tax paid	(514,979)	(290,500)	(603,591)	
Other expenditure	(313,387)	(382,805)	(383,181)	
	(8,031,323)	(7,806,584)	(8,005,714)	
<b>Net cash provided by (used in) operating activities</b>	19	2,759,908	983,216	2,009,997
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	9(a)	(88,620)	(7,210,913)	(435,302)
Payments for construction of infrastructure	10(a)	(2,198,044)	(3,595,367)	(2,797,437)
Non-operating grants, subsidies and contributions		1,234,642	6,649,558	1,475,362
Proceeds from financial assets at amortised cost - term deposits		1,004,350	0	(1,004,350)
Proceeds from sale of property, plant & equipment	11(a)	442,500	0	361,093
<b>Net cash provided by (used in) investment activities</b>		394,828	(4,156,722)	(2,400,634)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	16(b)	(399,147)	(392,495)	(416,770)
Proceeds from new borrowings	16(b)	2,264,951	3,275,000	0
<b>Net cash provided by (used in) financing activities</b>		1,865,804	2,882,505	(416,770)
<b>Net increase (decrease) in cash held</b>		5,020,540	(291,001)	(807,407)
Cash at beginning of year		2,593,658	2,292,413	3,401,065
<b>Cash and cash equivalents at the end of the year</b>	19	7,614,198	2,001,412	2,593,658

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

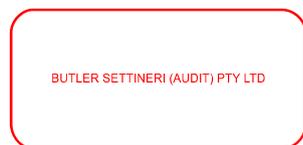


BUTLER SETTINERI (AUDIT) PTY LTD

**SHIRE OF CHITTERING**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$	
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	28 (b)	261,429	445,169	669,496
		261,429	445,169	669,496
<b>Revenue from operating activities (excluding rates)</b>				
Governance		953	6,600	2,607
General purpose funding		1,996,148	854,695	1,570,370
Law, order, public safety		504,449	200,173	272,962
Health		46,107	7,000	58,625
Education and welfare		3,076	33,300	1,848
Housing		125,831	126,259	139,961
Community amenities		1,059,678	1,024,948	1,024,957
Recreation and culture		24,969	13,000	273,584
Transport		137,674	121,655	151,865
Economic services		233,711	145,041	130,395
Other property and services		155,406	49,728	149,145
		4,288,002	2,582,399	3,776,319
<b>Expenditure from operating activities</b>				
Governance		(812,753)	(897,943)	(894,012)
General purpose funding		(278,499)	(275,727)	(338,079)
Law, order, public safety		(1,251,705)	(1,066,327)	(1,243,276)
Health		(299,464)	(373,337)	(374,771)
Education and welfare		(78,692)	(141,081)	(71,637)
Housing		(324,327)	(294,209)	(319,863)
Community amenities		(2,405,716)	(2,191,934)	(2,330,377)
Recreation and culture		(1,521,454)	(1,584,904)	(1,661,785)
Transport		(3,824,841)	(3,633,418)	(3,795,859)
Economic services		(1,078,795)	(791,114)	(877,056)
Other property and services		(96,638)	(21,970)	(267,214)
		(11,972,884)	(11,271,964)	(12,173,929)
Non-cash amounts excluded from operating activities	28(a)	4,549,774	3,755,880	4,007,245
<b>Amount attributable to operating activities</b>		(2,873,679)	(4,488,516)	(3,720,869)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	1,091,336	6,649,558	1,475,362
Proceeds from disposal of assets	11(a)	442,500	0	361,093
Purchase of property, plant and equipment	9(a)	(88,620)	(7,210,913)	(435,302)
Purchase and construction of infrastructure	10(a)	(2,198,044)	(3,595,367)	(2,797,437)
<b>Amount attributable to investing activities</b>		(752,828)	(4,156,722)	(1,396,284)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	16(b)	(399,147)	(392,495)	(416,770)
Proceeds from borrowings	16(c)	2,264,951	3,275,000	0
Transfers to reserves (restricted assets)	4	(163,597)	(154,168)	(656,626)
Transfers from reserves (restricted assets)	4	0	0	650,925
<b>Amount attributable to financing activities</b>		1,702,207	2,728,337	(422,471)
<b>Surplus/(deficit) before imposition of general rates</b>		(1,924,300)	(5,916,901)	(5,539,624)
<b>Total amount raised from general rates</b>	27(a)	5,946,396	5,916,901	5,801,053
<b>Surplus/(deficit) after imposition of general rates</b>	28(b)	<b>4,022,096</b>	<b>0</b>	<b>261,429</b>

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



**SHIRE OF CHITTERING**  
**INDEX OF NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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**SHIRE OF CHITTERING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**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 Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

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 financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the at fair value of selected non-current assets, financial assets and liabilities.

**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. No monies were held in the Trust Fund during this financial year.

**INITIAL APPLICATION OF 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.

These were:

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Materiality*

The adoption of these standards had no material impact on the financial report.

**NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS**

The following new accounting standards will have application to local government in future years:

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

It is not expected these standards will have an impact on the financial report.

**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 balances, transactions and disclosures impacted by accounting estimates are as follows:

- Employee expenses
- Other financial assets
- Property, Plant and Equipment
- Infrastructure
- Borrowing liabilities
- Provisions

**SHIRE OF CHITTERING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES**

**(a) Grant revenue**

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Operating grants, subsidies and contributions</b>			
General purpose funding	1,898,323	707,259	1,340,773
Law, order, public safety	478,914	158,023	229,226
Education and welfare	2,694	33,300	1,648
Recreation and culture	9,773	400	0
Transport	118,823	121,655	139,255
Economic services	48,268	36,800	32,639
	2,556,795	1,057,437	1,743,541
<b>Non-operating grants, subsidies and contributions</b>			
Recreation and culture	21,040	3,932,113	0
Transport	1,070,296	2,717,445	1,475,362
	1,091,336	6,649,558	1,475,362
<b>Total grants, subsidies and contributions</b>	3,648,131	7,706,995	3,218,903
<b>Fees and charges</b>			
Governance	664	1,500	1,722
General purpose funding	30,718	10,000	48,134
Law, order, public safety	21,737	40,600	31,746
Health	44,642	6,300	57,390
Education and welfare	382	0	200
Housing	118,780	121,649	114,986
Community amenities	976,922	995,448	981,822
Recreation and culture	7,103	11,300	8,228
Transport	18,851	0	11,322
Economic services	182,144	105,341	83,859
Other property and services	6,122	6,000	1,635
	1,408,065	1,298,138	1,341,044

There were no changes to the amounts of fees or charges detailed in the original budget.

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, subsidies and contributions**

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

**Fees and Charges**

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

**SHIRE OF CHITTERING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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

(a) Revenue (Continued)	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Contracts with customers and transfers for recognisable non-financial assets</b>			
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:			
Operating grants, subsidies and contributions	541,349	228,523	22,608
Fees and charges	1,283,956	1,177,988	11,332
Other revenue	47,938	0	0
Non-operating grants, subsidies and contributions	1,091,336	6,649,558	1,475,362
	2,964,579	8,056,069	1,509,302
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:			
Revenue from contracts with customers included as a contract liability at the start of the period	73,870	0	119,473
Revenue recognised in the current period from performance obligations satisfied in previous periods	0	0	1,355,889
Revenue from contracts with customers recognised during the year	1,799,373	1,406,511	33,940
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	1,091,336	6,649,558	0
	2,964,579	8,056,069	1,509,302
Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:			
Trade and other receivables from contracts with customers	59,923	0	179,102
Contract liabilities from contracts with customers	(21,000)		(73,870)

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

Consideration from contracts with customers is included in the transaction price.

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

**SHIRE OF CHITTERING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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

**(a) Revenue (Continued)**

**Revenue from statutory requirements**

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	5,946,396	5,916,901	5,801,053
Statutory permits and licences	106,987	97,000	74,893
Fines	17,122	23,150	47,247
	<b>6,070,505</b>	<b>6,037,051</b>	<b>5,923,193</b>
<b>Other revenue</b>			
Reimbursements and recoveries	233,777	98,088	256,902
Other	47,938	0	40,047
	<b>281,715</b>	<b>98,088</b>	<b>296,949</b>
<b>Interest earnings</b>			
Interest on reserve funds	9,430	40,000	16,625
Rates instalment and penalty interest (refer Note 27(b))	26,941	75,971	82,705
Other interest earnings	585	10,000	15,760
	<b>36,956</b>	<b>125,971</b>	<b>115,090</b>

**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 earnings (continued)**

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

**SHIRE OF CHITTERING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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

(b) Expenses

Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Auditors remuneration</b>			
<b>Office of the Auditor General</b>			
- Audit of the Annual Financial Report	50,000	104,525	49,000
- Other services	1,800	0	5,200
	51,800	104,525	54,200
<b>Interest expenses (finance costs)</b>			
Borrowings	67,732	63,534	71,991
Rehabilitation	8,438	0	0
	76,170	63,534	71,991

**SHIRE OF CHITTERING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES**

**REVENUE RECOGNITION POLICY**

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates - general rates	General Rates	Over time	Payment dates adopted by council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Rates - specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service Charges	Charge for specific service	Over time	Payment dates adopted by council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set my mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set my mutual agreement with the funding body	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment of the licence, registration or approval
Fees and charges - pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annual fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Fees and charges - other inspections	Regulatory food, health and safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Fees and charges - waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly periods proportionate to collection service
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Fees and charges - property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction	On entry or at conclusion of hire
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Fees and charges - fines	Fines issued for breaches of local laws	Single point in time	Payment in full within defined time	None	Adopted by council through local laws	When taxable event occurs	Not applicable	When fine notice is issued
Other revenue - commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Other revenue - reimbursement	Insurance claims	Single point in time	Payment in arrears for claimable events	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

**SHIRE OF CHITTERING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**3. CASH AND CASH EQUIVALENTS**

<b>NOTE</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Cash at bank and on hand	7,614,198	625,870
Term deposits	0	1,967,788
<b>Total cash and cash equivalents</b>	<b>7,614,198</b>	<b>2,593,658</b>

**Restrictions**

The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents	5,019,907	1,356,325
- Financial assets at amortised cost	0	1,004,350
	<b>5,019,907</b>	<b>2,360,675</b>

The restricted assets are a result of the following specific purposes to which the assets may be used:

Reserves - cash/financial asset backed	4	2,131,385	1,967,788
Contract liabilities from contracts with customers	15	21,000	73,870
Grants for transfers for recognisable non financial assets	15	143,306	0
Bonds and deposits held	14	459,265	319,017
Unspent loans	16(d)	2,264,951	0
<b>Total restricted assets</b>		<b>5,019,907</b>	<b>2,360,675</b>

**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.

**Restricted assets**

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

SHIRE OF CHITTERING  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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RESERVES - CASH/FINANCIAL  
4. ASSET BACKED

	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Budget Opening Balance	2021 Budget Transfer to	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance
(a) Employee Entitlement Reserve	133,699	84,031	0	135,791	83,391	219,182	179,874	1,525	(47,700)	133,699
(b) Plant Replacement Reserve	581,053	2,785	0	589,125	0	589,125	531,484	304,503	(254,934)	581,053
(c) Community Housing Reserve	74,200	355	0	75,050	0	75,050	73,576	624	0	74,200
(d) Seniors Housing Reserve	7,650	12,014	0	7,738	11,977	19,715	7,585	65	0	7,650
(e) Public Open Space Reserve	278,087	1,332	0	281,274	0	281,274	275,751	2,336	0	278,087
(f) Cemetery Development Reserve	0	0	0	0	0	0	34,568	293	(34,861)	0
(g) Recreation Development Reserve	359,676	16,124	0	362,423	0	362,423	237,663	292,013	(170,000)	359,676
(h) Ambulance Development Reserve	0	0	0	0	0	0	4,422	38	(4,460)	0
(i) Waste Management Reserve	400,681	16,319	0	404,718	14,400	419,118	347,735	52,946	0	400,681
(j) Contribution to Roadworks Reserve	38,351	184	0	38,790	0	38,790	38,028	323	0	38,351
(k) Waste Water Management Reserve	94,391	453	0	95,473	0	95,473	93,598	793	0	94,391
(l) Unspent Grants Reserve	0	0	0	0	0	0	137,803	1,167	(138,970)	0
(m) Public Amenities and Buildings Reserve	0	0	0	0	14,400	14,400	0	0	0	0
(n) Economic Recovery Stimulus Reserve	1,967,788	163,597	0	1,990,382	154,168	2,144,550	1,962,087	656,626	(650,925)	1,967,788

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Employee Entitlement Reserve	Ongoing	to be used to fund employee accumulated annual, sick, long service leave and employee gratuities.
(b) Plant Replacement Reserve	Ongoing	to be used to fund plant purchases, trades or major overhauls.
(c) Community Housing Reserve	Ongoing	to be used to fund repairs, improvements, extensions or construction of community units.
(d) Seniors Housing Reserve	Ongoing	to be used to fund repairs, improvements, extensions or construction of seniors units.
(e) Public Open Space Reserve	Ongoing	to be used to fund public open space developments in accordance with developer precincts.
(f) Cemetery Development Reserve	30/06/2020	to be used to fund the development or acquisition of cemetery land or facilities.
(g) Recreation Development Reserve	Ongoing	to be used to fund the development or acquisition of recreation land or facilities.
(h) Ambulance Development Reserve	30/06/2020	to be used to contribute towards the cost of purchasing or replacing an Ambulance.
(i) Waste Management Reserve	Ongoing	to be used to fund the replacement of landfill sites and rehabilitation of existing landfill sites.
(j) Contribution to Roadworks Reserve	Ongoing	to be used for the maintenance of Moolabeenee Road.
(k) Waste Water Management Reserve	Ongoing	to be used to fund the development of a Waste Water Management system for the Shire.
(l) Unspent Grants Reserve	30/06/2020	to be used to isolate funds received for specific projects not completed in 2018/19.
(m) Public Amenities and Buildings Reserve	Ongoing	to be used towards activities related to providing public amenities and facilities.
(n) Economic Recovery Stimulus Reserve	Ongoing	to be used for activities to help the economy and Community recover after Covid 19

## 5. OTHER FINANCIAL ASSETS

### (a) Current assets

Financial assets at amortised cost

#### Other financial assets at amortised cost

Term deposits

### (b) Non-current assets

Financial assets at fair value through profit and loss

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

Units in Local Government House Trust

Shares in Bendigo and Adelaide Bank

	2021	2020
	\$	\$
	0	1,004,350
	0	1,004,350
	0	1,004,350
	82,403	81,110
	82,403	81,110
	36,903	35,610
	45,500	45,500
	82,403	81,110

## 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.

### Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 29.

### 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.

## 6. TRADE AND OTHER RECEIVABLES

### Current

Rates receivable	
Trade and other receivables	
GST receivable	

### Non-current

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

	2021	2020
	\$	\$
	400,850	401,382
	59,923	179,102
	87,390	30,901
	548,163	611,385
	99,222	93,816
	99,222	93,816

### 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 29.

### SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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.

## 7. INVENTORIES

### Current

Fuel and materials

The following movements in inventories occurred during the year:

### Balance at beginning of year

Inventories expensed during the year

Additions to inventory

### Balance at end of year

	2021	2020
	\$	\$
	3,567	7,661
	<u>3,567</u>	<u>7,661</u>
	7,661	5,068
	(4,094)	0
	0	2,593
	<u>3,567</u>	<u>7,661</u>

### SIGNIFICANT ACCOUNTING POLICIES

#### General

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

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

## 8. OTHER ASSETS

### Other assets - current

Accrued income

	2021	2020
	\$	\$
	2,396	3,612
	<u>2,396</u>	<u>3,612</u>

### SIGNIFICANT ACCOUNTING POLICIES

#### Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

### SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Other current assets (Continued)

Other non-financial assets include accrued income which represent revenue that has been earned by providing a good or service, but for which no cash has been received.

## 9. PROPERTY, PLANT AND EQUIPMENT

### (a) Movements in Balances

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

	Land - freehold land \$	Post Closure Asset \$	Buildings - non- specialised \$	Buildings - specialised \$	Total land and buildings \$	Plant and equipment \$	Total property, plant and equipment \$
<b>Balance at 1 July 2019</b>	13,318,965	300,000	608,527	12,948,132	27,175,624	4,392,194	31,567,818
Additions	24,881	0	7,321	187,090	219,292	216,010	435,302
(Disposals)	(20,455)	0	0	0	(20,455)	(81,532)	(101,987)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	(51,189)	(51,189)	0	(51,189)
Depreciation (expense)	0	0	(30,776)	(668,911)	(699,687)	(933,330)	(1,633,017)
Transfers	(32,000)	(300,000)	0	14,677	(317,323)	(97,950)	(415,273)
<b>Balance at 30 June 2020</b>	13,291,391	0	585,072	12,429,799	26,306,262	3,495,392	29,801,654
<b>Comprises:</b>							
Gross balance amount at 30 June 2020	13,291,391	0	669,927	14,353,984	28,315,302	5,491,750	33,807,052
Accumulated depreciation at 30 June 2020	0	0	(84,855)	(1,924,185)	(2,009,040)	(1,996,358)	(4,005,398)
<b>Balance at 30 June 2020</b>	13,291,391	0	585,072	12,429,799	26,306,262	3,495,392	29,801,654
Additions	0	0	0	88,620	88,620	0	88,620
(Disposals)	(690,000)	0	0	0	(690,000)	0	(690,000)
Depreciation (expense)	0	0	(30,922)	(675,651)	(706,573)	(647,610)	(1,354,183)
<b>Balance at 30 June 2021</b>	12,601,391	0	554,150	11,842,768	24,998,309	2,847,782	27,846,091
<b>Comprises:</b>							
Gross balance amount at 30 June 2021	12,601,391	0	669,927	14,442,604	27,713,922	5,491,750	33,205,672
Accumulated depreciation at 30 June 2021	0	0	(115,777)	(2,599,836)	(2,715,613)	(2,643,968)	(5,359,581)
<b>Balance at 30 June 2021</b>	12,601,391	0	554,150	11,842,768	24,998,309	2,847,782	27,846,091

## 9. PROPERTY, PLANT AND EQUIPMENT (Continued)

### (b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings						
	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 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	Observable and unobservable inputs being construction costs based on recent contract prices, current condition, residual values and remaining useful life assessments

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.

### (ii) Cost Plant and equipment

Cost

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change was effective from 1 July 2019 and represented a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.

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10. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads \$	Infrastructure - drainage \$	Infrastructure - footpaths \$	Infrastructure - parks and ovals \$	Infrastructure - other \$	Infrastructure - bridges and culverts \$	Infrastructure - landfill post closure asset \$	Total Infrastructure \$
Balance at 1 July 2019	51,318,034	7,303,301	599,758	2,758,786	754,664	5,089,555	191,209	68,015,307
Additions	2,229,706	0	206,760	36,822	0	324,149	0	2,797,437
Depreciation (expense)	(1,658,343)	(391,897)	(24,598)	(258,936)	(81,963)	(183,537)	(99,297)	(2,698,571)
Transfers	0	0	0	22,616	92,657	0	300,000	415,273
<b>Balance at 30 June 2020</b>	<b>51,889,397</b>	<b>6,911,404</b>	<b>781,920</b>	<b>2,559,288</b>	<b>765,358</b>	<b>5,230,167</b>	<b>391,912</b>	<b>68,529,446</b>
<b>Comprises:</b>								
Gross balance at 30 June 2020	110,355,812	13,802,568	1,561,730	5,185,355	1,495,932	11,801,458	811,397	145,014,252
Accumulated depreciation at 30 June 2020	(58,466,415)	(6,891,164)	(779,810)	(2,626,067)	(730,574)	(6,571,291)	(419,485)	(76,484,806)
<b>Balance at 30 June 2020</b>	<b>51,889,397</b>	<b>6,911,404</b>	<b>781,920</b>	<b>2,559,288</b>	<b>765,358</b>	<b>5,230,167</b>	<b>391,912</b>	<b>68,529,446</b>
Additions	1,592,791	0	92,580	78,956	123,723	309,994	0	2,198,044
Depreciation (expense)	(1,697,333)	(391,896)	(29,767)	(259,803)	(83,322)	(187,613)	(192,988)	(2,842,722)
Transfers	0	0	0	46,931	(46,931)	0	0	0
<b>Balance at 30 June 2021</b>	<b>51,784,855</b>	<b>6,519,508</b>	<b>844,733</b>	<b>2,425,372</b>	<b>758,828</b>	<b>5,352,548</b>	<b>198,924</b>	<b>67,884,768</b>
<b>Comprises:</b>								
Gross balance at 30 June 2021	111,948,603	13,802,568	1,654,311	5,311,242	1,572,724	12,111,452	811,397	147,212,297
Accumulated depreciation at 30 June 2021	(60,163,748)	(7,283,060)	(809,578)	(2,885,870)	(813,896)	(6,758,904)	(612,473)	(79,327,529)
<b>Balance at 30 June 2021</b>	<b>51,784,855</b>	<b>6,519,508</b>	<b>844,733</b>	<b>2,425,372</b>	<b>758,828</b>	<b>5,352,548</b>	<b>198,924</b>	<b>67,884,768</b>

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10. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

(i) Fair Value	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, residual values and remaining life assessments
	Infrastructure - drainage	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining life assessments
	Infrastructure - bridges	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining life assessments
	Infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining life assessments
	Infrastructure - parks and ovals	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining life assessments
	Infrastructure - other	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining life assessments
	Infrastructure - bridges and culverts	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining life assessments
	Infrastructure - landfill post closure ass	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining life assessments

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

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

## 11. FIXED ASSETS

### 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

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

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 zero cost or otherwise significantly less than fair value, 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 that are land, buildings and infrastructure 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 land, buildings and infrastructure is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

#### Revaluation (Continued)

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 land, buildings, infrastructure, investment properties and vested improvements 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 roads from 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, is treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

##### Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the Shire to measure the vested improvements as part of the related right-of-use assets at zero cost.

Refer to Note 12 that details the significant accounting policies applying to leases (including right-of-use assets).

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**11. FIXED ASSETS**

**(a) Disposals of Assets**

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	690,000	442,500	0	(247,500)	0	0	0	0	20,455	277,500	257,045	0
Plant and equipment	0	0	0	0	0	0	0	0	81,532	83,593	16,184	(14,123)
	690,000	442,500	0	(247,500)	0	0	0	0	101,987	361,093	273,229	(14,123)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$
<b>Land</b>				
<b>Economic Services</b>				
LAND - Lot 104 Gray Rd Bindoon	690,000	442,500	0	(247,500)
	690,000	442,500	0	(247,500)

**(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 in the table below.

	2021	2020
	\$	\$
Plant and equipment	85,038	13,460
Infrastructure - other	6,700	0
	91,738	13,460

**(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 in the table below.

	2021	2020
	\$	\$
Buildings - specialised	0	396,182
Plant and equipment	1,100	0
Infrastructure - other	17,346	0
	18,446	396,182

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**11. FIXED ASSETS**

**(d) Depreciation**

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	30,922	64,919	30,776
Buildings - specialised	675,651	873,081	668,911
Plant and equipment	647,610	430,580	933,330
Infrastructure - roads	1,697,333	1,441,252	1,658,343
Infrastructure - drainage	391,896	395,463	391,897
Infrastructure - footpaths	29,767	18,721	24,598
Infrastructure - parks and ovals	259,803	256,930	258,936
Infrastructure - other	83,322	91,341	81,963
Infrastructure - bridges and culverts	187,613	183,593	183,537
Infrastructure - landfill post closure asset	192,988	0	99,297
	4,196,905	3,755,880	4,331,588

**SIGNIFICANT ACCOUNTING POLICIES**

**Depreciation**

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

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

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

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

**Depreciation rates**

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

Asset Class	Useful life
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

**Asset Class**

**Useful life**

Gravel roads	
earthworks	not depreciated
construction/roa	50 years
Footpaths - slab	40 years
Footpaths - asphalt	10 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years
Parks and Ovals	50 years
Other Infrastructure	20 years

**Depreciation on revaluation**

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

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

(b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

## 12. LEASES

### Property, Plant and Equipment Subject to Lease

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Less than 1 year	81,662	81,662	82,753
1 to 2 years	69,661	69,661	81,662
2 to 3 years	69,661	69,661	69,661
3 to 4 years	34,495	34,495	69,661
4 to 5 years	20,000	20,000	34,495
> 5 years	307,500	307,500	327,500
	<u>582,979</u>	<u>582,979</u>	<u>665,732</u>

The Shire leases buildings and a telecommunication tower to external parties with rentals payable either on a monthly basis or an annual basis. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

### SIGNIFICANT ACCOUNTING POLICIES

#### The Shire as Lessor

Upon entering into each contract as a lessor, the Shire assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Entity applies AASB 15 to allocate the consideration under the contract to each component.

13. REVALUATION SURPLUS

	2021		2021		2021		2020		2020		2020	
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Revaluation Movement on Revaluation	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Revaluation Movement on Revaluation	Closing Balance	Total Revaluation	Total Revaluation
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and buildings	16,131,996	0	0	0	16,131,996	16,183,185	0	(51,189)	0	16,131,996	(51,189)	16,131,996
Revaluation surplus - Plant and equipment	1,138,001	0	0	0	1,138,001	1,138,001	0	0	0	1,138,001	0	1,138,001
Revaluation surplus - Infrastructure - roads	13,593,968	0	0	0	13,593,968	13,593,968	0	0	0	13,593,968	0	13,593,968
Revaluation surplus - Infrastructure - drainage	7,549,590	0	0	0	7,549,590	7,549,590	0	0	0	7,549,590	0	7,549,590
Revaluation surplus - Infrastructure - parks and ovals	2,416,100	0	0	0	2,416,100	2,416,100	0	0	0	2,416,100	0	2,416,100
Revaluation surplus - Infrastructure - other	283,293	0	0	0	283,293	283,293	0	0	0	283,293	0	283,293
Revaluation surplus - Infrastructure - bridges and culverts	3,514,129	0	0	0	3,514,129	3,514,129	0	0	0	3,514,129	0	3,514,129
Revaluation surplus - Infrastructure - landfill post closure asset	0	49,449	0	49,449	49,449	44,678,266	0	(51,189)	0	44,627,077	(51,189)	44,627,077
	44,627,077	49,449	0	49,449	44,676,526	44,678,266	0	(51,189)	0	44,627,077	(51,189)	44,627,077

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.

The total movement on revaluation in 2020 is due to an adjustment to rectify the carrying amount of joint arrangement assets which were revalued and recognised in 2017 using the incorrect ownership percentage.

## 14. TRADE AND OTHER PAYABLES

### Current

Sundry creditors	627,180	744,688
Prepaid rates	171,946	133,745
Accrued salaries and wages	63,730	51,201
ATO liabilities	63,490	0
Bonds and deposits held	459,265	319,017
Accrued interest	17,493	19,957
Income received in advance	909	0
Accrued expenses	14,131	0

	2021	2020
	\$	\$
Sundry creditors	627,180	744,688
Prepaid rates	171,946	133,745
Accrued salaries and wages	63,730	51,201
ATO liabilities	63,490	0
Bonds and deposits held	459,265	319,017
Accrued interest	17,493	19,957
Income received in advance	909	0
Accrued expenses	14,131	0
	1,418,144	1,268,608

### 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

#### Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

15. OTHER LIABILITIES

**Current**

Contract liabilities  
 Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity

2021	2020
\$	\$
21,000	73,870
143,306	0
164,306	73,870
164,306	73,870

Performance obligations for each type of liability are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

Contract liabilities	Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
\$	\$
21,000	143,306
21,000	143,306

**SIGNIFICANT ACCOUNTING POLICIES**

**Contract liabilities**

Contract liabilities represent the the Shire's obligation to transfer goods or services to a customer for which the Shire has received consideration from the customer.

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

**Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity**

Grant liabilities represent the the Shire's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

Grant liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

**SHIRE OF CHITTERING  
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**16. INFORMATION ON BORROWINGS**

	2021	2020
(a) Borrowings		
Current	\$ 463,808	\$ 399,184
Non-current	3,449,782	1,648,602
	<u>3,913,590</u>	<u>2,047,786</u>

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2021		30 June 2021		30 June 2021		30 June 2021		30 June 2021		30 June 2021									
				Actual Principal	New Loans	Actual Principal	Budget New Loans	Actual Principal	Budget Principal	Actual Interest	Budget Interest	Actual repayments	Budget repayments	Actual Principal	New Loans	Actual Principal	Budget Principal	Actual Interest	Budget Interest	Actual repayments	Budget repayments	Actual Principal	outstanding
<b>Government</b>																							
Admin Server/IT Upgrade	80	WATC*	2.72%	61,613	0	(19,985)	(1,655)	(1,655)	(1,655)	41,628	0	(19,985)	(1,541)	(1,541)	81,766	0	(19,463)	(2,019)	(2,019)	61,613	0	81,613	
<b>Health</b>																							
Chittering Health Centre	79	WATC*	4.41%	507,130	0	(13,816)	(5,961)	(5,961)	(5,961)	493,314	0	(13,816)	(10,278)	(10,278)	556,733	0	(26,366)	(22,723)	(22,723)	507,130	0	507,130	
<b>Housing</b>																							
Staff Housing (Keystart)	72	Keystart	5.92%	32,575	0	(32,538)	(1,712)	(1,712)	(1,712)	37	0	(27,761)	(1,231)	(1,231)	82,720	0	(39,236)	(2,519)	(2,519)	32,575	0	32,575	
Seniors & Community	73	WATC*	6.63%	15,063	0	(9,873)	(786)	(786)	(786)	5,190	0	(9,873)	(757)	(757)	28,137	0	(11,450)	(1,387)	(1,387)	15,063	0	15,063	
<b>Recreation and culture</b>																							
Land Gray Road	74	WATC*	6.65%	33,116	0	(16,004)	(1,886)	(1,886)	(1,886)	17,112	0	(16,004)	(1,809)	(1,809)	54,223	0	(18,555)	(2,836)	(2,836)	33,116	0	33,116	
Lower Chittering Sport & Rec	87	WATC*	0	0	0	0	0	0	0	0	0	0	0	0	3,275,000	0	0	0	0	0	0	0	
Michea Complex	89	WATC*	2.36%	0	1,878,251	0	(473)	(473)	(473)	1,878,251	0	0	0	0	0	0	0	0	0	0	0	0	0
Mountain Bike Park Land	90	WATC*	0.56%	0	386,700	0	(40)	(40)	(40)	386,700	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Transport</b>																							
Grader	79	WATC*	4.41%	236,463	0	(29,631)	(27,886)	(27,886)	(27,886)	206,832	0	(29,631)	(22,042)	(22,042)	226,600	0	(13,227)	(10,595)	(10,595)	236,463	0	236,463	
<b>Economic services</b>																							
Land Lot 215 Great Northern Hwy	81	WATC*	2.32%	13,721	0	(13,721)	(63)	(63)	(63)	0	0	(127,899)	(7,926)	(7,926)	647,966	0	(26,971)	(600)	(600)	13,721	0	13,721	
Land Lot 215 Great Northern Hwy	85	Parkinson	3.00%	62,500	0	(62,500)	(769)	(769)	(769)	0	0	(60,625)	(1,819)	(1,819)	126,875	0	(62,500)	(4,170)	(4,170)	62,500	0	62,500	
Land Lot 168 Binda Place	82	WATC*	3.05%	517,119	0	(62,357)	(16,348)	(16,348)	(16,348)	454,762	0	(13,721)	(160)	(160)	53,942	0	(60,498)	(16,599)	(16,599)	517,119	0	517,119	
Lifestyle Village	83	WATC*	1.61%	524,136	0	(127,899)	(9,360)	(9,360)	(9,360)	396,237	0	(62,358)	(15,300)	(15,300)	575,757	0	(125,864)	(7,711)	(7,711)	524,136	0	524,136	
<b>Other property and services</b>																							
Admin Telephone System	86	WATC*	1.61%	44,350	0	(10,823)	(793)	(793)	(793)	33,527	0	(10,822)	(671)	(671)	54,828	0	(10,650)	(832)	(832)	44,350	0	44,350	
				<u>2,047,786</u>	<u>2,264,951</u>	<u>(399,147)</u>	<u>(67,732)</u>	<u>(67,732)</u>	<u>(67,732)</u>	<u>3,913,590</u>	<u>2,882,042</u>	<u>3,275,000</u>	<u>(392,495)</u>	<u>(63,534)</u>	<u>(63,534)</u>	<u>5,764,547</u>	<u>0</u>	<u>(416,770)</u>	<u>(71,991)</u>	<u>(71,991)</u>	<u>2,464,556</u>	<u>0</u>	<u>2,047,786</u>

\* WA Treasury Corporation

All loan repayments were financed by general purpose revenue.

**SHIRE OF CHITTERING**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**16. INFORMATION ON BORROWINGS (Continued)**

**(c) New Borrowings - 2020/21**

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges \$	Actual Balance Unspent \$
					2021 Actual \$	2021 Budget \$	2021 Actual \$	2021 Budget \$		
Loan 87 Lower Chittering Sport & Rec Centre	WATC*	Debenture	5	3.36%	0	3,275,000	0	0	0	0
Loan 89 Muchea Complex	WATC*	Debenture	20	2.36%	1,878,251	0	0	0	489,465	1,878,251
Loan 90 Mountain Bike Park Land	WATC*	Debenture	2	0.56%	386,700	0	0	0	4,866	386,700
* WA Treasury Corporation					2,264,951	3,275,000	0	0	494,331	2,264,951

**(d) Unspent Borrowings**

Particulars	Date Borrowed	Unspent Balance 1 July 2020 \$	Borrowed During Year \$	Expended During Year \$	Unspent Balance 30 June 2021 \$
Loan 90 Mountain Bike Park Land	28/06/2021	0	386,700	0	386,700
* WA Treasury Corporation		0	2,264,951	0	2,264,951

**(e) Undrawn Borrowing Facilities**

**Credit Standby Arrangements**

	2021 \$	2020 \$
Bank overdraft limit	150,000	150,000
Credit card limit	25,000	25,000
Credit card balance at balance date	(8,808)	(2,633)
<b>Total amount of credit unused</b>	<b>166,192</b>	<b>172,367</b>

**Loan facilities**

	2021 \$	2020 \$
Loan facilities - current	463,808	399,184
Loan facilities - non-current	3,449,782	1,648,602
<b>Total facilities in use at balance date</b>	<b>3,913,590</b>	<b>2,047,786</b>

**Unused loan facilities at balance date**

	2,264,951	NIL
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**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.

**Risk**

Information regarding exposure to risk can be found at Note 29.

## 17. EMPLOYEE RELATED PROVISIONS

### (a) Employee Related Provisions

#### Opening balance at 1 July 2020

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Current provisions	364,823	417,847	782,670
Non-current provisions	0	63,864	63,864
	364,823	481,711	846,534

Additional provision

	182	0	182
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Amounts used	0	(113,130)	(113,130)
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<b>Balance at 30 June 2021</b>	<b>365,005</b>	<b>368,581</b>	<b>733,586</b>
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#### Comprises

Current	365,005	285,118	650,123
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Non-current	0	83,463	83,463
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	365,005	368,581	733,586
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#### Amounts are expected to be settled on the following basis:

	2021	2020
	\$	\$
Less than 12 months after the reporting date	398,641	361,499
More than 12 months from reporting date	283,158	463,640
Expected reimbursements from other WA local governments	51,787	21,395
	733,586	846,534

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

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

#### 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

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.

## 18. OTHER PROVISIONS

	Provision for remediation costs	Total
	\$	\$
<b>Opening balance at 1 July 2020</b>		
Non-current provisions	1,017,280	1,017,280
	1,017,280	1,017,280
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	(41,011)	(41,011)
<b>Balance at 30 June 2021</b>	976,269	976,269
<b>Comprises</b>		
Non-current	976,269	976,269
	976,269	976,269

### Provision for remediation costs are split as follows:

Mooliabeenee landfill facility	288,415
Shire depot site	32,000
Muchea landfill facility	655,854
	976,269

### Provision for remediation costs

Under the licence for the operation of the Mooliabeenee and the Muchea Landfill facilities, the Shire has a legal obligation to restore the sites.

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 obligation 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.

## 19. 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:

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	7,614,198	2,001,412	2,593,658
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	(647,150)	3,876,894	(1,121,195)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(1,293)	0	(3,576)
Adjustments to fair value of non financial assets at fair value through other comprehensive income	49,449	0	0
Depreciation on non-current assets	4,196,905	3,755,880	4,331,588
(Profit)/loss on sale of asset	247,500	0	(259,106)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	57,816	725,452	146,973
(Increase)/decrease in other assets	1,216	0	(3,612)
(Increase)/decrease in inventories	4,094	0	(2,593)
Increase/(decrease) in payables	149,536	(772,700)	330,733
Increase/(decrease) in employee provisions	(112,948)	0	92,696
Increase/(decrease) in other provisions	(41,011)	0	19,054
Increase/(decrease) in other liabilities	90,436	0	(45,603)
Non-operating grants, subsidies and contributions	(1,234,642)	(6,649,558)	(1,475,362)
Net cash from operating activities	2,759,908	935,968	2,009,997

20. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	1,000,100	495,197
General purpose funding	500,072	81,110
Law, order, public safety	2,077,980	2,452,717
Health	2,656,848	3,852,124
Education and welfare	168,002	329,800
Housing	1,987,472	2,136,753
Community amenities	2,645,165	1,880,755
Recreation and culture	11,564,652	12,504,062
Transport	68,307,746	69,092,683
Economic services	1,138,609	2,806,498
Other property and services	6,217,525	2,705,049
Unallocated	5,816,637	4,389,944
	<u>104,080,808</u>	<u>102,726,692</u>

## 21. CONTINGENT LIABILITIES

In compliance with the Contaminated Sites Act 2003 Section 11, the Shire of Chittering has identified the following sites to be possible sources of contamination:

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.

## 22. CAPITAL COMMITMENTS

### (a) Capital Expenditure Commitments

	2021	2020
	\$	\$
Contracted for:		
- capital expenditure projects	104,050	550,220
	104,050	550,220
Payable:		
- not later than one year	104,050	550,220

The capital expenditure projects outstanding at the end of the current reporting period represents construction of a hardstand at the Upper Chittering Bush Fire Brigade, construction of shade structures at John Glenn Park, completion of capital bridge works.

The capital expenditure projects outstanding at the end of the prior reporting period represents construction of roofing over play equipment at two parks, construction of a shed at the cemetery, completion of Black Spot project and new bridge works.

## 23. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
<b>Elected member - Don Gibson</b>			
President's annual allowance	4,208	13,702	10,550
Meeting attendance fees	8,663	17,822	17,648
Annual allowance for ICT expenses	1,753	3,000	3,000
Travel and accommodation expenses	147	3,330	552
	14,771	37,854	31,750
<b>Elected member - Kylie Hughes</b>			
President's annual allowance	9,420	0	0
Meeting attendance fees	15,849	11,510	8,862
Annual allowance for ICT expenses	3,000	3,000	2,078
Travel and accommodation expenses	0	3,329	2,137
	28,269	17,839	13,077
<b>Elected member - Gordon Houston</b>			
President's annual allowance	0	0	5,761
Meeting attendance fees	0	0	5,972
Annual allowance for ICT expenses	0	0	905
	0	0	12,638
<b>Elected member - Peter Osborn</b>			
Deputy President's annual allowance	0	3,425	0
Meeting attendance fees	11,510	11,510	12,789
Annual allowance for ICT expenses	3,000	3,000	3,000
Travel and accommodation expenses	274	3,329	609
	14,784	21,264	16,398
<b>Elected member - John Davis</b>			
Deputy President's annual allowance	1,052	0	2,637
Meeting attendance fees	3,534	11,510	8,862
Annual allowance for ICT expenses	921	3,000	2,079
Travel and accommodation expenses	1,555	3,329	2,544
	7,062	17,839	16,122
<b>Elected member - Carmel Ross</b>			
Deputy President's annual allowance	2,355	0	0
Meeting attendance fees	11,510	11,510	12,789
Annual allowance for ICT expenses	3,000	3,000	3,000
Travel and accommodation expenses	0	3,329	0
	16,865	17,839	15,789
<b>Elected member - Mary Angus</b>			
Meeting attendance fees	11,510	11,510	12,789
Annual allowance for ICT expenses	3,000	3,000	3,000
Travel and accommodation expenses	730	3,329	346
	15,240	17,839	16,135
<b>Elected member - John Curtis</b>			
Meeting attendance fees	11,510	11,510	8,862
Annual allowance for ICT expenses	3,000	3,000	0
Travel and accommodation expenses	155	3,329	932
	14,665	17,839	9,794

23. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
<b>Elected member - Mark Campbell</b>			
Meeting attendance fees	3,933	0	0
Annual allowance for ICT expenses	1,025	0	2,079
Travel and accommodation expenses	946	0	0
	5,904	0	2,079
<b>Elected member - Rebecca Foulkes-Taylor</b>			
Meeting attendance fees	3,933	0	0
Annual allowance for ICT expenses	1,025	0	0
Travel and accommodation expenses	111	0	0
	5,069	0	0
<b>Elected member - George Tilbury</b>			
Meeting attendance fees	0	0	3,858
Annual allowance for ICT expenses	0	0	905
Travel and accommodation expenses	0	0	3,983
	0	0	8,746
<b>Elected member - Aaron King</b>			
Meeting attendance fees	0	0	3,858
Annual allowance for ICT expenses	0	0	905
	0	0	4,763
	122,629	148,313	147,291
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's annual allowance	13,628	13,702	16,311
Deputy President's annual allowance	3,407	3,425	2,637
Meeting attendance fees	81,952	86,882	96,289
Annual allowance for ICT expenses	19,724	21,000	20,951
Travel and accommodation expenses	3,918	23,304	11,103
	122,629	148,313	147,291

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**24. RELATED PARTY TRANSACTIONS**

**Key Management Personnel (KMP) Compensation Disclosure**

	<b>2021</b>	<b>2020</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
The total of remuneration paid to KMP of the Shire during the year are as follows:		
Short-term employee benefits	542,926	582,941
Post-employment benefits	63,346	66,874
Other long-term benefits	52,238	51,879
Termination benefits	0	29,185
	<b>658,510</b>	<b>730,879</b>

*Short-term employee benefits*

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

*Post-employment benefits*

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

*Other long-term benefits*

These amounts represent annual leave and long service benefits accruing during the year.

*Termination benefits*

These amounts represent termination benefits paid to KMP.

**24. 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:	2021 Actual	2020 Actual
	\$	\$
Sale of goods and services	17,571	18,113
Purchase of goods and services	219	38,543
<b>Amounts payable to related parties:</b>		
Trade and other payables	32,465	35,365

**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*

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

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Shire.

*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.

## 25. JOINT ARRANGEMENTS

### Share of joint operations

The Shire has a joint arrangement with the Department of Housing & Works to provide community housing in Bindoon. The housing units have been constructed on Council owned land and the Shire's share of the joint arrangement is between 23% - 27%. The Shire is required to provide for the long term maintenance needs of the properties.

### 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.

## 26. MAJOR LAND TRANSACTIONS

### Muchea Clubroom Redevelopment

#### (a) Details

Muchea Club and Changeroom facilities will include two changerooms specifically for the use of sporting clubs, replacement of the existing hall with new club rooms and all related earth works, access pathways and parking.

This current concept would see the facility being able to meet current and future needs of sporting groups, provide modern inclusive fitouts which meet current building codes and cater for individual access needs of disabled and ambulant community members, as well as provision of appropriate hygienic amenities with a layout that offers privacy, space and a safe environment for all sports participants to shower and get changed.

(b) Current year transactions	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
<b>Capital revenue</b>			
- Grant income	0	1,100,000	0
- Contribution income	0	278,557	0
- Loan proceeds	1,878,251	821,443	0
<b>Capital expenditure</b>			
- Construction costs	0	(2,200,000)	0
	1,878,251	0	0

There is a liability for loan borrowings in relation to this land transaction of \$1,878,251 as at 30 June 2021.

#### (c) Expected future cash flows

	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	\$	\$	\$	\$	\$	\$
<b>Cash outflows</b>						
- Operating costs	(100,483)	(239,947)	(247,146)	(254,560)	(262,197)	(1,104,333)
- Construction costs	(2,700,000)	(10,000)	0	0	0	(2,710,000)
- Loan repayments	(118,386)	(118,386)	(118,386)	(118,386)	(118,386)	(591,930)
	(2,918,869)	(368,333)	(365,532)	(372,946)	(380,583)	(4,406,263)
<b>Cash inflows</b>						
- Operating income	5,150	5,305	5,464	5,628	5,796	27,343
- Grant income	300,000	0	0	0	0	300,000
- Contribution income	355,414	0	0	0	0	355,414
	660,564	5,305	5,464	5,628	5,796	682,757
<b>Net cash flows</b>	(2,258,305)	(363,028)	(360,068)	(367,318)	(374,787)	(3,723,506)

## 26. MAJOR LAND TRANSACTIONS (Continued)

### Mountain Bike Park

#### (a) Details

Several trails will be developed for multi-purpose use and with varying levels of difficulty. Trailhead Facilities are anticipated to include amongst others a Showroom, Public Amenities, Seating and a Kiosk.

#### (b) Current year transactions

##### Capital revenue

- Loan proceeds

2021 Actual	2021 Budget	2020 Actual
\$	\$	\$
386,700	0	0
<u>386,700</u>	<u>0</u>	<u>0</u>

There is a liability for loan borrowings in relation to this land transaction of \$386,700 as at 30 June 2021.

#### (c) Expected future cash flows

	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	\$	\$	\$	\$	\$	\$
<b>Cash outflows</b>						
- Operating Costs	0	(184,178)	(256,657)	(301,949)	(307,987)	(1,050,771)
- Land purchase	(823,000)	0	0	0	0	(823,000)
- Construction costs	(1,944,973)	(400,000)	0	(600,000)	0	(2,944,973)
- Loan repayments	(144,674)	(191,456)	(189,622)	(191,456)	(93,565)	(810,773)
	<u>(2,912,647)</u>	<u>(775,634)</u>	<u>(446,279)</u>	<u>(1,093,405)</u>	<u>(401,552)</u>	<u>(5,629,517)</u>
<b>Cash inflows</b>						
- Operating income	0	47,450	48,399	145,364	236,231	477,444
- Grant income	729,000	200,000	0	300,000	0	1,229,000
- Contribution income	4,100	0	0	0	0	4,100
- Loan proceeds	1,279,755	0	0	0	0	1,279,755
	<u>2,012,855</u>	<u>247,450</u>	<u>48,399</u>	<u>445,364</u>	<u>236,231</u>	<u>2,990,299</u>
<b>Net cash flows</b>	<u>(899,792)</u>	<u>(528,184)</u>	<u>(397,880)</u>	<u>(648,041)</u>	<u>(165,321)</u>	<u>(2,639,218)</u>



## 27. RATING INFORMATION (Continued)

### (b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	9/09/2020	0.00	0.00%	0.00%
<b>Option Two</b>				
First instalment	9/09/2020	0.00	0.00%	5.50%
Second instalment	9/11/2020	0.00	0.00%	5.50%
Third instalment	11/01/2021	0.00	0.00%	5.50%
Fourth instalment	11/03/2021	0.00	0.00%	5.50%

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	24,997	46,471	52,430
Interest on instalment plan	69	27,000	27,003
Charges on instalment plan	0	0	25,780
Pensioner deferred interest	994	1,200	1,770
ESL penalty interest	881	1,300	1,502
	26,941	75,971	108,485

As a result of the state of emergency which has arisen due to the COVID-19 pandemic, the Shire froze penalty interest on rates from 1 April 2020 until 30 September 2020. The Shire implemented a financial hardship policy to assist rate payers in meeting their obligations.

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28. RATE SETTING STATEMENT INFORMATION

		2020/21 Budget	2020/21	2019/20
	2020/21 (30 June 2021 Carried Forward)	(30 June 2021 Carried Forward)	(1 July 2020 Brought Forward)	(30 June 2020 Carried 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	11(a)	0	0
	Less: Fair value adjustments to financial assets at fair value through profit and loss		(1,293)	0
	Less: Adjustments to landfill site provisions through other comprehensive income		49,449	0
	Movement in pensioner deferred rates (non-current)		(5,406)	0
	Movement in employee benefit provisions (non-current)		19,599	0
	Movement in other provisions (non-current)		(41,011)	0
	Movement in employee entitlement reserve		84,031	0
	Add: Loss on disposal of assets	11(a)	247,500	0
	Add: Depreciation on non-current assets	11(d)	4,196,905	3,755,880
	<b>Non cash amounts excluded from operating activities</b>		<b>4,549,774</b>	<b>3,755,880</b>
			<b>4,007,245</b>	<b>4,007,245</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 - cash/financial asset backed	4	(2,131,385)	(2,144,550)
	Add: Current liabilities not expected to be cleared at end of year			(1,967,788)
	- Current portion of borrowings	16(a)	463,808	399,184
	- Employee entitlement reserve		217,730	664,142
	<b>Total adjustments to net current assets</b>		<b>(1,449,847)</b>	<b>(1,880,459)</b>
<b>Net current assets used in the Rate Setting Statement</b>				
	Total current assets		8,168,324	3,252,473
	Less: Total current liabilities		(2,696,381)	(1,372,014)
	Less: Total adjustments to net current assets		(1,449,847)	(1,880,459)
	<b>Net current assets used in the Rate Setting Statement</b>		<b>4,022,096</b>	<b>0</b>
			<b>261,429</b>	<b>261,429</b>

## 29. FINANCIAL RISK MANAGEMENT

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

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

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

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

### (a) Interest rate risk

#### Cash and cash equivalents

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

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>2021</b>					
Cash and cash equivalents	0.08%	7,614,198	0	7,612,988	1,210
<b>2020</b>					
Cash and cash equivalents	0.67%	2,593,658	1,967,788	624,410	1,460
Financial assets at amortised cost	1.25%	1,004,350	1,004,350	0	0

#### Sensitivity

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

Impact of a 1% movement in interest rates on profit and loss and equity\*

	2021	2020
	\$	\$
	76,130	6,244

\* 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 16(b).

## 29. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk

#### Trade and Other 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 has historically also been able to charge interest on overdue rates and annual charges at higher than market rates, which further encourage 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 2020 or 1 July 2021 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.

The loss allowance as at 30 June 2021 for rates receivable was determined as follows:

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2021</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	2,271	270,237	90,119	137,445	500,072
Loss allowance	0	0	0	0	0
<b>30 June 2020</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	17,707	261,300	83,023	133,168	495,198
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2021</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	46,582	4,430	2,047	6,864	59,923
Loss allowance	0	0	0	0	0
<b>30 June 2020</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	170,730	4,903	68	3,401	179,102
Loss allowance	0	0	0	0	0

## 29. 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 16(e).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b><u>2021</u></b>					
Payables	1,418,144	0	0	1,418,144	1,418,144
Borrowings	561,858	1,697,077	2,271,104	4,530,039	3,913,590
	<u>2,144,308</u>	<u>1,697,077</u>	<u>2,271,104</u>	<u>6,112,489</u>	<u>5,496,040</u>
<b><u>2020</u></b>					
Payables	1,268,608	0	0	1,268,608	1,268,608
Borrowings	463,220	1,121,849	648,741	2,233,810	2,047,786
	<u>1,805,698</u>	<u>1,121,849</u>	<u>648,741</u>	<u>3,576,288</u>	<u>3,390,264</u>

### 30. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire does not have any subsequent events after balance sheet date, that have a significant effect on the financial statements.

# SHIRE OF CHITTERING

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

### 31. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

#### c) Rounding off figures

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

#### d) Comparative figures

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

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

#### e) Budget comparative figures

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

#### f) Superannuation

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

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

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

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

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

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

#### h) Fair value hierarchy

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

##### Level 1

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

##### Level 2

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

##### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

#### Valuation techniques

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

##### Market approach

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

##### Income approach

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

##### Cost approach

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

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

#### i) Impairment of assets

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

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

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

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

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**32. ACTIVITIES/PROGRAMS**

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

<b>PROGRAM NAME AND OBJECTIVES</b>	<b>ACTIVITIES</b>
<p><b>GOVERNANCE</b>            To provide a decision making process for the efficient allocation of scarce resources.</p>	<p>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.</p>
<p><b>GENERAL PURPOSE FUNDING</b>            To collect revenue to allow for the provision of services.</p>	<p>Rates, general purpose government grants and interest revenue.</p>
<p><b>LAW, ORDER, PUBLIC SAFETY</b>            To provide services to help ensure a safer and environmentally conscious community.</p>	<p>Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.</p>
<p><b>HEALTH</b>            To provide an operational framework for environmental and community health.</p>	<p>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.</p>
<p><b>EDUCATION AND WELFARE</b>            To provide services to disadvantaged persons, the elderly, children and youth.</p>	<p>Senior citizens programs, youth services and events.</p>
<p><b>HOUSING</b>            To provide and maintain staff, community and seniors housing.</p>	<p>Provision and maintenance of staff, community and seniors housing.</p>
<p><b>COMMUNITY AMENITIES</b>            To provide services required by the community.</p>	<p>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.</p>
<p><b>RECREATION AND CULTURE</b>            To establish and effectively manage infrastructure and resources which will help the social well being of the community.</p>	<p>Maintenance of halls, the library and various parks, reserves and other recreation activities and cultural pursuits.</p>
<p><b>TRANSPORT</b>            To provide safe, effective and efficient transport services to the community.</p>	<p>Construction and maintenance of roads, bridges, footpaths, drainage works, lighting and cleaning of streets and verge maintenance.</p>
<p><b>ECONOMIC SERVICES</b>            To help promote the Shire and its economic wellbeing.</p>	<p>Tourism and area promotion. Provision of rural services including weed control, community bus operations, economic and community development programs and building control.</p>
<p><b>OTHER PROPERTY AND SERVICES</b>            To monitor and control the Shire's overhead operating accounts.</p>	<p>Private works, plant repair and operation costs and engineering costs.</p>

### 33. FINANCIAL RATIOS

	2021 Actual	2020 Actual	Restated 2019 Actual
Current ratio	1.58	0.93	1.29
Asset consumption ratio	0.42	0.51	0.53
Asset renewal funding ratio	#	0.81	1.62
Asset sustainability ratio	0.36	0.43	0.67
Debt service cover ratio	5.43	3.70	6.16
Operating surplus ratio	(0.23)	(0.33)	(0.23)
Own source revenue coverage ratio	0.64	0.64	0.68

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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

# - Supporting information was not available for this ratio to be calculated.



# Auditor General

## INDEPENDENT AUDITOR'S REPORT 2021 Shire of Chittering

To the Councillors of the Shire of Chittering

### Report on the audit of the annual financial report

#### Opinion

I have audited the financial report of the Shire of Chittering (Shire) which comprises:

- the Statement of Financial Position at 30 June 2021, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

In my opinion the financial report of the Shire of Chittering:

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

#### Basis for opinion

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

#### 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 financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's responsibility for the audit of the financial report**

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

### **Report on other legal and regulatory requirements**

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
  - a) The Operating Surplus and Asset Sustainability Ratios have been below the Department of Local Government, Sport and Cultural Industries standards for the past 3 years. The financial ratios are reported at Note 33 to the financial report.
- (ii) The following material matters indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
  - a) The Shire had not implemented adequate controls around the maintenance of the supplier masterfile, including completion of supplier masterfile amendment forms and appropriate ABN validation checks. This increases the likelihood that unauthorized changes may be made to the supplier masterfile, or vendor details may be incorrectly recorded.
  - b) For approximately 20% of purchase transactions sampled, purchase orders were dated after the dates of the corresponding supplier invoices. This practice increases the risk of fraud or favouritism of suppliers, not obtaining value for money in procurement and inappropriate or unnecessary purchases;
  - c) The Shire has not reported the Asset Renewal Funding Ratio for 2021 in the annual financial report as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996, as the information required on planned capital renewals and required capital expenditure were not available in the long term financial plan and asset management plan respectively.

- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio for 2019, 2020 and 2021 and the Asset Renewal Funding Ratio for 2019 and 2020 included in the financial report were supported by verifiable information and reasonable assumptions.

### **Other matter**

The financial ratios for 2019 in Note 33 of the financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2019. The auditor expressed an unmodified opinion on the financial report for that year.

### **Other information**

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

My opinion does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

### **Matters relating to the electronic publication of the audited financial report**

This auditor's report relates to the financial report of the Shire of Chittering for the year ended 30 June 2021 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.



Grant Robinson  
Acting Deputy Auditor General  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
18 February 2022



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