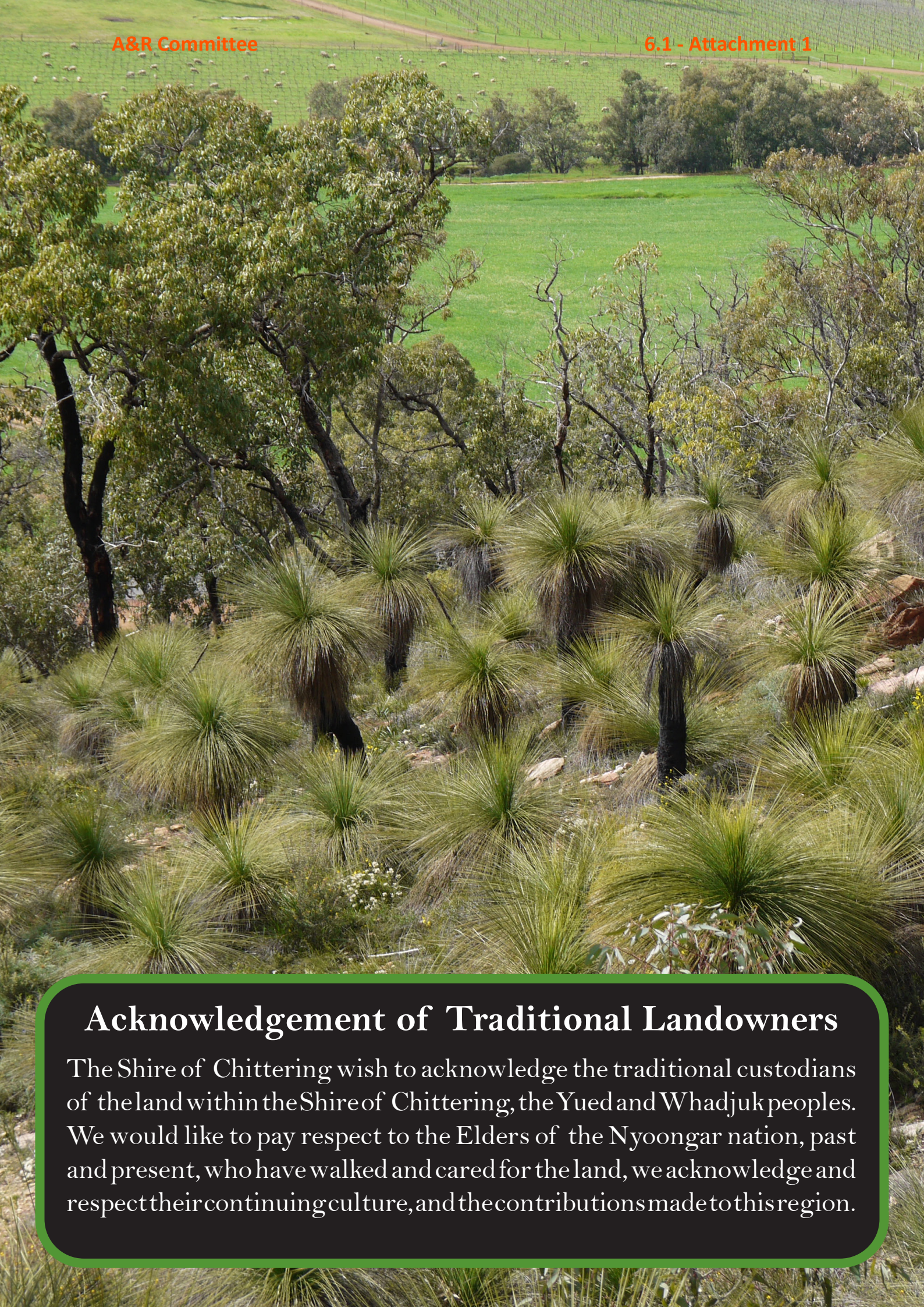
Shire of Chittering

Annual Report 2021 - 2022

A connected, thriving community



Acknowledgement of Traditional Landowners

The Shire of Chittering wish to acknowledge the traditional custodians of the land within the Shire of Chittering, the Yued and Whadjuk peoples. We would like to pay respect to the Elders of the Nyoongar nation, past and present, who have walked and cared for the land, we acknowledge and respect their continuing culture, and the contributions made to this region.

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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** 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**.

Feedback or Questions

Feedback or questions relating to this Annual Report are welcome.

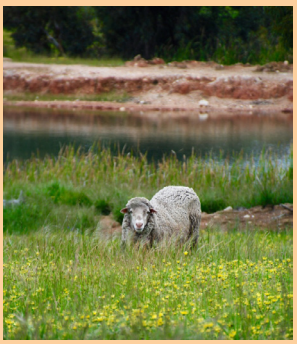
Email: chatter@chittering.wa.gov.au

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 32);
- Corporate Business Plan Future Projects (Page 32);
- Statutory Reporting (Pages 33 to 37); and
- 2021/2022 Financial Indicators and Audited Financial Statements (Pages 38 to 92).



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

2021

July

School Holiday Workshops

August

Grant Funded Seniors Collaboration with WA Country Health Service

Community Resilience Workshops

Chittering Familiarisation Tour - A Taste of Perth's Countryside

September

Youth Krew Outing to Freo Prison

October

BMX Exhibition and Workshop

Perth Trail Series Social Weekend, Chitteirng

November

Bindoon Drive-In Movie - Double Feature

A Taste of Chittering

December

Grant Funded Thank a Volunteer Event

Calendar of Community Events

2022

February

Community Bus Service to Yanchep in collaboration with City of Wanneroo

April

School Holiday Workshop

Community ANZAC Service

Chittering Stargazing Dinner & Aboriginal Astronomy Night

May

Youth Krew Outing to Powerplay Joondalup

Starting a Business Workshop

June

Emotional Intelligence & Communication Workshop Presented by Sophie Zadeh to Chittering Youth Krew

Branding with Canva Workshop

President's Message

On behalf of Council, I am pleased to present the Shire of Chittering's Annual Report for the 2021/2022 financial year to the community.

Council Elections

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 Ordinary Council Meeting 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 June 2022. The budget was prepared at a time of global uncertainty and rapidly increasing inflationary pressure on the Shire's cost to deliver new projects and services to the community.

This year the budget reflects a 6% increase to the rate in the dollar (RID) to repay loans from WA Treasury for two new major projects; namely the Muchea Redevelopment Project and the Bindoon Mountain Bike Park and to fund a number of smaller projects. An increase in the number of rateable properties (122) provided additional revenue to limit the rate increase to 6%.

The budget recognises the significant financial hardship felt by the community and applied no increase to Kerbside & Recyclable Collection Services and waste site fees. Furthermore, reduced fees have been introduced for ratepayers entering into a payment arrangement with the Shire, making flexible payment arrangements more available to the community.

Food truck fees have been reduced and the temporary food permit fee removed making it easier to trade in our Shire.

Council continues to allocate funds to reserves to secure the Shire's ability to meet its future financial commitments and fund key strategic projects.

The annual budget is supported by a conservative 10 year Long Term Financial Plan that ensures the Shire can deliver on its strategic community projects whilst meeting its future financial commitments without unduly burdening future generations.

Community Advisory Forums

After a 12-month suspension due to Covid 12 restrictions, Council resumed the community advisory forums to increase the level of community engagement and to obtain a better understanding of the community's views to assist Council's strategic planning. The first community forum was held at Lower Chittering, with subsequent forums scheduled for Bindoon, Muchea and Wannamal.

Muchea Recreation Centre

The reference group have been actively working with architects to define to scope of the redevelopment to meet the user requirements. The scope of the Muchea Recreation Centre redevelopment includes; new change rooms, clubroom / hall; netball court and lighting; resurfacing existing court and demolition of the existing hall / facilities.

The total cost of the redevelopment is estimated at $5,678,608 to be funded:

- $1,878,251 Existing Loan 89 from WATC; 20 year term, 2.363% Interest rate
- $3,301,727 new Loan from WATC; 20 year term, 4.330% interest rate (assumed)
- $648,630 Club Funding including other grants.

In May 2022, Council approved the release of the tender for the construction of the multi-purpose community facility at Muchea Oval, with demo

The community groups have successfully raised $68,630 in donations as their contribution to the development.

Tenders closed 27 July 2022 with contract award in September 2022 and work commencing November 2022.

President's Message

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 has been purchased to allow this development to proceed. Part payment for this land will come from the proceeds from the disposal of property at Lot 1104 Grey Road and Lot 171 (RN 29) Binda Place, Bindoon.

A Grant Application to the Building Better Regions Fund was submitted in 2021, but this was unsuccessful. Another Grant Application to the same fund has been submitted in 2022, but the result will not be known until August 2022, and a Federal Election will be held before this funding announcement.

In the absence of grant funding, the scope of the Mountain Bike Park Project has been reduced to the trail only elements of Stage 1 of the concept plan involving; 13.4 km mountain bike tail network, 5.5 km walking trail; Shuttle road access to both sides of the hill.

Other elements of the project, such as the Trailhead, Toilets and Change rooms, Skills Park and Pump Track, Accommodation, and Stage 2 and 3 of the trails, would be deferred until other sources of income can be secured.

To build only the trails of Stage 1 is expected to cost $616,884. The Chittering Mountain Bike Club and the Shire have already received external pledges of $105,000 which would go to offsetting this cost. The shire currently has $670,800 in its reserve accounts for Recreation and Public Amenities and Buildings. Utilising reserve funds would allow the project to proceed, without adding to loans, leaving the borrowing capacity for other projects.

In June 2022, Council approved the release of the tender for Stage 1 and the access road. Tenders close in August 2022.

Aged Care

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

This feasibility study confirmed the quantum and the growth of the 85+ population in the Shire and in particular in Bindoon and recommended Bindoon as the best location for a residential aged care facility to be developed. Further, considerable upside potential exists to also service the wider Wheatbelt region and northern metropolitan area due to the close location of Bindoon and improved connectivity via the Tonkin Highway.

At the July 2022 Ordinary Meeting of Council, an Aged Care Plan was accepted by Council. The first step of the plan was to Investigate Potential Aged Care Land Options and Determine Potential restrictions on the utilisation of the Land. Investigations have been undertaken into potential aged care land, and a summary of these investigations proved to Council to decide on which land to include in an Expression of Interest that is to go to Aged Care Providers

Community Assisted Transport

Council approved a trial of a Community Assisted Transport Service to assist residents of the Shire to attend medical, specialist or allied health appointments outside of the Shire,

A Shire pool vehicle has been made available for the trial of the service to assess the demand and potential issues with the service.

Annual Electors Meeting

The Annual Electors Meeting was held on 4th May 2022 at the Muchea Hall. Public attendance was impacted by Covid 19.

Conclusion

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.

Aaron King
PRESIDENT

Chief Executive Officer's Message

The Shire continued to perform well over the 2021-2022 Financial Year despite continuing to deal with the COVID-19 pandemic. With already limited resources, the pandemic has pushed the Shire both physically and mentally. There are good signs though that we are over the worst of the pandemic.

Elections were held in October 2021 with Cr Aaron King and Cr David Dewar being elected to Council and Cr Carmel Ross being re-elected for another term. Congratulations to the three Councillors. Thankyou also to Cr Peter Osborn and Cr Beck Foulkes-Taylor who both ceased as Councillors. Their contributions and support were much appreciated.

Following the Election, Cr Aaron King was elected as President and Cr Mary Angus was elected as Deputy President. Congratulations to Aaron and Mary. Thankyou to Cr Kylie Hughes and Cr Carmel Ross, whose terms as President and Deputy President respectively, finished. It was a pleasure working with both.

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 though our limited resources continues to test our abilities in this area. The peak of our engagement was the community consultation for the Strategic Community Plan. The feedback given by the community allowed us to make small adjustments to the Strategic Community Plan though the broader vision remains the same.

We have not forgotten about our core services. For the first time in a long time, the replacement of infrastructure is close with the Muchea Recreation Centre and the Bindoon Mountain Bike Trails having gone out for tender. They will be a great addition to our recreation offerings as well as being a key plank for increased economic development of the area. 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 2021/22
Major Achievements

Whilst the *Strategic Community Plan 2022-2032* 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**

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.
- Tender document prepared and opened for Bindoon Mountain Bike Park Stage 1 trail construction
- Undertaking management of the Chittering Visitor Centre and Bindoon Transit Park; social media management, managing volunteers, fitting out, updated signage including Shire tourism signage audit implementation and sale of locally made retail items 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 including rebrand of the Chittering Farm Flavour Trail and launch of new website, 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 - Muchea hall
- LED Lighting Upgrade - Bindoon, Upper Chittering and Muchea 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 Funding for localised community lead Neighbourhood / Street Parties
- Support for Seniors through events and programs

Roadworks Program

Including but not limited to:

- Archibald Street - Reconstruction
- Ridgetop Ramble - Reconstruction
- Muchea 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
- Wandena Road
- Binda Place Car Park
- Clune to Brockman Footpath (Stage 2)

STORE
LOCAL PRODUCE
www.mvls.com.au
brinjal pickle
tomato chutney
near genius pickle
red cabbage and beetroot relish
tomato kasundi
caramelised onion chutney
hot chilli chutney
LOCAVORE STORE
BIBLICAL FRUITS
FIG JAM
$10 EA
LOCAL GOAT CHEESE
Wootra Farm
Marinated Asparagus
PEACH & GINGER JAM
WOOTRA FARM
MARINATED ASPARAGUS
$10.00
Grown & made & in Chittering
Travelled 14 kilometres
MILK CHOCOLATE Sandalwood Nuts

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 2022)

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**.

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.

A&R Committee

President Cr Aaron King

Term expires October 2025
President since October 2021
Elected Member since October 2021
Email: crking@chittering.wa.gov.au

Council appointed Committees / Advisory Groups / External Committees / Boards

- Audit & Risk Committee
- Local Emergency Management Committee
- Chittering Community Support Funding Group
- Chittering Mining Advisory Group
- Avon Midland Zone (WALGA)
- Muchea Hall User Group
- Northern Growth Alliance
- Wheatbelt Development Assessment Panel

6.1 - Attachment 1

Cr Mary Angus

Term expires October 2023
Deputy President since October 2021
Elected Member since October 2016
Email: crangus@chittering.wa.gov.au

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
- Chittering Community Planning Advisory Group
- Avon Midland Zone (WALGA)
- Northern Growth Alliance

Cr Carmel Ross

Term expires October 2025
Elected Member since October 2017
Email: crross@chittering.wa.gov.au

Council appointed Committees / Advisory Groups / External Committees / Boards

- Audit & Risk Committee
- Chittering Bushfire Advisory Committee
- Chittering Health Advisory Group
- Wannamal Community Centre
- Wheatbelt Development Assessment Panel
- Chittering Tourism Advisory Group
- Chittering Education Scholarship Advisory Group
- Wannamal Community Centre

Cr Mark Campbell

Term expires October 2023
Elected Member since February 2021
Email: 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 Tourism Advisory Group
- Bindoon & Districts Historical Society
- Rural Water Council of WA (Inc)

Cr John Curtis

Term expires October 2023
Elected Member since October 2019
Email: crcurtis@chittering.wa.gov.au

Council appointed Committees / Advisory Groups / External Committees / Boards

- Audit & Risk Committee
- Bindoon & Districts Historical Society
- Chittering Land Conservation District Committee
- Ellen Brockman Integrated Catchment Committee
- Chittering Health Advisory Group
- Wheatbelt North Regional Road Group

Cr Kylie Hughes

Term expires October 2023
Elected Member since October 2019
Email: crhughes@chittering.wa.gov.au

Council appointed Committees / Advisory Groups / External Committees / Boards

- Audit & Risk Committee
- Chittering Community Planning Advisory Group
- Chittering Mining Advisory Group
- Chittering Community Complex Advisory Group
- Chittering Land Conservation District Committee
- Ellen Brockman Integrated Catchment Committee
- Wheatbelt Development Assessment Panel
- Local Emergency Management Committee
- Wheatbelt North Regional Road Group

Cr David Dewar

Term expires October 2025
Elected Member since October 2021
Email: crdewar@chittering.wa.gov.au

Council appointed Committees / Advisory Groups / External Committees / Boards

- Audit & Risk Committee
- Chittering Bushfire Advisory Committee
- Chittering Youth Krew Advisory Group
- Chittering Health Advisory Group
- Rural Water Council of WA (Inc)
- Wannamal Community Centre

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 Osborne

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

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 2021/2022:

Elected Member	Course Title	Date(s)
Cr Carmel Ross	Understanding Local Government	15 January 2022
	Conflicts of Interest	5 May 2022
	Meeting Procedures	18 January 2022

2022 WA Local Government Convention

- Cr Mary Angus
- Cr Carmel Ross
- Cr David Dewar
- Cr Kylie Hughes

Council and Committee Meeting Attendance

Elected Member	Ordinary Council (11)	Special Council (1)	Annual / Special Electors (1)	Audit & Risk Committee (1)	Bushfire Advisory Committee (3)	Local Emergency Management Committee (3)
Cr Aaron King [3]	8	1	1	1		1
Cr Mary Angus	11	1	1	1		0
Cr Carmel Ross	11	1	1	1	3	1
Cr Kylie Hughes	11	1	1	1		2
Cr Mark Campbell [5]	10	1	1	1	1	0
Cr John Curtis [4]	10	1	1	1		0
Cr David Dewar [3]	8	1	1	1	2	0
Cr Rebecca Foulkes-Taylor [1,2]	2	0	0	0	0	0

[1] Cr Foulkes-Taylor retired in October 2021.

[2] Cr Foulkes-Taylor was an apology for the Ordinary Meeting held 18 August 2021.

[3] Cr King and Cr Dewar were elected in the ordinary election of October 2021.

[4] Cr John Curtis was on Approved Leave of Absence for the period 17 August until 30 August 2021.

[5] Cr Campbell was on Approved Leave of Absence for 16 March 2022..

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 overseas the operations of Business Units structured to meet the Shire's strategic and operational objectives, legislative responsibilitys and to ensure services are delivered in the most efficient and effect manner.

Chief Executive Officer - Matthew Gilfellon

Executive Manager Technical Services - Leo Pudhota	Executive Manager Development Services - Peter Stuart	Executive Manager Corporate Services - Melinda Prinsloo	Human Resources
Infrastructure Management Services	Rangers and Community Safety	Financial Services	Governance
Asset Management	Planning Services	Information Technology	Communications
Operation Services	Compliance and Regulatory Services	Leisure and Library Services	Strategic and Organisational Development
			Community Development
			Economic and Tourist Development

Reporting to the Strategic Community Plan

Our Community

Outcome	Strategies	Results 2022
An active and supportive community	Events and groups to bring the community together and assist connections	Council continues to provide events and other opportunities for aged and youth. Council continued to support volunteer groups through the provision of the Community Assistance Grants Program. For July 2021 - 2022, 15 grants were awarded totalling $23,330. The approval of food trucks has helped night time activation. ANZAC Day was held at the Bindoon War Memorial on 25 April 2022. The disappointment of cancelled ANZAC services for the past 2 years due to COVID-19 public health measures, made this year even more important with over 200 community members attending the event. A Taste of Chittering was coordinated by an external event company for the second year in a row. The event was held across two days, Saturday 20th and Sunday 21st November. It was post-poned to this date a week before its original scheduled date in October due to bad weather. Due to it being post-poned so late in the year meaning the weather was warmer, a lot of producers products were no longer in season and attendance numbers were quite low compared to previous years. Australia Day was held at Lower Chittering Hall with a great turn out from the Local community. The morning began with a sausage sizzle cooked by the Lower Chittering Fire brigade, Australia Day entertainment by Bindoon Entertainment Arts & Theatre with coffee by local supplier Cup of Eeden and Joeys Ice cream van also onsite. The Citizenship Ceremony, Community Citizen of the Year Awards and Education Scholarship Awards followed. Continuation of the Community Courtesy Bus Program for the 2022/23 financial year.
	Social hubs to bring the community together	An Aged and Disability Care Feasibility Study was conducted in December 2021. Funding for Youth Services (Youth Events, Youth Development Program, School Holiday Activities, Youth Sponsorship and Youth Chaplaincy) were allocated during the Shire's Annual Budget 2022/23 adoption in June 2022. Joint venture housing report submitted to Council in April 2022. Council approved a 3-month Community Assisted Transport Service Trial during its Council meeting in April 2022. The service is intended to assist residents of the shire to attend appointments. The Community Assisted Transport Service Policy as well as the Fees and Charges were also adopted at the meeting. Funding were allocated for Scheduled works for senior housing and community housing in the adoption of the 2022/23 Annual Budget in June 2022. In June 2022, Council approved provision for an Aged Care Lobbying specialist to prepare lobbying documents. An online Facility Booking System facilitated by SpacetoCo has been implemented and is now part of business as usual. All casual facilities bookings complaints are now handled via SpacetoCo Platform to ensure all complaints are being addressed within 5 days. Consultation with the Council were carried out to determine the desire for a Reconciliation Road Map, which will assist in developing the Shire's Reconciliation Action Plan (RAP).

Outcome	Strategies	Results 2022
A safe and healthy community	Improve education, health, and aged services	The Chittering Health Advisory Group held a network forum in August 2021 with 9 service providers in attendance. The CHAG commenced winding down from October 2021 due to COVID-19 restrictions and continuing issues with attracting members and clarify of focus for the group. A consultant has been appointed for the development of a Public Health Plan. The proposed draft is scheduled for Executive Review by end of February 2023.
	Increase the availability of emergency services	Council approved the Shire of Chittering submission to WALGA's Proposed Advocacy Position on Arrangements for Management of Volunteer Bushfire Brigades during its June 2022 Council Meeting. The adoption of the 2022/23 Annual Budget highlights the fact that Council will continue to focus on Fire, Safety and Animal Control activities, and a substantial Grant-funded towards Fire Mitigation works.

Our Natural Environment

Outcome	Strategies	Results 2022
Sustainable resources lifestyle	An increase in renewable energies	
	Improved waste management	The Container Deposit Scheme was introduced at the Muchea Landfill and Investigations in future options for this program has commenced during 2021/22 financial year. The renewal of Bindoon Landfill fence (1.8m) has commenced and currently in the RFQ stage. Improvements at the Muchea Landfill CDS Shed has been completed. Waste and Recycling Options Discussion Paper was presented at the February 2022 Council Meeting. Consultants have been appointed as part of the Shire's Strategic Waste Management Plan Review, planned for completion by end of June 2023. Investigation of the Drum Muster Program at Bindoon Landfill Site was completed. In May 2022, Council accepted the Kerbside Refuse & Recycling Collection Service Contract with the additional fee and charge options for residents to change the current 240L Recycle Bin to a 360L. The service level will remain fortnightly based on the outcome of an informal survey conducted in 2021 on the Shire's 'Have Your Say' Facebook page. Council continues to allocate funds to reserves to cater for the rehabilitation of our waste sites when it reaches its end of life.

Outcome	Strategies	Results 2022
Protection of life and property	Protection of groundwater	A consultant was appointed to conduct an audit, in line with the requirements of the Department of Water and Environmental Regulations (DWER) on water usage allowance for the Shires ground water licenses.
	Limit noise and light pollution	
	Protection of wildlife and nature from pests, weeds, destruction and contamination	The Shire continues to invest in weed mitigation strategies aligned to the Biodiversity Plan including implementing the Shire's Weed Eradication Program. The Annual Weed Spraying Program is an ongoing project. The Shire implemented various improvement strategies in the area of bushfire safety. Statistical data has been submitted to Council in June 2022 to ensure transparency in the number of properties inspected over the fire season and the degree of works required to ensure the Shire complies with Bushfire safety legislation. Efforts were also made throughout the season to improve residents' knowledge of bushfire risk reduction. Council adopted the Firebreak and Bushfire Hazard Reduction Notice requiring all owners and occupiers of land within the Shire's district before the 16th day of October in each year or within 14 days of becoming the owner or occupier of land if after that date, to clear firebreaks and/or take measures in accordance with this notice and to maintain those firebreaks and measures in accordance with this notice up to and including the 31st day of May in the following year. Council commenced the development of a Bush Reserves Plan to ensure protection of local biodiversity – stage 1, with the creation of a Bush Reserve Datasheet/template, started mapping and gathering data. Various Bushfire Education Programs were held during the year, including the Bushfire Burn Smart Program held at the Library and two Fire Brigade Open Day Programs. Nine Strategic Firebreak Tanks have been monitored as at end June 2022. The Shire has a target to monitor 15 by end June 2023. The development of a Shire of Chittering Strategic Fire Breaks Plan has commenced and is due for completion by end June 2023. 100% of all prescribed burnings were completed as per the Mitigation Activity Fund Grant Program (MAFGP). 100% of all properties due for pre-sale inspections were inspected within 7 days to ensure compliance with the Firebreak and Hazard Reduction Notice. In June 2022, Council adopted the reviewed Shire of Chittering Local Biodiversity Strategy 2022. The strategy has been updated in conjunction with the Chittering Landcare Group. The original strategy was developed in 2009 and adopted in 2010. The review and subsequent updating of this strategy is considered a major improvement to the Shire's application towards retaining its biodiversity values. A Fauna and Flora Study was completed as part of the environmental studies in upgrading Djidi-Djidi Ridge trail to new (existing) lookout from the carpark on the southern side.

Our Built Environment

Outcome	Strategies	Results 2022
Retaining Rural Amenity	Well planned development ensuring a supply of rural sized blocks	Council adopted the Amendment to Local Planning Policy No 7 - Outbuildings (maximum of outbuilding size of 120m2 with 3.5m and 4.5m wall and ridge height) at its July 2021 Council meeting.
	Balance development with natural environmental and open spaces	Continued investigation into upgraded facilities and planning for town hubs took place, with aspirational plans developed for some sites. Council adopted the Shire of Chittering Sport & Recreation Plan 2021-31 in September 2021. This will assist with future strategic decision making. Initial works has commenced with the Muchea Clubroom Redevelopment Project. A consultant has been engaged as part of the Hall replacement project at Lower Chittering. The initial information was provided for the business case. The resurfacing and fencing of Wannamal Tennis Court has been completed. The construction of Stage 1 of Bindoon Mountain Bike Park Trails and infrastructure has commenced. The four wheel drive access road and trails 1-6 are currently being constructed. Trails 7 and 8 are subject to approval. Consultation with the Chittering Mountain Bike Club has commenced as part of the mountain bike masterplan review, including a design concept of 10-15km of further trail and a skills area in stage 2 of the plan. Upgrades to the Kyotmunga Walk Trail has started, a Request for Quotation is currently underway to clear the path with a survey and fence from Yozzi Road through to Avon Valley National Park so that walkers in Lower Chittering can access the park for extended walks. Request for Quote process has commenced in preparation of a feasibility study for a long distance 'Munda Biddi' style trail (for mountain bikers and walkers) across the Shire that connects interregional to create a long distance (even multi-day ride). Continued funding for our popular Bindoon Library services and activities 194 Development applications were processes within the regulatory timeframes between 1 July 2021 – 30 June 2022. 290 Building permit applications compliance checks were conducted within 5 working days between 1 July 2021 – 30 June 2022. 100% of all spa's and swimming pools registered within the Shire's townsites have been inspected, with 7 registered pools in Bindoon town and 51 registered pools within Muchea town. 53 uncertified building approval applications were assessed within the legislative 25 working days and 30 certified building approval applications were assesses within the legislative timeframe of 10 working days. The proposed name of the reserve located at Lot 18 Muchea East Road was approved by Council in August 2021. The approved name is Marbling Brook Reserve and the trail within the reserve is now known as Marbling Brook Trail.

Outcome	Strategies	Results 2022
Improving Infrastructure	Quality road infrastructure	The Roads Condition Rating Assessment were conducted as per the legislative requirement of assessing condition of roads every 5 years and aligned to the newly adopted Asset Management Plan: Roads. A detailed inspection of all road assets were conducted, identified on the Forward Work Renewal Program to determine priority renewal requirements also aligned to the Asset Management Plan: Roads. Council adopted the Shire of Chittering Roads Asset Management Plan in June 2022 which will enable the Shire with a clear future direction of Roads Asset Management within the Shire. Stage 1 of the Asset Management System has been implemented on RAMM for Roads, Parks and Assets. Council funded the following roadworks as part of the 2022/23 Annual Budget adoption in June 2022: • Julimar Road • Teatree Road • Wandena Road • Nolan Road • Maddern Road • Hidaway Drive • Forrest Hills Parade • Perry Road and • Timaru Road • Regional Road Group (RRG) works on: • Muchea East Road • Mooliabeenee Road • Roads to Recovery works on: • Chittering Valley Road and • Bottlebrush Place • Local Roads & Community Infrastructure grant works on Wandena Road • Black Spot Roadworks continue on • Teatree Road • Hibbertia Road • Footpath and cycleway works at Clune to Brockman trail and Chittering Walk trail • Bridge works on Chittering Road A RFQ is in progress for the construction and maintenance of drainage infrastructure The Shire's Verge Policy was reviewed and adopted by Council.
	Townsites with attractive streetscapes	Council has used the opportunity to advocate for sewerage services at WALGA's State Conference held in October 2022, this issue is still not being prioritised by State Government and we will continue to address this with the various stakeholders. Council has also approved further funding for strategic lobbying specialists for services: sewerage/water and other service areas. The Shire continues to invest in its tree planting program to ensure townsites have attractive streetscapes. 42 Trees were planted at the Southern end of Bindoon townsite during the year.

Economic Growth

Outcome	Strategies	Results 2022
Economic growth	Support private investment which stimulates sustainable industries, business and job growth	The shire works with investors to try and ensure their success
	Development of Muchea Industrial Park	Council approved the Amendment to Muchea Industrial Park Local Structure Plan 1 – requirement to include a 'Special Use' zone during its Council meeting in August 2021. Proposed Local Structure Plan – Precinct 3 of the Muchea Industrial Park – Lots 800-804, 192, 194 and 35 Great Northern Highway, Muchea during February 2022 Council meeting.
	Support agriculture growth, with a focus on local produce and agribusiness	

Outcome	Strategies	Results 2022
Local business growth	Encourage and support local businesses and new investments for the future	A new Business Directory was developed for local businesses and ongoing marketing of the directory will continue into the future. Council highlighted its continued support for our local businesses through the 'Shop Local Campaign' and the Business Development Service and will continue into 2022/23 financial year. Part of the Small Business Friendly Approvals Program is to develop a map showing permitted food truck trading locations and engagement with TAFE to assist in this project is currently underway.

Outcome	Strategies	Results 2022
Increased visitors	Support and promote accommodation options	The Shire has improved its tourism marketing, conducted famils and partnered with organisations to try and increase our tourism numbers. Council adopted the reviewed Shire of Chittering Economic Development Strategy 2021-2031 in August 2021. As part of promoting the Shire initiatives, the Social Media Campaign which promotes tourism events was completed. A film was conducted for a Destination WA TV story to further promote the Shire.
	Facilitate, promote and support ecotourism	Council continues to support tourism and area promotion within the Shire with various initiatives completed during the year or currently underway. Some of these initiatives include the recent Market Campaign to encourage skilled volunteers to assist at the Visitor Centre. Six volunteers were recruited whilst this is an ongoing initiative. A Brand Guide has been developed as part of developing a new marketable brand for Chittering that resonates with the proposed audiences aligned to the Shire's Tourism Strategy. Another initiative that is the Visitor Centre Upgrade Project, that will continue into 2022/23 financial year. During this year, the Volunteer Attraction and Retention Booklet was developed. E-Bikes will be purchased in the next financial year as part of the project. A Signage Audit was also conducted as part of the initiatives, and a Tourist Signage Plan is currently being developed with the expected completion date in early 2022/23. The Shire Entry Statement on the Tonkin Highway has been approved in June 2022 with the expected completion date scheduled for end September 2022.

Strong Leadership

Outcome	Strategies	Results 2022
An engaged Community	Continue to engage with the community	Community engagement has continued in many forms including Community Advisory Forums held throughout the shire. Council approved funds for an Electronic Community Notice Boards during the adoption of the 2022/23 Annual Budget, held in June 2022. Council has committed to improve the Customer Services experience during the 2022/23 financial year with investing in self-service channels and more streamlined processes. Council has also committed to continue to upgrade the Council website, in providing a platform for interactive customer service in the near future.

Outcome	Strategies	Results 2022
Accountable and Transparent Governance	Good governance which supports efficient and effective service delivery	The shire continues to work with and establish relationships with many stakeholders. The Code of Conduct – Elected Members Policy was workshopped with Elected Members prior the adopted in August 2021. A General Compliance and Enforcement Policy has been developed to ensure all compliance enforcement actions are being endorsed by Council, prior to any legal action be required. An amendment to the Delegated Authority Register has been endorsed in August 2021. The reviewed policy now includes the delegation for determination of Development Applications. Council adopted the proposed submission to the Local Government Reform prepared by Administration in December 2021. A Shire of Chittering Position Statement was adopted by Council in December 2021. The Position Statement reads: 'the Shire of Chittering is committed to being a leader in the areas of transparency, disclosure and public accountability. In line with this commitment, we will continually be looking for relevant new opportunities to adopt best practice.' A Transparency Project Plan and Discussion Paper was prepared and implemented in the 2022/23 financial year. The following policy amendments were adopted by Council during the year: • Recording and Access to Recordings of Council Meetings Policy; • Agenda Forums Policy; • Trading in Thoroughfare and Public Places Policy; 42 Policies have been reviewed and 4 new policies were developed during the 2021/22 financial year, including the OSH Policy which is now aligned to the new legislation. The new policies are: • Execution of Documents and Us of the Common Seal; • Council Positions; • Donations, Contributions and Sponsorships; • Verge Maintenance Policy. The Shire's 2020/21 Annual Report was adopted in March 2022 and presented at the AGM held in May 2022. The 2021 Compliance Audit Return was also adopted in March 2022. Council adopted the following position statement: "Council cares about the employees of the Shire and want to ensure that all employees arrive safely home each day. This requires that everyone commits to their role in ensuring a safe workplace, starting with Council".

		During the May 2022 Council Meeting, it was identified that a Governance Framework is required that sets out roles and functions of Elected Members and the Administration, their relationships, along with financial, legislative and ethical considerations for transparent decision making on behalf of, and in the best interests of the community as a whole. A Governance Framework will be developed in 2022/23. The Delegations Authority Register was reviewed and adopted in June 2022 aligned to Section 5.46 of the Local Government Act 1995. A comprehensive review and overhaul of the Delegations Register was conducted in 2020 and an extensive review was again carried out in 2021, in line with changes to legislation and reforms under the Local Government Amendment Act 2019 (Amendment Act). In the past 12 months, there has been no changes to legislation that directly affect the Power to delegate. The Shire's Strategic Community Plan (SCP) has been reviewed during the year, with community engagement undertaken in 2021. Engagement took place in various forms such as Community Forums, Feedback Sessions and Physical and Online Surveys. Council adopted the Shire's 2022/23 Annual Budget during its June 2022 Council meeting. The budget engagement process included seven Budget Workshops with Council during April and June 2022. The Shire's Risk Management Register has been reviewed during the year and realigned to the Strategy. An OSH Audit is scheduled for completion in October 2022 to identify improvement areas within this service.

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

Statutory reporting

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

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

RECORD KEEPING

In the past three years the Shire has seen the daily incoming correspondence shift from 75% hardcopy to 75% plus digital correspondence inward and an even higher percentage of our outward correspondence. This has been driven largely by COVID-19 creating an environment where working from home become a preferred option for several officers who could do so with no loss of productivity or efficacy.

This change in the character of our correspondence propelled our movement towards a digital based records system out of necessity rather than just a desire to be more efficient, more environmentally conscious as well as more fiscally accountable.

2022 has cemented a new daily filing system that allows for easy access and retrieval of hardcopies, but with only a 12 month retention on the hardcopy source record. The digital version is being recognised as the true record and disposal of hardcopies are on a weekly basis and are catalogued directly from the Synergy system to ensure that records are kept of the disposal process. This is done after selected items for that week are checked for their scanning quality and integrity before the hardcopies are deemed to be disposable.

There are still, and will always be, a need and or a preference for certain documents to be retained as hardcopy as well as in digital format and these are catered for with this process.

Overall the process is working well and again is saving money on files as well as the time required previously to sort and file all documents into individual files.

During 2023 and beyond the Shire is working towards a program to scan historical documents that are prior to the initiation of the Electronic Documents Records Management System (2006) that will fully digitise all required documents and allow for the disposal of any hard files that are no longer required as hard copy.

Statutory reporting

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 2021/2022, the Shire received no Freedom of Information applications, therefore no applications were completed within the time-frame prescribed by legislation. One application was rolled over from the 2020/2021 reporting period and was completed during this 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 were no such applications during this reporting period.

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 2021/2022 financial year. This document is available on the Shire's website (https://www.chittering.wa.gov.au/policies.aspx).

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).

Statutory reporting

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 employess are required to complete and 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 2021/2022 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 the 2021/2022 financial year.

ELECTED MEMBER RENUMERATION

Elected Members are renumerated 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 renumeration applicable for the 2020/2021 financial year. The Shire is is classied as a BAND 3 local government for the purposes of the Act and has determined that it will renumerate its Elected Members as follows:

- Annual attendance fee in lieu of Council meetings, committee meeting and prescribed meeting fees;
- Annual allowance for President and Deputy; and
- Annual allowance for the reimbursement of expenses.

Statutory reporting

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 renumeration. This packages all renumeration 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	2019/2020	2020/2021	2021/2022
100,000.00	109,999.99	0	0	0
110,000.00	119,999.99	3	1	0
120,000.00	129,999.99	0	0	1
130,000.00	139,999.99	0	1	1
140,000.00	149,999.99	0	2	0
150,000.00	159,999.99	1	0	0
160,000.00	169,999.99	0	0	1
170,000.00	179,999.99	0	0	0
180,000.00	189,999.99	0	0	0
190,000.00	199,999.99	0	0	0
200,000.00	209,000.99	0	1	0
210,000.00	219,000.99	0	0	0
220,000.00	229,000.99	0	0	1
	TOTAL	**4**	**5**	**4**

Statutory reporting

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
- 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 2022.

The 2022 Compliance Audit Return was adopted by Council on 15 February 2023 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 Director, Renuka Venkatraman on 20 December 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 2021/2022 such as notice of Council meetings, policy issues and planning matters.

Financial Statements

SHIRE OF CHITTERING
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

The attached financial report of the Shire of Chittering for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the Shire of Chittering at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 20th day of December 2022

Acting Chief Executive Officer

Melinda Prinsloo

Name of Chief Executive Officer

OAG AUDITED

DRY KIRKNESS

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SHIRE OF CHITTERING
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual	2022 Budget	2021 Actual
		$	$	$
Revenue				
Rates	27(a),2(a)	6,189,850	6,106,099	5,949,574
Operating grants, subsidies and contributions	2(a)	2,722,208	1,763,887	2,556,795
Fees and charges	26(c),2(a)	1,722,511	1,470,889	1,408,065
Interest earnings	2(a)	46,299	95,971	36,956
Other revenue	2(a)	366,554	170,386	281,715
		11,047,422	9,607,232	10,233,105
Expenses				
Employee costs		(4,244,527)	(3,934,454)	(4,001,114)
Materials and contracts		(2,890,772)	(3,436,195)	(2,771,867)
Utility charges		(205,072)	(168,448)	(179,312)
Depreciation	10(a)	(3,860,771)	(3,755,880)	(4,196,905)
Finance costs	2(b)	(116,759)	(123,518)	(76,170)
Insurance		(199,587)	(221,228)	(186,629)
Other expenditure	2(b)	(235,945)	(340,560)	(313,387)
		(11,753,433)	(11,980,283)	(11,725,384)
		(706,011)	(2,373,051)	(1,492,279)
Capital grants, subsidies and contributions	2(a)	1,502,141	4,970,550	1,091,336
Profit on asset disposals	10(d)	15,907	95,018	0
Loss on asset disposals	10(d)	(521,240)	(12,217)	(247,500)
Fair value adjustments to financial assets at fair value through profit or loss		1,999	0	1,293
		998,807	5,053,351	845,129
Net result for the period	26(b)	**292,796**	**2,680,300**	**(647,150)**
Other comprehensive income for the period				
Items that will not be reclassified subsequently to profit or loss				
Changes in asset revaluation surplus	17	(2,505,249)	0	49,449
Total other comprehensive income for the period	17	**(2,505,249)**	**0**	**49,449**
Total comprehensive income for the period		**(2,212,453)**	**2,680,300**	**(597,701)**

OAG AUDITED

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

DRY KIRKNESS | 3

SHIRE OF CHITTERING
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	NOTE	2022	2021
		$	$
CURRENT ASSETS			
Cash and cash equivalents	3	9,364,727	7,614,198
Trade and other receivables	5	560,943	548,163
Inventories	6	13,838	3,567
Other assets	7	1,345	2,396
TOTAL CURRENT ASSETS		9,940,853	8,168,324
NON-CURRENT ASSETS			
Trade and other receivables	5	97,513	99,222
Other financial assets	4(a)	84,402	82,403
Property, plant and equipment	8	23,596,030	27,846,091
Infrastructure	9	68,076,569	67,884,768
TOTAL NON-CURRENT ASSETS		91,854,514	95,912,484
TOTAL ASSETS		101,795,367	104,080,808
CURRENT LIABILITIES			
Trade and other payables	12	1,262,705	1,418,144
Other liabilities	13	711,860	164,306
Borrowings	14	450,613	463,808
Employee related provisions	15	632,752	650,123
TOTAL CURRENT LIABILITIES		3,057,930	2,696,381
NON-CURRENT LIABILITIES			
Borrowings	14	2,999,169	3,449,782
Employee related provisions	15	123,012	83,463
Other provisions	16	952,796	976,269
TOTAL NON-CURRENT LIABILITIES		4,074,977	4,509,514
TOTAL LIABILITIES		7,132,907	7,205,895
NET ASSETS		94,662,460	96,874,913
EQUITY			
Retained surplus		49,977,889	50,067,002
Reserve accounts	30	2,513,294	2,131,385
Revaluation surplus	17	42,171,277	44,676,526
TOTAL EQUITY		94,662,460	96,874,913

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

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SHIRE OF CHITTERING
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	RETAINED SURPLUS	RESERVE ACCOUNTS	REVALUATION SURPLUS	TOTAL EQUITY
		$	$	$	$
Balance as at 1 July 2020		**50,877,749**	**1,967,788**	**44,627,077**	**97,472,614**
Comprehensive income for the period					
Net result for the period		(647,150)	0	0	(647,150)
Other comprehensive income for the period	17	0	0	49,449	49,449
Total comprehensive income for the period		(647,150)	0	49,449	(597,701)
Transfers to reserves	30	(163,597)	163,597	0	0
Balance as at 30 June 2021		**50,067,002**	**2,131,385**	**44,676,526**	**96,874,913**
Comprehensive income for the period					
Net result for the period		292,796	0	0	292,796
Other comprehensive income for the period	17	0	0	(2,505,249)	(2,505,249)
Total comprehensive income for the period		292,796	0	(2,505,249)	(2,212,453)
Transfers from reserves	30	400,000	(400,000)	0	0
Transfers to reserves	30	(781,909)	781,909	0	0
Balance as at 30 June 2022		**49,977,889**	**2,513,294**	**42,171,277**	**94,662,460**

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

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SHIRE OF CHITTERING
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual $	2022 Budget $	2021 Actual $
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		6,243,312	6,106,099	5,982,901
Operating grants, subsidies and contributions		2,750,088	1,763,887	2,623,104
Fees and charges		1,722,511	1,470,889	1,408,065
Interest received		46,299	95,971	36,956
Goods and services tax received		639,622	0	458,490
Other revenue		366,554	170,386	281,715
		11,768,386	9,607,232	10,791,231
Payments				
Employee costs		(4,192,620)	(3,990,320)	(4,038,043)
Materials and contracts		(3,133,527)	(3,382,929)	(2,720,339)
Utility charges		(205,072)	(168,448)	(179,312)
Finance costs		(105,653)	(123,518)	(78,634)
Insurance paid		(199,587)	(221,228)	(186,629)
Goods and services tax paid		(606,353)	0	(514,979)
Other expenditure		(235,945)	(337,960)	(313,387)
		(8,678,757)	(8,224,403)	(8,031,323)
Net cash provided by (used in) operating activities	18(b)	3,089,629	1,382,829	2,759,908
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	8(a)	(528,102)	(4,705,474)	(88,620)
Payments for construction of infrastructure	9(a)	(2,791,532)	(6,890,344)	(2,198,044)
Non-operating grants, subsidies and contributions		1,975,126	4,970,550	1,234,642
Proceeds from financial assets at amortised cost term deposits		0		1,004,350
Proceeds from sale of property, plant & equipment	10(d)	469,216	672,000	442,500
Net cash provided by (used in) investing activities		(875,292)	(5,953,268)	394,828
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	29(a)	(463,808)	(507,424)	(399,147)
Proceeds from new borrowings	29(a)	0	1,279,755	2,264,951
Net cash provided by (used In) financing activities		(463,808)	772,331	1,865,804
Net increase (decrease) in cash held		1,750,529	(3,798,108)	5,020,540
Cash at beginning of year		7,614,198	7,581,484	2,593,658
Cash and cash equivalents at the end of the year	18(a)	9,364,727	3,783,376	7,614,198

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

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SHIRE OF CHITTERING
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual	2022 Budget	2021 Actual
		$	$	$
NET CURRENT ASSETS - At start of financial year - surplus/(deficit)	28(b)	4,022,096	3,823,108	261,429
OPERATING ACTIVITIES				
Revenue from operating activities (excluding general rate)				
Rates (excluding general rate)	27(b)	3,507	2,805	3,178
Operating grants, subsidies and contributions		2,722,208	1,763,887	2,556,795
Fees and charges		1,722,511	1,470,889	1,408,065
Interest earnings		46,299	95,971	36,956
Other revenue		366,554	170,386	281,715
Profit on asset disposals	10(d)	15,907	95,018	0
Fair value adjustments to financial assets at fair value through profit or loss		1,999	0	1,293
		4,878,985	3,598,956	4,288,002
Expenditure from operating activities				
Employee costs		(4,244,527)	(3,934,454)	(4,001,114)
Materials and contracts		(2,890,772)	(3,436,195)	(2,771,867)
Utility charges		(205,072)	(168,448)	(179,312)
Depreciation		(3,860,771)	(3,755,880)	(4,196,905)
Finance costs		(116,759)	(123,518)	(76,170)
Insurance		(199,587)	(221,228)	(186,629)
Other expenditure		(235,945)	(340,560)	(313,387)
Loss on asset disposals	10(d)	(521,240)	(12,217)	(247,500)
		(12,274,673)	(11,992,500)	(11,972,884)
Non-cash amounts excluded from operating activities	28(a)	4,474,020	3,727,075	4,549,774
Amount attributable to operating activities		(2,921,668)	(4,666,469)	(3,135,108)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,502,141	4,970,550	1,091,336
Proceeds from disposal of assets	10(d)	469,216	672,000	442,500
Purchase of property, plant and equipment	8(a)	(528,102)	(4,705,474)	(88,620)
Purchase and construction of infrastructure	9(a)	(2,791,532)	(6,890,344)	(2,198,044)
		(1,348,277)	(5,953,268)	(752,828)
FINANCING ACTIVITIES				
Repayment of borrowings	29(a)	(463,808)	(507,424)	(399,147)
Proceeds from borrowings	29(a)	0	1,279,755	2,264,951
Transfers to reserves (restricted assets)	30	(781,909)	(478,996)	(163,597)
Transfers from reserves (restricted assets)	30	400,000	400,000	0
Amount attributable to financing activities		(845,717)	693,335	1,702,207
Surplus/(deficit) before imposition of general rates		(1,093,566)	(6,103,294)	(1,924,300)
Total amount raised from general rates	27(a)	6,186,343	6,103,294	5,946,396
Surplus/(deficit) after imposition of general rates	28(b)	**5,092,777**	**0**	**4,022,096**

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

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SHIRE OF CHITTERING
FOR THE YEAR ENDED 30 JUNE 2022
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SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the Local Government Act 1995 and accompanying regulations.

Local Government Act 1995 requirements
Section 6.4(2) of the Local Government Act 1995 read with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The Local Government (Financial Management) Regulations 1996 specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for 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 measurement 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.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 30 of the financial report.

Judgements and 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:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.
- estimation uncertainties made in relation to lease accounting

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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	Timing of revenue recognition
Operating grants, subsidies and contributions 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	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licenses, registrations, approvals	Building, planning, development and animal management	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
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 normal trading terms if credit provided	None	On entry to facility
Fees and charges - other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Output method based on provision of service or completion of works
Fees and charges - sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Output method based on goods sold

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

Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature or types of goods or services is provided in the table below:

For the year ended 30 June 2022

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	$	$	$	$	$
Rates	0	0	6,186,343	3,507	6,189,850
Operating grants, subsidies and contributions	678,673	0	0	2,043,535	2,722,208
Fees and charges	0	0	130,184	1,592,327	1,722,511
Interest earnings	0	0	28,336	17,963	46,299
Other revenue	130,793	0	0	235,761	366,554
Non-operating grants, subsidies and contributions	0	1,502,141	0	0	1,502,141
Total	809,466	1,502,141	6,344,863	3,893,093	12,549,563

For the year ended 30 June 2021

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	$	$	$	$	$
Rates	0	0	5,946,396	3,178	5,949,574
Operating grants, subsidies and contributions	539,195	0	0	2,017,600	2,556,795
Fees and charges	0	0	124,109	1,283,956	1,408,065
Interest earnings	0	0	26,941	10,015	36,956
Other revenue	91,076	0	0	190,639	281,715
Non-operating grants, subsidies and contributions	0	1,091,336	0	0	1,091,336
Total	630,271	1,091,336	6,097,446	3,505,388	11,324,441

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES (Continued)

	Note	2022 Actual	2022 Budget	2021 Actual
		$	$	$
Interest earnings				
Interest on reserve funds		7,912	15,000	9,430
Rates instalment and penalty interest (refer Note 27(d))		28,336	74,671	26,941
Other interest earnings		10,051	6,300	585
		46,299	95,971	36,956
(b) Expenses				
Auditors remuneration				
- Audit of the Annual Financial Report		35,000	60,000	50,000
- Other fees paid in respect of certifications/acquittals		1,800	0	1,800
		36,800	60,000	51,800
Finance costs				
Borrowings	29(a)	102,907	123,518	67,732
Landfill rehabilitation provision - unwinding of finance costs	16	13,852	0	8,438
		116,759	123,518	76,170
Other expenditure				
Impairment losses on rates receivables		0	20,000	0
Sundry expenses		235,945	320,560	313,387
		235,945	340,560	313,387

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

3. CASH AND CASH EQUIVALENTS

	Note	2022	2021
		$	$
Cash at bank and on hand		9,364,727	7,614,198
Total cash and cash equivalents	18(a)	9,364,727	7,614,198
Held as			
- Unrestricted cash and cash equivalents		3,509,668	2,594,291
- Restricted cash and cash equivalents	18(a)	5,855,059	5,019,907
		9,364,727	7,614,198

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.

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

Restricted financial assets
Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. 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 and for which no liability has been recognised.

Details of restrictions on financial assets can be found at Note 18.

4. OTHER FINANCIAL ASSETS

	2022	2021
	$	$
(a) Non-current assets		
Financial assets at fair value through profit and loss	84,402	82,403
	84,402	82,403
Financial assets at fair value through profit and loss		
Units in Local Government House Trust	38,902	36,903
Shares in Bendigo and Adelaide Bank	45,500	45,500
	84,402	82,403

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.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierachy (see Note 25 (i)) due to the observable market rates.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

Financial assets at fair value through profit and loss
The Shire classifies the following financial assets at fair value through profit and loss:
- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Shire has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk
Information regarding impairment and exposure to risk can be found at Note 23.

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

5. TRADE AND OTHER RECEIVABLES

	Note	2022 $	2021 $
Current			
Rates receivable		386,358	400,850
Trade and other receivables		52,548	59,923
GST receivable		54,121	87,390
Receivables for employee related provisions	15	67,916	0
		560,943	548,163
Non-current			
Pensioner's rates and ESL deferred		97,513	99,222
		97,513	99,222

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 grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

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 23.

Classification and subsequent measurement
Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Shire 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.

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

6. INVENTORIES

	Note	2022	2021
Current		$	$
Fuel and materials		13,838	3,567
		13,838	3,567

The following movements in inventories occurred during the year:

Balance at beginning of year	3,567	7,661
Inventories expensed during the year	(173,729)	(4,094)
Additions to inventory	184,000	0
Balance at end of year	13,838	3,567

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.

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

7. OTHER ASSETS

	2022	2021
	$	$
Other assets - current		
Accrued income	1,345	2,396
	1,345	2,396

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.

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

8. 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.

	Note	Land	Buildings - non-specialised	Buildings - specialised	Total land and buildings	Plant and equipment	Work in progress - PPE	Total property, plant and equipment
		$	$	$	$	$	$	$
Balance at 1 July 2020		13,291,391	585,072	12,429,799	26,306,262	3,495,392	0	29,801,654
Additions		0	0	88,620	88,620	0		88,620
Disposals		(690,000)	0	0	(690,000)	0	0	(690,000)
Depreciation	10(a)	0	(30,922)	(675,651)	(706,573)	(647,610)		(1,354,183)
Balance at 30 June 2021		12,601,391	554,150	11,842,768	24,998,309	2,847,782	0	27,846,091
Comprises:								
Gross balance amount at 30 June 2021		12,601,391	669,927	14,442,604	27,713,922	5,491,750	0	33,205,672
Accumulated depreciation at 30 June 2021		0	(115,777)	(2,599,836)	(2,715,613)	(2,643,968)	0	(5,359,581)
Balance at 30 June 2021		12,601,391	554,150	11,842,768	24,998,309	2,847,782	0	27,846,091
Additions		0	0	60,399	60,399	209,761	257,942	528,102
Disposals		(467,983)	(146,306)	(321,170)	(935,459)	(39,090)	0	(974,549)
Revaluation increments / (decrements) transferred to revaluation surplus	17	(2,656,908)	19,099	(2,208)	(2,640,017)	0	0	(2,640,017)
Depreciation	10(a)	0	(30,922)	(673,111)	(704,033)	(421,959)	0	(1,125,992)
Transfers		0	(116,021)	78,416	(37,605)		0	(37,605)
Balance at 30 June 2022		9,476,500	280,000	10,985,094	20,741,594	2,596,494	257,942	23,596,030
Comprises:								
Gross balance amount at 30 June 2022		9,476,500	280,000	10,985,094	20,741,594	5,561,811	257,942	26,561,347
Accumulated depreciation at 30 June 2022		0	0	0	0	(2,965,317)	0	(2,965,317)
Balance at 30 June 2022		9,476,500	280,000	10,985,094	20,741,594	2,596,494	257,942	23,596,030

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
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 2022	Price per hectare
Land	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuer	June 2022	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
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 2022	Price per square metre
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2022	Observable and unobervable inputs being construction costs based on recent contract prices, current condition, residual values and remaining useful life assessments
(ii) Cost					
Plant and equipment	N/A	Cost	Cost	N/A	Purchase Cost

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

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

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

9. 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.

	Note	Infrastructure - roads	Other infrastructure - drainage	Other infrastructure - footpaths	Other infrastructure - parks and ovals	Other infrastructure - other	Other infrastructure - bridges and culverts	Other infrastructure - landfill post closure asset	Work in progress - Infrastructure	Total Infrastructure
		$	$	$	$	$	$	$	$	$
Balance at 1 July 2020		51,889,397	6,911,404	781,920	2,559,288	765,358	5,230,167	391,912	0	68,529,446
Additions		1,592,791	0	92,580	78,956	123,723	309,994	0	0	2,198,044
Depreciation	10(a)	(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	0
Balance at 30 June 2021		51,784,855	6,519,508	844,733	2,425,372	758,828	5,352,548	198,924	0	67,884,768
Comprises:										
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	0	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)	0	(79,327,529)
Balance at 30 June 2021		51,784,855	6,519,508	844,733	2,425,372	758,828	5,352,548	198,924	0	67,884,768
Additions		1,965,418	0	0	0	100,453	443,032	0	282,629	2,791,532
Revaluation increments / (decrements) transferred to revaluation surplus	17	0	0	97,443	0	0	0	0	0	97,443
Depreciation	10(a)	(1,725,208)	(391,896)	(32,082)	(263,622)	(72,555)	(192,341)	(57,075)	0	(2,734,779)
Transfers		0	0	(184,808)	16,475	205,938	0	0	0	37,605
Balance at 30 June 2022		52,025,065	6,127,612	725,286	2,178,225	992,664	5,603,239	141,849	282,629	68,076,569
Comprises:										
Gross balance at 30 June 2022		113,914,020	13,802,568	1,561,818	5,327,717	1,921,009	12,554,484	811,397	282,629	150,175,642
Accumulated depreciation at 30 June 2022		(61,888,955)	(7,674,956)	(836,532)	(3,149,492)	(928,345)	(6,951,245)	(669,548)	0	(82,099,073)
Balance at 30 June 2022		52,025,065	6,127,612	725,286	2,178,225	992,664	5,603,239	141,849	282,629	68,076,569

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining life assessments
Other infrastructure - drainage	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining life assessments
Other infrastructure - bridges	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining life assessments
Other infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Management valuation	June 2022	Construction costs and current condition, residual values and remaining life assessments
Other 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
Other infrastructure - other	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining life assessments
Other infrastructure - bridges and culve	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition, residual values and remaining life assessments
Other infrastructure - landfill post closu	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.

A&R Committee
6.1 - Attachment 1

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

10. FIXED ASSETS

(a) Depreciation

	Note	2022 Actual	2022 Budget	2021 Actual
		$	$	$
Buildings - non-specialised	8(a)	30,922	64,919	30,922
Buildings - specialised	8(a)	673,111	873,081	675,651
Plant and equipment	8(a)	421,959	430,580	647,610
Infrastructure - roads	9(a)	1,725,208	1,441,252	1,697,333
Other infrastructure - drainage	9(a)	391,896	395,463	391,896
Other infrastructure - footpaths	9(a)	32,082	18,721	29,767
Other infrastructure - parks and ovals	9(a)	263,622	256,930	259,803
Other infrastructure - other	9(a)	72,555	91,341	83,322
Other infrastructure - bridges and culverts	9(a)	192,341	183,593	187,613
Other infrastructure - landfill post closure asset	9(a)	57,075	0	192,988
		3,860,771	3,755,880	4,196,905

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

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

(b) Temporarily Idle or retired from use assets

	2022	2021
	$	$
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.		
Plant and equipment	8,000	1,100
Other infrastructure - other	0	17,346
	8,000	18,446

(c) Fully Depreciated Assets in Use

	2022	2021
	$	$
The gross carrying value of assets held by the Shire which are currently in use yet fully depreciated are shown in the table below.		
Buildings - specialised	69,264	0
Plant and equipment	149,520	85,038
Other infrastructure - other	45,400	6,700
	264,184	91,738

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

10. FIXED ASSETS (Continued)

(d) Disposals of assets

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	$	$	$	$	$	$	$	$	$	$	$	$
Land - freehold land	467,983	122,621	0	(345,362)	425,000	425,000	0	0	690,000	442,500	0	(247,500)
Buildings - non-specialised	146,306	0	0	(146,306)	0	0	0	0	0	0	0	0
Buildings - specialised	321,170	294,181	0	(26,989)	0	0	0	0	0	0	0	0
Plant and equipment	39,090	52,414	15,907	(2,583)	164,199	247,000	95,018	(12,217)	0	0	0	0
	974,549	469,216	15,907	(521,240)	589,199	672,000	95,018	(12,217)	690,000	442,500	0	(247,500)

The following assets were disposed of during the year.

Plant and Equipment	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
Transport				
Toyota Coaster Bus 21 Seater	10,000	17,397	7,397	0
Toro GM360 Mower	4,545	8,800	4,255	0
Toro Mower Z-Master 7000	4,545	8,800	4,255	0
Multipac YL25C Roller	20,000	17,417	0	(2,583)
	39,090	52,414	15,907	(2,583)
Land				
Other Property and Services				
Lot 14 Wells Glover Rd, Bindoon	320,000	122,621	0	(197,379)
Lot 168 Binda Place, Bindoon	147,483	0	0	(147,483)
Lot 1003 Wisteria Way, Chittering	500	0	0	(500)
	467,983	122,621	0	(345,362)
Building				
Program				
Lot 168 Binda Place, Bindoon	321,170	294,181	0	(26,989)
Lot 121 Cnr GNH & Edmonds, Bindoon	146,306	0	0	(146,306)
	467,476	294,181	0	(173,295)
	974,549	469,216	15,907	(521,240)

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A.* Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

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 scheduled revaluation dates 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 revaluation 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.

At the end of each period the carrying amount for each asset class 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.

Revaluation (continued)

For property, plant and equipment and infrastructure, 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. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, 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 on revaluation

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

(i) 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

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

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 10(a).

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

11. LEASES

(a) Lessor - Property, Plant and Equipment Subject to Lease

	2022 Actual $	2021 Actual $
The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.		
Less than 1 year	69,661	81,662
1 to 2 years	69,661	69,661
2 to 3 years	34,495	69,661
3 to 4 years	20,000	34,495
4 to 5 years	20,000	20,000
> 5 years	287,500	307,500
	501,317	582,979

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 Shire applies AASB 15 to allocate the consideration under the contract to each component.

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

12. TRADE AND OTHER PAYABLES

	2022	2021
	$	$
Current		
Sundry creditors	242,436	627,180
Prepaid rates	209,207	171,946
Accrued payroll liabilities	83,044	63,730
ATO liabilities	73,905	63,490
Bonds and deposits held	622,896	459,265
Accrued interest	28,599	17,493
Income received in advance	0	909
Accrued expenses	2,618	14,131
	1,262,705	1,418,144

SIGNIFICANT ACCOUNTING POLICIES

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

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

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.

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 usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

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.

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

13. OTHER LIABILITIES

	2022	2021
	$	$
Current		
Contract liabilities	109,421	21,000
Capital grant/contributions liabilities	602,439	143,306
	711,860	164,306
Reconciliation of changes in contract liabilities		
Opening balance	21,000	73,870
Additions	109,421	21,000
Revenue from contracts with customers included as a contract liability at the start of the period	(21,000)	(73,870)
	109,421	21,000
The Shire expects to satisfy the performance obligations from contracts with customers unsatisfied at the end of the reporting period to be satisfied within the next 12 months.		
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	143,306	0
Additions	539,827	143,306
Revenue from capital grant/contributions held as a liability at the start of the period	(80,694)	0
	602,439	143,306
Expected satisfaction of capital grant/contribution liabilities		
Less than 1 year	602,439	143,306
	602,439	143,306

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as revenue when the obligations in the contract are satisfied.

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierachy (see Note 25(i)) due to the unobservable inputs, including own credit risk.

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

14. BORROWINGS

	Note	2022 Current	2022 Non-current	2022 Total	2021 Current	2021 Non-current	2021 Total
Secured		$	$	$	$	$	$
Debentures		450,613	2,999,169	3,449,782	463,808	3,449,782	3,913,590
Total secured borrowings	29(a)	450,613	2,999,169	3,449,782	463,808	3,449,782	3,913,590

Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Shire of Chittering.

The Shire of Chittering has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 years.

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

Fair values of borrowings are not materiallly different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierachy (see Note 25(i)) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 23.
Details of individual borrowings required by regulations are provided at Note 29(a).

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2022	2021
Current provisions	$	$
Employee benefit provisions		
Annual Leave	375,874	365,005
Long Service Leave	256,878	285,118
	632,752	650,123
Non-current provisions		
Long Service Leave	123,012	83,463
	123,012	83,463
	755,764	733,586

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	Note	2022	2021
Amounts are expected to be settled on the following basis:		$	$
Less than 12 months after the reporting date		358,291	398,641
More than 12 months from reporting date		397,473	283,158
Expected reimbursements from other WA local governments		0	51,787
		755,764	733,586
Expected reimbursements of employee related provisions from other WA local governments included within other receivables	5	(67,916)	0

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related 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 provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

16. OTHER PROVISIONS

	Note	Make good provisions - remediation costs	Total
		$	$
Opening balance at 1 July 2021			
Non-current provisions		976,269	976,269
		976,269	976,269
Charged to revaluation surplus			
- increase in the discounted amount arising because of time and the effect of any change in the discounted rate	17	(37,325)	(37,325)
Charged to profit or loss			
- unwinding of discount (finance costs)	2(b)	13,852	13,852
Balance at 30 June 2022		952,796	952,796
Comprises			
Non-current		952,796	952,796
		952,796	952,796

Provision for remediation costs are split as follows:

Mooliabeenee landfill facility	282,500
Shire depot site	32,000
Muchea landfill facility	638,296
	952,796

Other provisions

Amounts which are reliably expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on factors beyond the control of the local government.

Make good provisions - remediation costs

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

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

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

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.

17. REVALUATION SURPLUS

	2022 Opening Balance	2022 Revaluation Increment	2022 Revaluation (Decrement)	Total Movement on Revaluation	2022 Closing Balance	2021 Opening Balance	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance
	$	$	$	$	$	$	$	$	$	$
Revaluation surplus - Land and buildings	16,131,996	19,099	(2,659,116)	(2,640,017)	13,491,979	16,131,996	0	0	0	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
Revaluation surplus - Infrastructure - roads	13,593,968	0	0	0	13,593,968	13,593,968	0	0	0	13,593,968
Revaluation surplus - Other infrastructure - drainage	7,549,590	0	0	0	7,549,590	7,549,590	0	0	0	7,549,590
Revaluation surplus - Other infrastructure - footpaths	0	97,443	0	97,443	97,443	0	0	0	0	0
Revaluation surplus - Other infrastructure - parks and ovals	2,416,100	0	0	0	2,416,100	2,416,100	0	0	0	2,416,100
Revaluation surplus - Other infrastructure - other	283,293	0	0	0	283,293	283,293	0	0	0	283,293
Revaluation surplus - Other infrastructure - bridges and culverts	3,514,129	0	0	0	3,514,129	3,514,129	0	0	0	3,514,129
Revaluation surplus - Other infrastructure - landfill post closure asset	49,449	37,325	0	37,325	86,774	0	49,449	0	49,449	49,449
	44,676,526	153,867	(2,659,116)	(2,505,249)	42,171,277	44,627,077	49,449	0	49,449	44,676,526

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.

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	Note	2022 Actual $	2022 Budget $	2021 Actual $
Cash and cash equivalents	3	9,364,727	3,783,376	7,614,198
Restrictions				
The following classes of financial 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	3	5,855,059	3,144,816	5,019,907
		5,855,059	3,144,816	5,019,907
The restricted financial assets are a result of the following specific purposes to which the assets may be used:				
Restricted reserve accounts	30	2,513,294	2,200,952	2,131,385
Contract liabilities	13	109,421	0	21,000
Capital grant/contributions liabilities	13	602,439	943,864	143,306
Bonds and deposits held	12	622,896	0	459,265
Unspent loans	29(b)	2,007,009	0	2,264,951
Total restricted financial assets		5,855,059	3,144,816	5,019,907

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

Net result		292,796	2,680,300	(647,150)
Non-cash items:				
Adjustments to fair value of financial assets at fair value through profit and loss		(1,999)	0	(1,293)
Adjustments to fair value of non financial assets at fair value through other comprehensive income		37,325	0	49,449
Depreciation/amortisation		3,860,771	3,755,880	4,196,905
(Profit)/loss on sale of asset		505,333	(82,801)	247,500
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		(11,071)	0	57,816
(Increase)/decrease in other assets		1,051	0	1,216
(Increase)/decrease in inventories		(10,271)	0	4,094
Increase/(decrease) in trade and other payables		(155,439)	0	149,536
Increase/(decrease) in employee related provisions		22,178	0	(112,948)
Increase/(decrease) in other provisions		(23,473)	0	(41,011)
Increase/(decrease) in other liabilities		547,554	0	90,436
Non-operating grants, subsidies and contributions		(1,975,126)	(4,970,550)	(1,234,642)
Net cash provided by/(used in) operating activities		3,089,629	1,382,829	2,759,908

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit		150,000		150,000
Bank overdraft at balance date		0		0
Credit card limit		25,000		25,000
Credit card balance at balance date		(2,618)		(8,808)
Total amount of credit unused		172,382		166,192
Loan facilities				
Loan facilities - current		450,613		463,808
Loan facilities - non-current		2,999,169		3,449,782
Total facilities in use at balance date		3,449,782		3,913,590
Unused loan facilities at balance date		2,007,009		2,264,951

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

19. 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.

20. CAPITAL COMMITMENTS

	2022	2021
	$	$
Contracted for:		
- capital expenditure projects	0	104,050
- plant & equipment purchases	171,536	0
	171,536	104,050
Payable:		
- not later than one year	171,516	104,050

The capital expenditure commitment for plant & equipment at the end of the current reporting period represents a replacement ranger vehicle, a replacement envirnmental NRMO officer vehicle, a replacement works manager vehicle and a replacement swimming pool manager vehicle.

The capital expenditure projects outstanding at the end of the prior 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.

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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21. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration	Note	2022 Actual $	2022 Budget $	2021 Actual $
Councillor - Don Gibson				
President's annual allowance		0	0	4,208
Meeting attendance fees		0	0	8,663
Annual allowance for ICT expenses		0	0	1,753
Travel and accommodation expenses		0	0	147
		0	0	14,771
Councillor - John Davis				
Deputy President's annual allowance		0	0	1,052
Meeting attendance fees		0	0	3,534
Annual allowance for ICT expenses		0	0	921
Travel and accommodation expenses		0	0	1,555
		0	0	7,062
Councillor - Mary Angus				
Deputy President's annual allowance		2,569	0	0
Meeting attendance fees		11,510	11,510	11,510
Annual allowance for ICT expenses		3,000	3,000	3,000
Travel and accommodation expenses		415	530	730
		17,494	15,040	15,240
Councillor - John Curtis				
Meeting attendance fees		11,510	11,510	11,510
Annual allowance for ICT expenses		3,000	3,000	3,000
Travel and accommodation expenses		109	530	155
		14,619	15,040	14,665
Councillor - Mark Campbell				
Meeting attendance fees		11,510	11,510	3,933
Annual allowance for ICT expenses		3,000	3,000	1,025
Travel and accommodation expenses		2,127	530	946
		16,637	15,040	5,904
Councillor - Rebecca Foulkes-Taylor				
Meeting attendance fees		2,877	11,510	3,933
Annual allowance for ICT expenses		750	3,000	1,025
Travel and accommodation expenses		725	530	111
		4,352	15,040	5,069
Councillor - Peter Osborn				
Meeting attendance fees		2,877	11,510	11,510
Annual allowance for ICT expenses		750	3,000	3,000
Travel and accommodation expenses		0	530	274
		3,627	15,040	14,784
Councillor - Kylie Hughes				
President's annual allowance		3,425	13,702	9,420
Meeting attendance fees		13,088	17,822	15,849
Annual allowance for ICT expenses		3,000	3,000	3,000
Travel and accommodation expenses		336	530	0
		19,849	35,054	28,269
Councillor - Carmel Ross				
Deputy President's annual allowance		856	3,806	2,355
Meeting attendance fees		11,510	11,510	11,510
Annual allowance for ICT expenses		3,000	3,000	3,000
Travel and accommodation expenses		0	530	0
		15,366	18,846	16,865

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

21. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration (Continued)

	Note	2022 Actual	2022 Budget	2021 Actual
		$	$	$
Councillor - Aaron King				
President's annual allowance		10,277	0	0
Meeting attendance fees		13,367	0	0
Annual allowance for ICT expenses		2,319	0	0
Travel and accommodation expenses		910	0	0
		26,873	0	0
Councillor - David Dewar				
Meeting attendance fees		8,633	0	0
Annual allowance for ICT expenses		2,250	0	0
Travel and accommodation expenses		1,528	0	0
		12,411	0	0
		131,228	129,100	122,629

Fees, expenses and allowances to be paid or reimbursed to elected council members.	2022 Actual	2022 Budget	2021 Actual
	$	$	$
President's annual allowance	13,702	13,702	13,628
Deputy President's annual allowance	3,425	3,806	3,407
Meeting attendance fees	86,882	86,882	81,952
Annual allowance for ICT expenses	21,069	21,000	19,724
Travel and accommodation expenses	6,150	3,710	3,918
	131,228	129,100	122,629

(b) Key Management Personnel (KMP) Compensation

The total of compensation paid to KMP of the Shire during the year are as follows:	2022 Actual	2021 Actual
	$	$
Short-term employee benefits	566,698	542,926
Post-employment benefits	67,060	63,346
Employee - other long-term benefits	51,859	52,238
Employee - termination benefits	109,651	0
	795,268	658,510

Short-term employee benefits
These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits
These amounts are the current-year's cost of the Shire's superannuation contributions made during the year.

Other long-term benefits
These amounts represent annual leave and long service leave entitlements accruing during the year.

Termination benefits
These amounts represent termination benefits paid to KMP.

Council member costs
These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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21. RELATED PARTY TRANSACTIONS

(c) 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 guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:	2022 Actual $	2021 Actual $
Sale of goods and services - fees and charges	38,886	15,751
Purchase of goods and services - materials and contracts	1,354	219
Amounts payable to related parties:		
Trade and other payables	380	32,465

(d) 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 council member, are considered key management personnel.

ii. Other Related Parties

An associate person of KMP was 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.

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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22. JOINT ARRANGEMENTS

Share of joint operations

The Shire has joint arrangements 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 arrangements is between 23% - 27%. The Shire is required to provide for the long term maintenance needs of the properties.

SIGNIFICANT ACCOUNTING POLICIES

Joint operations

A joint operation is a joint arrangement where the Shire has joint control with another party to the joint arrangement. All parties to joint arrangementhave rights to the assets, and obligations for the liabilities relating to the arrangement.

Assets, liabilities, revenues and expenses relating to the Shire's interest in the joint operation are accounted for in accordance with the relevant Australian Accounting Standard.

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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

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

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

(a) Interest rate risk

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

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents, term deposits, and Treasury bonds 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
	%	$	$	$	$
2022					
Cash and cash equivalents	0.00%	9,364,727	0	9,363,517	1,210
2021					
Cash and cash equivalents	0.08%	7,614,198	0	7,612,988	1,210

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

	2022	2021
	$	$
Impact of a 1% movement in interest rates on profit and loss and equity*	93,635	76,130

* 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 29(a).

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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23. 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 is able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 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 2022 and 30 June 2021 for rates receivable was determined as follows:

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total	Note
30 June 2022						
Rates receivable						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount	236,915	101,723	51,737	93,496	483,871	
Loss allowance	0	0	0	0	0	5
30 June 2021						
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	5

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

	Less than 1 year past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2022					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	41,186	7,876	0	3,486	52,548
Loss allowance	0	0	0	0	0
30 June 2021					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	$0
Gross carrying amount	46,582	4,430	2,047	6,864	59,923
Loss allowance	0	0	0	0	0

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

The loss allowances for trade receivables and contract assets as at 30 June reconcile to the opening loss allowances as follows:

	Rates receivable		Trade and other receivables		Contract Assets	
	2022 Actual	2021 Actual	2022 Actual	2021 Actual	2022 Actual	2021 Actual
	$	$	$	$	$	$
Opening loss allowance as at 1 July	0	0	0	0	0	0
Closing loss allowance at 30 June	0	0	0	0	0	0

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Shire, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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23. 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 18(c).

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
2022	$	$	$	$	$
Trade and other payables	1,262,705	0	0	1,262,705	1,262,705
Borrowings	538,546	1,430,340	1,999,294	3,968,180	3,449,782
	1,801,251	1,430,340	1,999,294	5,230,885	4,712,487
2021					
Trade and other 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
	1,980,002	1,697,077	2,271,104	5,948,183	5,331,734

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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24. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire does not have any subsequent events after balance sheet date.

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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25. 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) Interest earnings
Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost 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).

i) 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.

j) 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.

k) Initial application of accounting standards
During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

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*
- *AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*

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

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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26. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

Shire operations as disclosed in this financial report encompass the following service orientated functions and activities.

Objective	Description
Governance To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of Council and the administrative support available to 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
General purpose funding To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
Law, order, public safety To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
Health To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance and contributions to medical health and community health centre.
Education and welfare To provide services to disadvantaged persons, the elderly, children and youth.	Senior citizens programs, youth service and events.
Housing To provide and maintain staff, community and seniors housing.	Provision and maintenance of staff, community and seniors housing.
Community amenities To provide services required by the community.	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.
Recreation and culture To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.	Maintenance of halls, the library and various parks, reserves and other recreation activities and cultural pursuits.
Transport To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, bridges, footpaths, drainage works, lighting and cleaning of streets and verge maintenance.
Economic services To help promote the Shire and its economic wellbeing.	Tourism and area promotion. Provision of rural services including weed control, community bus operations, economic and community development programs and building control.
Other property and services To monitor and control Council's overhead operating accounts.	Private works, plant repair and operation costs and engineering operation costs.

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

26. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2022 Actual	2022 Budget	2021 Actual
	$	$	$
Income excluding grants, subsidies and contributions			
Governance	1,339	6,637	953
General purpose funding	6,324,443	6,257,920	6,044,221
Law, order, public safety	83,942	39,944	25,535
Health	72,983	47,796	46,107
Education and welfare	3,845	0	382
Housing	148,941	146,389	125,831
Community amenities	1,320,945	1,138,482	1,059,678
Recreation and culture	17,032	7,580	15,196
Transport	65,635	89,745	18,851
Economic services	167,161	153,644	185,443
Other property and services	136,854	50,226	155,406
	8,343,120	7,938,363	7,677,603
Grants, subsidies and contributions			
Governance	394	0	0
General purpose funding	2,020,712	715,746	1,898,323
Law, order, public safety	524,952	888,200	478,914
Education and welfare	8,400	34,049	2,694
Recreation and culture	87,335	2,020,357	30,813
Transport	1,569,156	3,075,085	1,189,119
Economic services	13,400	1,000	48,268
	4,224,349	6,734,437	3,648,131
Total Income	12,567,469	14,672,800	11,325,734
Expenses			
Governance	(853,023)	(1,040,806)	(812,753)
General purpose funding	(266,601)	(310,135)	(278,499)
Law, order, public safety	(1,525,384)	(1,676,194)	(1,251,705)
Health	(554,771)	(368,411)	(299,464)
Education and welfare	(75,685)	(139,699)	(78,692)
Housing	(305,865)	(310,011)	(324,327)
Community amenities	(2,148,199)	(2,101,782)	(2,405,716)
Recreation and culture	(1,470,742)	(1,636,855)	(1,521,454)
Transport	(3,827,010)	(3,553,593)	(3,824,841)
Economic services	(1,209,207)	(832,617)	(1,078,795)
Other property and services	(38,186)	(22,397)	(96,638)
Total expenses	(12,274,673)	(11,992,500)	(11,972,884)
Net result for the period	292,796	2,680,300	(647,150)

SHIRE OF CHITTERING
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26. FUNCTION AND ACTIVITY (Continued)

(c) Fees and Charges	2022 Actual $	2022 Budget $	2021 Actual $
Governance	722	1,537	664
General purpose funding	75,480	46,250	30,718
Law, order, public safety	46,702	34,894	21,737
Health	39,669	47,096	44,642
Education and welfare	1,117	0	382
Housing	144,226	141,279	118,780
Community amenities	1,193,019	1,043,709	976,922
Recreation and culture	9,798	6,280	7,103
Transport	49,728	0	18,851
Economic services	162,050	141,644	182,144
Other property and services	0	8,200	6,122
	1,722,511	1,470,889	1,408,065

(d) Total Assets	2022 $	2021 $
Governance	1,000,100	1,000,100
General purpose funding	483,871	500,072
Law, order, public safety	2,057,655	2,077,980
Health	2,407,769	2,656,848
Education and welfare	174,901	168,002
Housing	1,859,824	1,987,472
Community amenities	1,629,517	2,645,165
Recreation and culture	13,220,254	11,564,652
Transport	67,775,423	68,307,746
Economic services	1,028,832	1,138,609
Other property and services	4,766,092	6,217,525
Unallocated	5,391,129	5,816,637
	101,795,367	104,080,808

27. RATING INFORMATION

(a) General Rates

RATE TYPE Rate Description	Basis of valuation	Rate in $	Number of Properties	2021/22 Actual Rateable Value *	2021/22 Actual Rate Revenue	2021/22 Actual Interim Rates	2021/22 Actual Back Rates	2021/22 Actual Total Revenue	2021/22 Budget Rate Revenue	2021/22 Budget Interim Rate	2021/22 Budget Back Rate	2021/22 Budget Total Revenue	2020/21 Actual Total Revenue
				$	$	$	$	$	$	$	$	$	$
GRV	Gross rental valuation	0.106792	1,706	32,001,227	3,417,475	9,769	(838)	3,426,406	3,428,082	0	0	3,428,082	3,328,027
UV	Unimproved valuation	0.006647	716	330,735,000	2,198,396	150,922	(1,382)	2,347,936	2,199,812	0	0	2,199,812	2,158,269
Sub-Total			2,422	362,736,227	5,615,871	160,691	(2,220)	5,774,342	5,627,894	0	0	5,627,894	5,486,296
Minimum payment		**Minimum $**											
GRV	Gross rental valuation	1,050	368	2,217,603	386,400	0	0	386,400	386,400	0	0	386,400	380,100
UV	Unimproved valuation	1,000	87	6,118,196	87,000	0	0	87,000	89,000	0	0	89,000	80,000
Sub-Total			455	8,335,799	473,400	0	0	473,400	475,400	0	0	475,400	460,100
Exempt properties													
GRV	Gross rental valuation		4,612,000	0	0	(59,968)	(1,431)	(61,399)	0	0	0	0	0
Sub-Total			4,612,000	0	0	(59,968)	(1,431)	(61,399)	0	0	0	0	0
			4,614,877	371,072,026	6,089,271	100,723	(3,651)	6,186,343	6,103,294	0	0	6,103,294	5,946,396
Total amount raised from general rates								6,186,343				6,103,294	5,946,396

* Rateable value is based on the value of properties at the time the rate is raised.

(b) Rates (excluding general rates)

		Rate in $											
Ex-gratia Rates													
Dampier to Bunbury Natural Gas Pipeline Corridor based on annual rate equivalent					3,507	0	0	3,507	2,805	0	0	2,805	3,178
Sub-Total			0	0	3,507	0	0	3,507	2,805	0	0	2,805	3,178
Total amount raised from rates (excluding general rates)								3,507				2,805	3,178

(c) Total Rates

Total Rates								**6,189,850**				6,106,099	5,949,574

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 *Income for not-for-profit entities* .

SHIRE OF CHITTERING
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FOR THE YEAR ENDED 30 JUNE 2022

27. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		$	%	%
Option One				
Single full payment	2/09/2021	0	0.00%	0.00%
Option Two				
First instalment	2/09/2021	10	0.00%	5.50%
Second instalment	4/11/2021	10	0.00%	5.50%
Third instalment	6/01/2022	10	0.00%	5.50%
Fourth instalment	9/03/2022	10	0.00%	5.50%

	2022 Actual	2022 Budget	2021 Actual
	$	$	$
Interest on unpaid rates	27,457	27,000	24,997
Interest on instalment plan	0	46,471	69
Charges on instalment plan	24,360	0	0
Pensioner Deferred Interest	0	1,200	994
ESL penalty interest	879	0	881
	52,696	74,671	26,941

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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28. RATE SETTING STATEMENT INFORMATION

	Note	2021/22 (30 June 2022 Carried Forward)	2021/22 Budget (30 June 2022 Carried Forward)	2020/21 (30 June 2021 Carried Forward
		$	$	$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with *Financial Management Regulation 32.*				
Adjustments to operating activities				
Less: Profit on asset disposals	10(d)	(15,907)	(95,018)	0
Less: Fair value adjustments to financial assets at fair value through profit and loss		(1,999)	0	(1,293)
Less: Adjustments to landfil site provisions through other comprehensive income		37,325	0	49,449
Add: Loss on disposal of assets	10(d)	521,240	12,217	247,500
Add: Depreciation	10(a)	3,860,771	3,755,880	4,196,905
Non-cash movements in non-current assets and liabilities:				
Pensioner deferred rates		1,709	0	(5,406)
Employee benefit provisions		39,549	53,996	19,599
Movement in employee entitlement reserve		54,805	0	84,031
Other provisions		(23,473)	0	(41,011)
Non-cash amounts excluded from operating activities		4,474,020	3,727,075	4,549,774
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserve accounts	30	(2,513,294)	(2,200,952)	(2,131,385)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	14	450,613	786,985	463,808
- Employee benefit provisions		272,535	271,086	217,730
Total adjustments to net current assets		(1,790,146)	(1,142,881)	(1,449,847)
Net current assets used in the Rate Setting Statement				
Total current assets		9,940,853	4,181,183	8,168,324
Less: Total current liabilities		(3,057,930)	(3,038,302)	(2,696,381)
Less: Total adjustments to net current assets		(1,790,146)	(1,142,881)	(1,449,847)
Net current assets used in the Rate Setting Statement		5,092,777	0	4,022,096

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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29. BORROWING AND LEASE LIABILITIES

(a) Borrowings

		Actual							Budget			
Purpose	Note	Principal at 1 July 2020	New Loans During 2020-21	Principal Repayments During 2020-21	Principal at 30 June 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	Principal at 1 July 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022
		$	$	$	$	$	$	$	$	$	$	$
Admin Server/IT Upgrade		61,613	0	(19,985)	41,628	0	(20,533)	21,095	42,860	0	(20,533)	22,327
Chittering Health Centre		507,130	0	(13,816)	493,314	0	(22,782)	470,532	486,631	0	(14,432)	472,199
Staff Housing (Keystart)		32,575	0	(32,538)	37	0	(37)	0	9,542	0	0	9,542
Seniors & Community Housing		15,063	0	(9,873)	5,190	0	(5,190)	0	7,670	0	(5,190)	2,480
Gray Road Land Acquisition		33,116	0	(16,004)	17,112	0	(17,112)	0	21,213	0	(17,111)	4,102
Muchea Complex		0	1,878,251	0	1,878,251	0	(74,446)	1,803,805	1,878,251	0	(74,445)	1,803,806
Mountain Bike Park Land Acquisition		0	386,700	0	386,700	0	(95,869)	290,831	386,700	0	(95,869)	290,831
Mountain Bike Park Trail Heads		0	0	0	0	0	0	0	0	1,279,755	(43,654)	1,236,101
Purchase of a Grader		236,463	0	(29,631)	206,832	0	(22,602)	184,230	213,518	0	(30,952)	182,566
Land Lot 215 Great Northern Hwy		13,721	0	(13,721)	0	0	0	0	0	0	0	0
Land Lot 215 Great Northern Hwy		62,500	0	(62,500)	0	0	0	0	0	0	0	0
Land Lot 168 Binda Place		517,119	0	(62,357)	454,762	0	(64,274)	390,488	454,761	0	(64,274)	390,487
Lifestyle Village		524,136	0	(127,899)	396,237	0	(129,967)	266,270	396,236	0	(129,967)	266,269
Admin Telephone System		44,350		(10,823)	33,527	0	(10,996)	22,531	33,528	0	(10,997)	22,531
Total		2,047,786	2,264,951	(399,147)	3,913,590	0	(463,808)	3,449,782	3,930,910	1,279,755	(507,424)	4,703,241
Total Borrowings	14	2,047,786	2,264,951	(399,147)	3,913,590	0	(463,808)	3,449,782	3,930,910	1,279,755	(507,424)	4,703,241

All loan repayments were financed by general purpose revenue.

Borrowing Interest Repayments

Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021
						$	$	$
Admin Server/IT Upgrade		Governance	80	WATC *	2.72%	(863)	(994)	(1,655)
Chittering Health Centre		Health	79	WATC *	4.41%	(19,942)	(9,661)	(5,961)
Staff Housing (Keystart)		Housing	72	KEYSTART	5.92%	(1)	0	(1,712)
Seniors & Community Housing		Housing	73	WATC *	6.63%	(97)	(129)	(786)
Gray Road Land Acquisition		Recreation and culture	74	WATC *	6.65%	(656)	(717)	(1,886)
Muchea Complex		Recreation and culture	89	WATC *	2.36%	(50,207)	(43,940)	(473)
Mountain Bike Park Land Acquisition		Recreation and culture	90	WATC *	0.56%	(3,169)	(2,022)	(40)
Mountain Bike Park Trail Heads		Recreation and culture	91	WATC *	4.00%	0	(25,595)	0
Purchase of a Grader		Transport	79	WATC *	4.41%	(9,680)	(20,722)	(27,886)
Land Lot 215 Great Northern Hwy		Economic services	81	WATC *	2.32%	0	0	(63)
Land Lot 215 Great Northern Hwy		Economic services	85	PARKINSON	3.00%	0	0	(769)
Land Lot 168 Binda Place		Economic services	82	WATC *	3.05%	(12,576)	(13,384)	(16,348)
Lifestyle Village		Economic services	83	WATC *	1.61%	(5,270)	(5,858)	(9,360)
Admin Telephone System		Other property and services	86	WATC *	1.61%	(446)	(496)	(793)
Total						(102,907)	(123,518)	(67,732)
Total Interest Repayments	2(b)					(102,907)	(123,518)	(67,732)

SHIRE OF CHITTERING
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29. BORROWING AND LEASE LIABILITIES (Continued)

(b) Unspent Borrowings

Particulars	Institution	Date Borrowed	Unspent Balance 1 July 2021	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2022
			$	$	$	$
Loan 89 Muchea Complex	WATC *	28/06/2021	1,878,251	0	(207,942)	1,670,309
Loan 90 Mountain Bike Park Land	WATC *	28/06/2021	386,700	0	(50,000)	336,700
			2,264,951	0	(257,942)	2,007,009

* WA Treasury Corporation

SHIRE OF CHITTERING
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30. RESERVE ACCOUNTS

	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance	2022 Budget Opening Balance	2022 Budget Transfer to	2022 Budget Transfer (from)	2022 Budget Closing Balance	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance
	$	$	$	$	$	$	$	$	$	$	$	$
Restricted by council												
(a) Employee Entitlement Reserve	217,730	54,805	0	272,535	217,090	53,996	0	271,086	133,699	84,031	0	217,730
(b) Plant Replacement Reserve	583,838	2,167	(200,000)	386,005	581,053	0	(200,000)	381,053	581,053	2,785	0	583,838
(c) Community Housing Reserve	74,555	277	0	74,832	74,200	0	0	74,200	74,200	355	0	74,555
(d) Seniors Housing Reserve	19,664	73	0	19,737	19,627	0	0	19,627	7,650	12,014	0	19,664
(e) Public Open Space Reserve	279,419	1,037	(200,000)	80,456	278,087	0	(200,000)	78,087	278,087	1,332	0	279,419
(f) Recreation Development Reserve	375,800	1,395	0	377,195	374,076	0	0	374,076	359,676	16,124	0	375,800
(g) Waste Management Reserve	417,000	1,548	0	418,548	415,081	0	0	415,081	400,681	16,319	0	417,000
(h) Contribution to Roadworks Reserve	38,535	143	0	38,678	38,351	0	0	38,351	38,351	184	0	38,535
(i) Waste Water Management Reserve	94,844	352	0	95,196	94,391	0	0	94,391	94,391	453	0	94,844
(j) Public Amenities and Buildings Reserve	0	720,000	0	720,000	0	425,000	0	425,000	0	0	0	0
(k) Economic Recovery Stimulus Reserve	30,000	112	0	30,112	30,000	0	0	30,000	0	30,000	0	30,000
	2,131,385	781,909	(400,000)	2,513,294	2,121,956	478,996	(400,000)	2,200,952	1,967,788	163,597	0	2,131,385

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash 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, extentions or construction of community units.
(d) Seniors Housing Reserve	Ongoing	to be used to fund repairs, improvements, extentions 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) Recreation Development Reserve	Ongoing	to be used to fund the development or acquisition of recereation land or facilities.
(g) Waste Management Reserve	Ongoing	to be used to fund the replacement landfill sites and rehabilitation of existing landfill sites.
(h) Contribution to Roadworks Reserve	Ongoing	to be used for the maintenance of Mooliabeenee Road.
(i) Waste Water Management Reserve	Ongoing	to be used to fund the development of a Waste Water Management system for the Shire.
(j) Public Amenities and Buildings Reserve	Ongoing	to be used towards activities related to providing public amenities and facilities.
(k) Economic Recovery Stimulus Reserve	Ongoing	to be used for activities to help the economy and Community recover after Covid 19

SHIRE OF CHITTERING
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31. 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

	2022 Actual	2022 Budget	2021 Actual
	$	$	$
Other revenue			
- Grant income	0	300,000	0
- Contribution income	0	450,000	0
- Loan proceeds	0	0	1,878,251
Other expenditure			
- Construction costs	(207,942)	(2,700,000)	0
	(207,942)	(2,700,000)	1,878,251

There is a liability for loan borrowings in relation to this land transaction of $1,803,805 as at 30 June 2022.

(c) Expected future cash flows

	2022/23	2023/24	2024/25	2025/26	Total
	$	$	$	$	$
Cash outflows					
- Operating costs	0	0	(18,713)	(35,755)	(54,468)
- Construction costs	(5,678,608)	0	0	0	(5,678,608)
- Loan repayments	(304,084)	(365,984)	(365,984)	(365,984)	(1,402,036)
	(5,982,692)	(365,984)	(384,697)	(401,739)	(7,135,112)
Cash inflows					
- Operating income	0	5,464	5,628	5,796	16,888
- New loan borrowing income	3,301,727	0	0	0	3,301,727
- Contribution income	450,000	0	0	0	450,000
	3,751,727	5,464	5,628	5,796	3,768,615
Net cash flows	(2,230,965)	(360,520)	(379,069)	(395,943)	(3,366,497)

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31. 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

	2022 Actual	2022 Budget	2021 Actual
	$	$	$
Other revenue			
- Grant income	0	729,000	0
- Loan proceeds	0	1,279,755	386,700
Other expenditure			
- Land purchase	(50,000)	0	0
- Construction costs	(79,102)	(1,944,973)	0
	(129,102)	(665,218)	386,700

There is a liability for loan borrowings in relation to this land transaction of $290,831 as at 30 June 2022.

(c) Expected future cash flows

	2022/23	2023/24	2024/25	2025/26	Total
	$	$	$	$	$
Cash outflows					
- Operating Costs	(184,178)	(256,657)	(301,949)	(307,987)	(1,050,771)
- Land purchase	(823,000)	0	0	0	(823,000)
- Construction costs	(2,623,278)	0	(600,000)	0	(3,223,278)
- Loan repayments	(165,582)	(188,146)	(188,146)	(90,254)	(632,129)
	(3,796,038)	(444,803)	(1,090,095)	(398,241)	(5,729,178)
Cash inflows					
- Operating income	47,450	48,399	145,364	236,231	477,444
- Grant income	760,689	0	0	0	760,689
- Contribution income	125,000	0	0	0	125,000
- Loan proceeds	1,203,545	0	0	0	1,203,545
	2,136,684	48,399	145,364	236,231	2,566,678
Net cash flows	(1,659,354)	(396,404)	(944,731)	(162,010)	(3,162,500)

Auditor General

INDEPENDENT AUDITOR'S REPORT
2022
Shire of Chittering

To the Councillors of the Shire of Chittering

Opinion

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

- the Statement of Financial Position at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, and 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.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2022 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

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If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer of the Shire is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- 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
- 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 responsibilities 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.

My independence and quality control relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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 2022 included in the annual report 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. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

Efthalia Samaras
Senior Director Practice Manager Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
20 December 2022