



ORDINARY COUNCIL AGENDA

CHIEF EXECUTIVE OFFICER ATTACHMENTS

WEDNESDAY, 17 OCTOBER 2012

REPORT NUMBER	REPORT TITLE AND ATTACHMENT DESCRIPTION	PAGE NUMBER(S)
9.4.1	2011/12 Annual Report and Setting of Annual General Meeting of Electors	1 – 79



Annual Report 2011-2012



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President's Message



I present this Annual Report on behalf of the Council and staff of the Shire of Chittering.

First I would like to give an update on Council's current projects. These tend to be in areas where

Council can exercise a high degree of control and can therefore push hard for action.

The day centre, to be known as Ferguson House, is up and running, and being managed by Silver Chain. There will be an official opening in November.

The development of the public open space at Sussex Bend is virtually complete and will be operating by October.

In the case of lot 979, Great Northern Highway, the original proposal for a retirement village failed when Council decided that the company involved in the joint venture had not met their obligations and terminated the agreement. However, Council is determined that this project will go ahead, so other options have been explored and proposals are being examined. This may lead to the development actually happening in less time that we originally expected. Also on lot 979, the proposed new Community Health Centre is getting ever closer. The funding barrier has been overcome, and, provided that the State Government releases their portion of the funding, work can be under way in 2013.

Work to upgrade all Shire facilities is ongoing and will continue throughout the next two years. Plans are now in place for a complete electrical upgrade on all Shire halls and facilities. The building program now underway will result in an upgrade to all

Council's halls and other facilities. This will mean that they all will need only basic maintenance for at least ten years, thus freeing up future funds for new projects as they arise.

Work to upgrade our road system continues. Sadly, the sealing of Hay Flat Road was delayed this year by lack of funds. This project has dragged on for many years, but Council has named it a priority and is committed to finishing the job without further delay. A staged upgrade of Chittering Road is ongoing, and a consistent improvement in such areas as drainage and footpaths can be seen throughout the Shire. Sadly, we can't do everything at once, but good work is being done consistently by our outside work force and results are multiplying steadily.

There are also many other developments afoot in which Council is dependent on other levels of government for action. These we can only influence by constant negotiation and lobbying. For instance, the Muchea Employment Node needs Council to initiate a town planning scheme amendment to progress. This Council has not been willing to do without being satisfied that social and environmental impacts can be properly controlled. We are negotiating with the Department of Planning and are confident that we will reach a satisfactory agreement concerning these issues – in time.

Lack of available water is still a major obstacle to growth within the Shire. We have located a source of water and can secure a supply, but the local Watercorp infrastructure is not able to cope with extracting and distributing the water. We are lobbying hard to find government support for

the upgrade, which is estimated to cost \$4,500,000. With Watercorp, Department of Water, water traders and various politicians all in the mix, the matter is complex to say the least. We can only persist until we get a result – in time.

Likewise, the need for the proposed Bindoon Bypass grows more urgent every day, but all that Council can do is lobby State and Federal Politicians and bureaucrats to raise the priority of the problem when road funding being discussed. This we do at every opportunity.

Like everything involving other levels of government, it will happen – in time.

The matter of bauxite mining within the Shire is still with us. My report on this issue has not changed in three years of annual reports. The proponent has still not made the appropriate application to the EPA to initiate a Public Environmental Review. I would remind you that nothing can happen until they do this. The position of the Council has still not changed. The Shire continues to oppose the proposal and has no intention of removing or weakening the prohibition contained within the Town Planning Scheme. The Council still maintains contact with all the ministries involved in dealing with this application and has continued to insist that the Chittering Shire will be involved at all stages of the process of assessing this or any similar application.

The challenges that face Shire in the next year will continue to test Council, the staff and the community alike. I am confident that we will continue meet all the challenges together and will continue to grow in the same way that we have done in the last two decades.

Finally, last year I reported that the Councils of both Chittering and Victoria Plains had decided to discontinue the experiment of sharing a Chief Executive Officer and to each recruit their own full-time CEO. We duly selected Gary Tuffin to fill the role. I will leave him to comment upon the technicalities of our operations and merely remark that Council feel that employing him was one of our wiser decisions in the last year.



President Alex Douglas

CEO's Message



Since my appointment in October 2011 a focus has been placed on achieving the Department of Local Government's Integrated Planning Framework.

Section 5.56(1) and (2) of the Act requires that each local government is *'to plan for the future of the district'*, by developing plans in accordance with the regulations.

The new regulations specify what a *'plan for the future'* should involve. In particular, local governments will be formally required to develop and adopt two new planning instruments:

1. A Strategic Community Plan (10yr - min), and
2. A Corporate Business Plan (4yr - min).

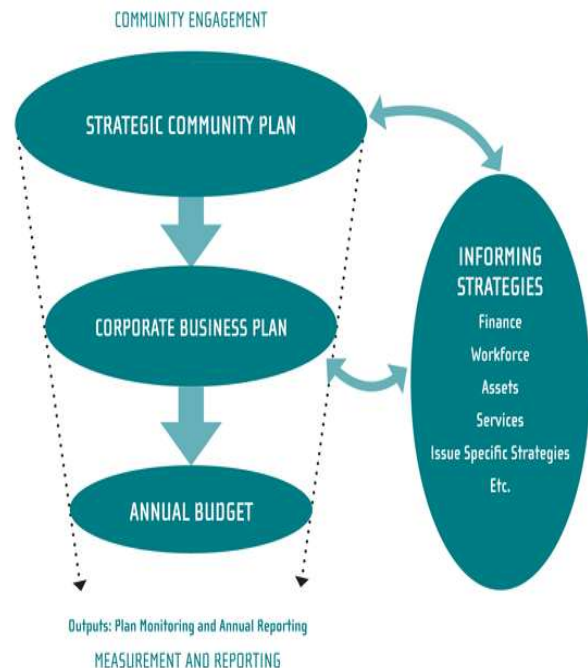
These plans will be supported by informing strategies such as Long Term Financial Plans (10 yrs), Asset Management Plans, Workforce Plans and individual project plans.

At a minimum, a desk-top review of the Strategic Community Plan will be undertaken every two years, but may be amended by Council at any time to account for any new circumstances that arise and impact on its operations or planned projects.

A full review and renewed long term visioning process will be conducted every four years in accordance with the Local Government Act and its Regulations. This will ensure that community priorities and aspirations are kept up-to-date and remain relevant.

Future Annual Reports will contain an overview of the plan for the future, including major initiatives that are proposed to commence or to continue in the next financial year (S5.53(2)(e) Local Government Act).

The new regulations also require each local government after the 30 June 2013 to include in its Annual Report any changes to either of the above plans. This will keep the community informed of any specific changes it would otherwise be unaware of.



Staff review and restructure

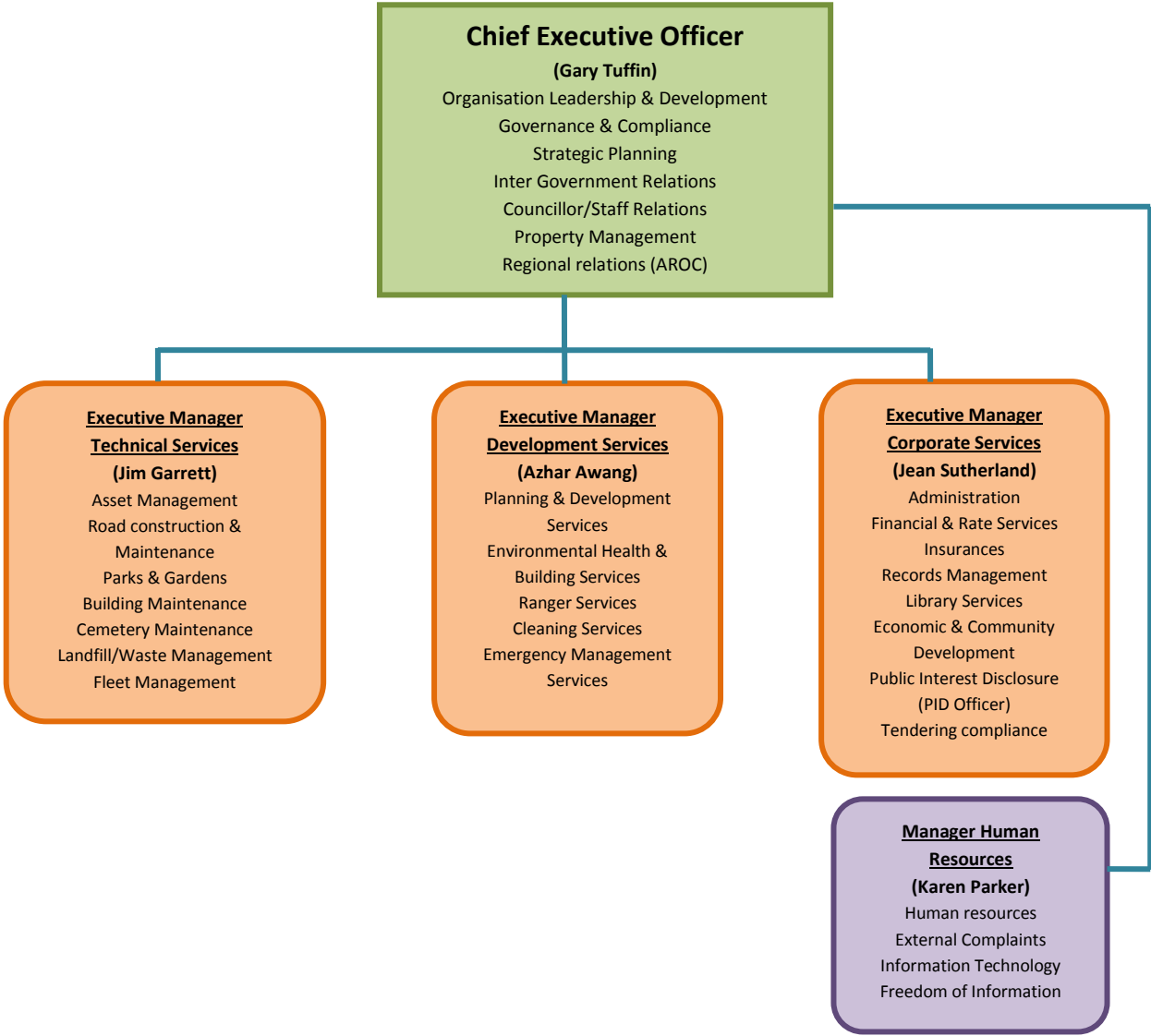
In conjunction with the Executive Management Team a review of staff and their functions has been undertaken that has resulted in a number of changes and the creation of a new Organisation structure.

Major changes included:

- ◆ deleted/removed the position of Manager of Parks and Gardens
- ◆ created 2 Team leader positions to replace previous 6 Team Leader positions
- ◆ created the position of an Economic Development Officer
- ◆ implementation of a fulltime Community Development Officer (previously a shared position)
- ◆ relocated existing staff to other roles

- ◆ changed a number of reporting lines to managers
- ◆ assigned clear portfolios of responsibility to Executive Managers
- ◆ created 1 Works and 1 Parks & Garden crew - no longer segmented to specific activities

Flowchart 1 – Shire of Chittering new staff structure



Lastly, I would like to thank the Shire Staff and Councillors for their efforts, assistance and level of support over the past 8 months. This has afforded me a very smooth transition into the role of Chief Executive Officer for which I am very much appreciative.

Gary Tuffin
Chief Executive Officer

Vision and Mission

Vision

To meet the needs of a diverse range of residents and generate a place of belonging and community spirit where citizens and local business can grow while maintaining, enhancing and protecting the rural attributes of the Shire of Chittering

Mission

“Keeping the balance”

Focussing on governance, community, planning / building / infrastructure and the environment:

- To work with and for our local community while striving to meet the needs of our rising population.
- To enhance our rural lifestyle and protect the natural environment.
- To provide and maintain a best practice organisation by providing good governance and quality services.
- To encourage growth in all areas – including nonintrusive and sustainable development, employment and infrastructure.

Your Council

President
Shire of Chittering



Cr Alex Douglas
crdouglas@chittering.wa.gov.au
Term expires: October 2013

Deputy President
Shire of Chittering



Cr Robert Hawes
crhawes@chittering.wa.gov.au
Term expires: October 2013



Cr Don Gibson
crgibson@chittering.wa.gov.au
Term expires: October 2013



Cr Barni Norton
crnorton@chittering.wa.gov.au
Term expires: October 2013



Cr Doreen Mackie
crmackie@chittering.wa.gov.au
Term expires: October 2015



Cr Sandra Clarke
crclarke@chittering.wa.gov.au
Term expires: October 2015



Cr Michelle Rossouw
crossouw@chittering.wa.gov.au
Term expires: October 2015

Organisational Structure



Gary Tuffin

Chief Executive Officer

- Organisation leadership and development
- Governance and compliance
- Strategic planning
- Inter-Government relations
- Councillor/Staff relations
- Property management
- Regional relations (AROC)

Executive Manager

Jim Garrett

Technical Services

- Asset management
- Road construction and maintenance
- Parks and gardens
- Building maintenance
- Cemetery maintenance
- Landfill / waste management
- Fleet management

Executive Manager

Azhar Awang

Development Services

- Planning and development services
- Environmental health and building services
- Ranger services
- Cleaning services
- Emergency management services

Executive Manager

Jean Sutherland

Corporate Services

- Administration
- Financial and rate services
- Insurances
- Records management
- Library services
- Economic and community development
- Public Interest Disclosure (PID)
- Tendering compliance

Manager

Karen Parker

Human Resources

- Human resources
- External complaints
- Information technology
- Freedom of Information (Fol)

2011/12 Major Projects

- ◆ Bindoon Toilet upgrade
- ◆ Refit of the Bindoon Senior Day Respite Centre (Ferguson House)
- ◆ Muchea Hall Roof replacement
- ◆ Installation of Aquilla Reserve Playground equipment
- ◆ Muchea South Road upgrade
- ◆ Keating Road Bridge upgrade
- ◆ Ridgetop Ramble drainage upgrade and improvements
- ◆ Chittering Road improvements
- ◆ Gray Road improvements
- ◆ Pioneer Road improvements
- ◆ Reconstruction of Kelly Street
- ◆ Chittering Valley Road improvements
- ◆ Cullalla Road improvements
- ◆ Lower Chittering Oval improvements
- ◆ Muchea Oval improvements
- ◆ Chittering Springs Public Open Space carpark
- ◆ Installation of 523m of footpath

Corporate Services

Corporate Services is responsible for producing the Shire's Budget and Annual Financial Statements; and is required to meet statutory compliance regulations to ensure full accountability and disclosure of information.

This service area is also responsible for raising and collection of rates, payroll, creditors and debtors, economic development and community development.

Finance

Council achieved a surplus position of \$1,590,933 as at 30 June 2012. It is to be noted that \$563,469 of these funds are restricted as these funds were for projects that were not completed in the 2011/12 financial year; and are planned to be completed in the new financial year.

Also included in the surplus is a 50% advance payment of 2012/13 Financial Assistance Grant of \$428,419.

During the 2011/12 financial year Council received \$3,016,857 in grant funding; \$1,383,019 for capital projects; and \$1,633,838 for operations.

Reserve Accounts

The Shire has a total of \$986,220 cash backed reserves. This is a decrease of \$54,743 from last year due to funds being used for the following:

- ◆ Payment of long service leave for staff
- ◆ Repairs to community housing units
- ◆ Improvements to Muchea Landfill Site
- ◆ Completion of the Bindoon Day Centre

It is Council's intention to budget in coming years to transfer funds to reserves on an annual basis to fund future identified projects.

Loans and Borrowings

The Shire did not raise any new loans in the 2011/12 financial year. Council's debt with the Western Australian Treasury Corporation and Key Start as a 30 June 2012 amounts to \$617,042.

Rates

Rate revenue raised in 2011/12 was \$4,103,900. As at 30 June 2012 the amount outstanding for rates was \$242,077. Rates debtors have increased by \$40,300 in this financial year. This is due to several properties having large debts that have been unable to be collected through Council's debt collection process. Several of these properties are in the process of settlement and/or sale by Council, which will decrease the rates outstanding in the new financial year. However, Council still has only 5% of rates outstanding as per previous years.

A total of 132 properties were sold/transferred throughout the year totalling \$64,727,951:

Locality	No of properties	Amount
Chittering/Lower Chittering	73	\$37,438,000
Muchea	23	\$15,227,001
Bindoon/Mooliabeenee/Wannamal	36	\$12,062,950
TOTAL	132	\$64,727,951



Community Funding

Each year the Shire of Chittering's council allocates funds to various 'not-for-profit' organisations which operate within the shire.

The Community Grant Scheme is designed to provide benefits to shire residents through recreational, sport, social or cultural means.

A good number of sporting and community groups benefited from the Shire's Community Grants Funding Scheme in 2011/12 with \$37,646.88 being distributed amongst thirteen community organisations:

- 1) Bindoon and Districts Agricultural Association
- 2) Bindoon Playgroup
- 3) Bindoon Range Pony Club
- 4) Bindoon Theatre Group
- 5) Chittering Junior Football Club
- 6) Chittering Landcare Group – Bird Group
- 7) Chittering Scout Group
- 8) Chittering Tourist Association
- 9) Chittering Valley Progress and Sporting Association
- 10) Chittering Wildlife Carers
- 11) Ellen Brockman Inc Catchment Group
- 12) Friends of the Medical Centre
- 13) Wannamal Tennis Club

Support for community events, organisations and residents

The Shire has provided support towards the following community events:

- ♦ Chittering Wildflower Festival – \$1,000

The Shire also provided financial support to the following local organisations:

- ♦ Bindoon and Districts Bowling Club Inc, Ladies Gala Day and Men's Four Open Day - \$500
- ♦ Gingin District High School Chaplaincy Program - \$2,000
- ♦ Bindoon Primary School, Year 7 Graduation mugs - \$48.75

During the 2011/12 financial year the Shire also provided financial support to the following local resident towards their event:

- ♦ Roan Spence - WA Kurt DeFris state ice hockey team - \$200

The Shire also provides assistance to other community groups throughout the year, such as printing of documents, preparing of grounds for the Bindoon Show, subsidising charges for the use of the Shire's Community Bus.

The Shire recognises the importance of providing support to local community groups, organisations and individuals to maintain a culturally diverse community. The Shire is looking forward to moving towards providing a wider range of activities to engage the community.

KidSport Funding

The Shire of Chittering registered with the Department of Sport and Recreation to roll out KidSport in the Shire during winter. KidSport enables eligible families to access financial support to cover club membership fees for their children; getting more children into sport and supporting the future of local sporting clubs.



Community Safety and Crime Prevention Plan

A copy of the Shire of Chittering Community Safety and Crime Prevention Survey was mailed to all property owners in the Shire in January 2012. Two hundred and thirty-six (236) responses were received.

The main concern for residents were:

- ◆ House break-ins
- ◆ Road safety associated with poor roads / traffic hazards
- ◆ Speeding cars / dangerous driving / hoons
- ◆ Rural theft
- ◆ Graffiti / vandalism.

The Community Safety and Crime Prevention Plan was adopted by Council on 18 April 2012.

Local Dual Use Bike Plan

In 2008 the Shire conducted a community survey in which the residents within the Shire responded by identifying the need for the development of footpaths and a bike network to provide a safe access way within the Bindoon and Muchea Townsites.

In response, the Shire of Chittering has developed a Local Dual Use Bike Plan to be implemented over the next 10 years, subject to successful funding applications.

The Local Dual Use Bike Plan was endorsed by the Department of Transport – Bikewest in late 2010.

Council adopted the plan on 21 September 2011 and is available on the Shire's website.



Local Government Election

The Local Government Elections were held during October 2011, with the newly elected and re-elected Councillors being sworn in on 19 October 2011.

Former Councillor Mr Steve Vallance retired in August 2011 and due to the closeness of the elections there was no need to hold an extraordinary election to fill his vacancy.

Bindoon Library

Bindoon Library offers public computers and free internet access. Membership is free and you can borrow books, DVDs and videos.

Storytime

Bindoon Library has a Storytime session that is conducted on Tuesday's from 10am until 11am. If you are interested in the session please contact the Shire on 9576 4600 and enquire to when it is next on.

The Bindoon Library also gives to new junior members a Better Beginnings pack that is full of information about the library, which is designed to encourage the young to enjoy reading.

The Bindoon Library also has a section that contains Junior and Young Adult collections.

Logo

The Chittering Community Planning Advisory Committee (CPAC) ran a Logo Competition in the first half of the 2011/12 financial year. The current logo is considered to be dated and illustrates only limited agricultural background and doesn't best capture the future of the Shire.

The Shire has a rich history and the Committee recommended entrants research the past as well as encapsulate the strategic visions of the Shire. The objective of the competition was to seek design

submissions from the Chittering community that:

- ◆ Represents the diverseness of the district and presents the Shire as being progressive
- ◆ Represents the past, current and future character of the Shire
- ◆ Presents a professional corporate image of the Shire.

Entrants were advised that Council was under no obligation to use any entries submitted through this competition in any future considerations pertaining to changes to the current logo.

A number of submissions were received and at the 8 December 2011 CCPAC meeting the Committee considered all submissions and determined the entry by Brett Walton as the successful winner.

The new logo was adopted by Council on 15 February 2012 and will be implemented in November 2012.

Bindoon Day Centre

Council successfully obtained a Lotterywest Grant to assist with refurbishing an existing building in Bindoon as a Day Centre. Once completed, the Shire of Chittering will form a partnership with Silver Chain to provide social opportunities for HACC eligible residents.

Through the Day Centre, Silver Chain will promote healthy ageing within our community and deliver support to prevent social isolation and enable clients to interact with others in a comfortable setting.

A wide variety of services and activities ranging from craft and woodwork to slide shows and presentations from guest speakers as well as day trips will be offered.

Morning and afternoon tea and lunch will also be provided.



2011/12 Recreation Events

Chittering "Biathlon"

The Chittering triathlon was run for the second time on the 1 April 2012. It was once again a 'biathlon' as the pool was not ready.

With approximately 20 participants the race started on the cold Sunday morning at 8.30am.

The Open Individual Male was won by Joshua Bouwman in a time of 51:33.

The Open Individual Female was won by Cat Stirton-Smith in a time of 1:00:13.

The Under 16 Female Team was won by Kaela O'Hern, Tessa Kelly and Hally Tonkin in a time of 1:11:51.

The Fun Course Results for an Individual Male under 16 was won by Dylan Bailey in a time of 28:56; the Individual Female under 16 was won by Billi Marshall in a time of 33:31; and Individual Male under 12 was won by Michael Bailey in a time of 32:10.

Mucnea Youth Festival

On 21 April 2012' the Shire of Chittering held a Twilight Youth Festival at John Glenn Park in Mucnea. The event was during held during the evening from 4-8pm. The event was supported by Hall All Contracting, Wheatbelt Health Services, Midlands District Be Active, Department for Communities, Bindoon Bakehaus, Bindoon Farm Fresh Meats, Chittering Scouts and Ace Electrics, the. Approximately 90 young people attended and enjoyed skate boarding competitions, live youth bands, human foosball, mechanical sheep, arts and other youth focused activities.

Castle Rock from Rockingham attended with a stage and great lighting. With them they had three different bands that really caught the crowd's attention. The bands had young performers with great talent,

we are encouraging the youth of the community to get on stage next year with their own bands and show the community what they can do.

Blow up Foosball was a great hit with the kids, this activity is the same as the table foosball but with the kids all lined up not able to move only to kick the ball, half way through the night the lines were removed and the kids continued playing soccer on the blow up court. They had a lot of fun.

YMCA held a competition for skateboarding, with prizes (donated by Hall All Contracting) being handed out for the lucky participants. Congratulations to those who participated in the events. YMCA also brought up plenty of art supplies and many of the youth took advantage of the opportunity to show their skills.

The local Chittering Scout group looked after the making and selling of the hamburgers the same as last year, they did a great job and the food was delicious.

Due to the success of the Mucnea Youth Festival the Shire is committed to ensuring that it becomes a yearly event.

The winner of the Shire's "Design the Banner" competition for the Mucnea Youth Festival was Kristy Neuman from Mucnea. Kristy received a cheque to the value of \$250 from the Shire of Chittering and worked with the Club and Community Development Officer to create the banner that will be used for all future Mucnea Youth Festivals.



Laser Skirmish

Laser Skirmish at Lower Chittering oval took place on 10 October 2011. The event was held during school holidays and we had a great outcome.

We had approximately 25 children that took place in the games and an extra 10 parents who also took part in a game towards the end.

The event was sponsored by the Midlands District Be Active Coordinators Scheme funded by Healthway and the Shire of Chittering.

It was a great day full of fun physical activity, with the instructors organising different activities and games where teams had to strategise and work together towards a common goal, team vs. team, last man standing, and various other games to get the participants thinking about their actions and moves.

The day ended with rain half an hour before the games finished.

A big thankyou to the Chittering Valley Progress Association for the use of the oval, and also a big thank you to the kids that helped pack away the remaining equipment.

Volunteer Week

Volunteers gathered at the Bindoon Hall to thank each other and the community for their consistent volunteer work. Volunteer week runs from 14-20 May and funding from Volunteer WA needs to be spent during these dates. Two weeks prior the community had a chance to nominate a volunteer from their club or community group. Twenty-seven volunteers were nominated; and as a thankyou gift received a certificate and an Australian sapling from a local tree farm.

As this event was held during a busy weekend we had twenty-five attendees. During the day we had Merry Robertson attend and presented on Gaining Volunteers.

This was a great information session for the volunteers and gave them ideas on how to attract more volunteers to their groups/clubs.

Once Merry was finished the certificates were handed out and the speeches read, thanking the volunteers for their hard work. Cr Robert Hawes was there on behalf of Council handing the certificates to the nominated volunteers.

Some groups brought photos of activities and recent projects they had been involved with, to share with the rest of the community.

Lunch was provided by way of a sausage sizzle and salads from the Bindoon Bakehaus.

The community are always helping in some way and this grant funding from the Volunteer WA helps us thank them for all their hard work.



Picnic in the Park

The Shire of Chittering's annual Picnic in the Park was held on 6 May 2012 – a free event to encourage families to come down to a local park with their family for some lunch and fun activities.

This year we had the Bindoon Playgroup taking care of the arts and craft tables. The Koorunga CWA did the Story time and the Wildlife Carers brought some wildlife and general information to the event. In attendance was the regional BeActive Co-ordinator, Anna Jamieson, who entertained everyone with sporting activities like frisbee, footy and soccer.

Also at the event was Old MacDonald Farm from Gingin who brought along lambs, goats, duck, piglets and much more. A big thankyou to the Chittering/Gingin Lions club, who provided free train rides for the children.

Thank you to the Chittering Wildlife Carers for cooking the Sausage sizzle so well.

Cricket Clash

The Midlands District Be Active Coordinator and the Shire of Chittering held a Family Fun Day Cricket Clash on 24 January 2012 at Clune Park. Cricket coach Mike Hind from Wheatbelt Cricket Development attended with some professional skills to teach the kids a little about cricket. Two games were played with approximately 20 kids attending. The day was a great success and ended with a delicious BBQ with donated goods from the Bindoon Bakehaus and Bindoon Farm Fresh Meats.

Seniors Week

On 11 November 2011 the Shire conducted an event at Bindoon Primary School during "Seniors Week". The school children were involved with an intergenerational athletics carnival with the seniors and also the school choir providing entertainment.

The day was a great success with 18 seniors attending. After lunch the seniors went to the oval and played 4 different light activities with some of the children - quoits, bocce, bean bag throwing and frisbee golf. Both seniors and the kids had a great time and are looking forward to a similar event in the future.

Bindoon Ag Dash

On 10 September 2011 at the Bindoon Catholic Agricultural College, Be Active ran the Bindoon Ag Dash. This is a 4.5km community fun run for adults, kids and seniors and all walkers, runners and pram pushers invited to take part.

Stay on your Feet

On 16 September 2011 and with support from the Department of Health and the Injury Control Council of WA, the Wannamal Community Centre hosted "Stay on Your Feet, Be Active Day". This is a great opportunity for seniors and retirees (or anyone over 40) to learn what they can do to stay healthy, stay independent and Stay on their Feet.

About 30 seniors were present and they learnt some great ways to stay healthy, fit and on their feet! Many thanks to the Wannamal Community Centre, Marissa Sweetman (Health Promotions Officer), and Anna Jamieson (Midlands District Be Active Coordinator) for the work they put in to such an informative and useful workshop.



Australia Day 2012

The Shire held their Australia Day celebrations on Monday, 23 January 2012 in the Bindoon Town Hall. Entertainment was provided by Sing Australia Bindoon and recipients’ of the Shire’s awards were:

Citizenship Award	Graham Taylor
Young Citizenship Award	Anthony Russell and Nonie Trainor
Community Group or Event	Upper Chittering Craft Ladies Group

- Also receiving Community Service Awards were:
- ◆ Phil and Karen Beardsmore (Bindoon)
 - ◆ Sara and Des Seery (Lower Chittering and Muchea)
 - ◆ Doug and Kathleen Lilburne (Upper Chittering)
 - ◆ Ruth and Jeff Loudon (Wannamal)

Education Scholarship Award

Thank you to all the students who submitted an application for the 2012 Education Scholarships.

- We are pleased to announce that the winners were:
- ◆ Year 7(6) going into high school in 2012 is Corey Taylor
 - ◆ Year 10 attending year 11 in 2012 is William Botha.

Both Corey and William received \$1,000, which was paid directly to their nominated school to assist with fees etc.

The Scholarship is an annual event and submissions are called in September each year.

Shire Rate’s Winners

During the 2010/11 rate year as an incentive for ratepayers to pay their rates by the due date the Shire had the following prizes available:

- ◆ First prize - \$500
 - donated by the Shire of Chittering
- ◆ Second prize – two double tickets to “A Night in Vienna”
 - donated by the West Australian Symphony Orchestra (WASO)

The winner of the first prize was Mrs C Lynch.

The winners of the second prize were Mrs L Watkins and Wannamal Drainage Pty Ltd.

Australian Citizenship

Ceremonies

Throughout the 2011/12 financial year the Shire conducted four ceremonies for eleven new Australian citizens. These events are a highlight with the Shire and we look forward to conducting more ceremonies in the future. New Australian citizens receive a native plant and the CWA cookbook, which is kindly donated the Bindoon CWA.



William Botha and Corey Taylor receiving their award from the Shire President

Development Services

Planning Services

Applications for Planning

Approval

- ♦ 352 Applications for Planning Approval were received during the 2011/12 financial year (a decrease of 22 applications or approximately 6% on the previous financial year, where there was 374 for the 2010/11 financial year)
- ♦ 15 Subdivision Applications Processed
- ♦ 2 Scheme Amendments Received

Applications for Building Permits

- ♦ 182 Building Permit Approvals issued for 2011/12 - this is down from 262 Building Permit Approvals during the 2010/11 financial year (a 30% decrease)

Breakdown of Permits

- ♦ Dwellings – 40
- ♦ Additions – 58
- ♦ Sheds – 47
- ♦ Pools – 27
- ♦ Demolitions – 0
- ♦ Retaining Walls – 7
- ♦ Miscellaneous – 2

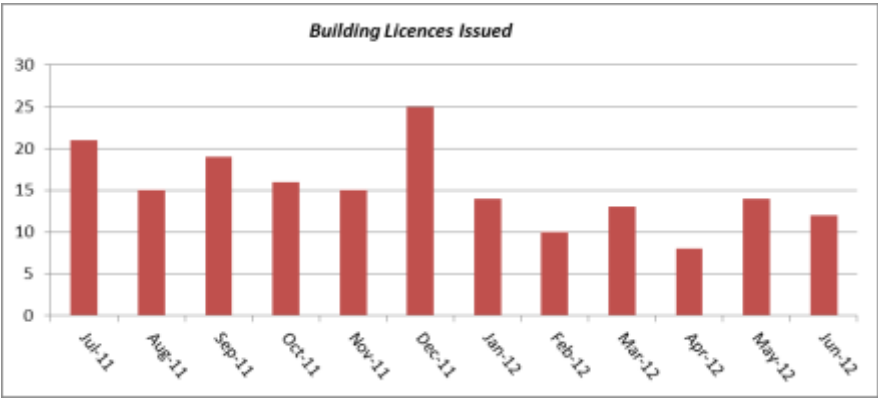
The value of works for 2011/12 was \$14,053,832, a decrease of 57% from the previous financial year (\$32,765,036).

The only major commercial application processed in 2011/12 was for Bite Restaurant (\$440,000). There were no other large applications.

Muchea Employment Node Structure Plan

The objective of the Muchea Employment Node Structure Plan is to designate land for an industrial development zone to provide for strategic industrial development and employment opportunities. The Muchea Employment Node was originally identified as a future Industrial area in the North-East Corridor Extension Strategy (WAPC, July 2003) and was recognised as having potential as an Industrial area that could take advantage of long term transport opportunities off the major highways (Great Northern Highway and the Brand Highway).

In September 2011, Council considered the final report and resolved not to support the report until the necessary amendment has been undertaken - namely the removal of Noxious Industry as discretionary use. The Western Australian Planning Commission has endorsed the report and retains the permissibility use of Noxious Industry in the Muchea Employment Node Structure Plan against Council's recommendation. The next step is to initiate a scheme Amendment to appropriately rezone the Muchea Employment Node area to "Future Industry".



Technical Services

Technical Services continue to develop the amenities and infrastructure in 2011/12. In excess of \$4.16million was spent on the construction, maintenance and operation of these facilities. This includes street lighting, graffiti removal, signage, roads, bridges, drains, paths, kerbing, bus shelters, parks, gardens and reserves.

Road construction

\$825,357 was invested in road construction/renewal throughout the Shire, of which \$451,048 was received from "Royalties for Regions". Projects included in 2011/12 were:

- ♦ Gray Road
- ♦ Ridgetop Ramble
- ♦ Pioneer Drive
- ♦ Cullala Road
- ♦ Kelly Street
- ♦ Muchea South Road
- ♦ Chittering Valley Road
- ♦ Forresthill / Ridgetop Ramble intersection
- ♦ Day Centre carpark

Bridges

\$307,230 was invested in bridge renewal throughout the Shire. Projects included in 2011/12 were:

- ♦ Completion of Keating Road Bridge
- ♦ Commencement of Yozzi Bridge

Footpaths

\$45,522 was invested in footpath construction and renewal and this included Country Pathways Funding of \$19,161. Works were completed in:

- ♦ Learners Way
- ♦ Ridgetop Ramble

Bus shelters

\$9,390 was invested in bus shelter construction. Works were completed in:

- ♦ Hart Drive
- ♦ Maddern Road
- ♦ Murray Grey Circle

Parks and Reserves

John Glenn Park, Muchea

The Shire of Chittering held the official opening of the John Glenn Park Rubber Soft Fall Project on 17 February 2012. This project was an initiative of Council to further improve safety and beautification of the playground at John Glenn Park.

Aquilla Reserve

\$48,000 was invested in providing playground equipment at Aquilla Reserve.

Drainage

As part of the ongoing maintenance program all storm water drains were inspected and cleaned. Funding of \$219,442 was used for drainage maintenance throughout the Shire. Drainage construction valued at \$236,688 was completed including:

- ♦ Ridgetop Ramble

Landfill Centres

\$32,500 was invested in the site extension of Muchea Landfill to include land purchased from Midland Brick, in addition the redevelopment of the entrance to the landfill to include a boom gate, signage, installation of a second water tank and the relocation crib room.



Ridgetop Ramble shared path sign



Learners Way shared path sign

Statutory Reports

Disability Access and Inclusion Plan

The Shire of Chittering "draft" Disability Access and Inclusion Plan was advertised from 2 May 2012 until 1 June 2012. During the advertising period only one response was received.

The Disability Access and Inclusion Plan was adopted by Council on 27 June 2012.

Freedom of information

In accordance with section 96 and 97 of the *Freedom of Information Act 1992*, the Shire is required to publish an information statement which details the process for applying for information under the Act, as well as information that the Shire provides outside the Act. This document is available from the Shire's administration office or the website.

During 2011/12 the Shire received one (1) Freedom of Information applications, and no (0) referrals for third party consultation (delete if not required). The Act requires that all applications are responded to within 45 days.

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 sector businesses.

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 progress in connection with the National Competitive Neutrality Principles and review of Local Laws.

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.

Compliance with the State Records Act 2000

The Shire continues to improve work practices to ensure the continued compliance with the State Records Act and Retention and Disposal Guidelines.

In conjunction with the Shire's induction and familiarisation procedures for new staff, the Shire has developed an internal training program that emphasises the responsibilities of each staff member in relation to records management, and uses practical sessions to familiarise staff with the correct use of the Shire's document management system.



Register of Complaints

The *Local Government Act 1995* Section 5.121 requires the complaints officer of the local government to maintain a register of complaints which records all complaints that result in an action under the *Local Government Act 1995* Section 5.110 (6)(b) or (c).

For the purposes of Section 5.53(2) (hb) of the *Local Government Act 1995* it is advised that the Shire received zero (0) complaints during this period.

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.

During 2011 the Shire repealed the following Local Laws:

- ♦ By-laws Relating to Depositing and Removal of Refuse, Rubbish, Litter, Old Vehicles and Disused Materials published in the Government Gazette on 22 June 1979;
- ♦ By-laws Relating to Fencing published in the Government Gazette on 22 June 1973;
- ♦ By-laws Relating to Holiday Accommodation No 18 published in the Government Gazette on 12 September 1975;
- ♦ By-laws Relating to Noxious Weeds published in the Government Gazette on 23 January 1968; and
- ♦ By-laws Relating to Reserves and Foreshores published in the Government Gazette on 31 December 1996.

During 2011/12 amendments were instigated on the following Local Laws:

- ♦ Dogs
- ♦ Bush Fire Brigades

Employees Remuneration

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

Salary Range	2010	2011
\$100,000 - \$110,000	2	3
\$110,000 - \$120,000	0	0
\$120,000 - \$130,000	0	0
\$130,000 - \$140,000	0	1
\$140,000 - \$150,000	1	0

Elected Members' Attendance at Council meetings

Elected Members attended the following meetings during the 2011/12 year:

Elected Members	Electors AGM (1)	Council Meeting (11)	Special Council Meeting (4)
Cr Douglas	1	11	4
Cr Hawes	1	10	3
Cr Mackie	1	11	4
Cr Gibson	1	7	3
Cr Tomlinson (retired 19 October 2011)	N/A	3	N/A
Cr Vallance (retired 17 August 2011)	N/A	0	N/A
Cr Norton	1	11	4
Cr Sandra Clarke (elected 19 October 2011)	1	7	3
Cr Michelle Rossouw (elected 19 October 2011)	0	8	3



Financial Report

Financial report for the year ended 30 June 2012

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

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SHIRE OF CHITTERING**FINANCIAL REPORT****FOR THE YEAR ENDED 30TH JUNE 2012****LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996****STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Chittering being the annual financial report and other information for the financial year ended 30th June 2012 are in my opinion properly drawn up to present fairly the financial position of the Shire of Chittering at 30th June 2012 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 24th day of September 2012



Gary Tuffin
Chief Executive Officer

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

	NOTE	2012 \$	2012 Budget \$	2011 \$
Revenue				
Rates	23	4,103,900	4,086,274	3,782,139
Operating Grants, Subsidies and Contributions	29	1,633,838	1,018,679	1,286,353
Fees and Charges	28	641,546	775,524	750,545
Interest Earnings	2(a)	198,306	153,200	155,971
Other Revenue		13,591	12,000	45,591
		<u>6,591,181</u>	<u>6,045,677</u>	<u>6,020,599</u>
Expenses				
Employee Costs		(3,096,144)	(3,198,453)	(2,871,543)
Materials and Contracts		(1,910,935)	(2,100,666)	(1,596,135)
Utility Charges		(132,820)	(95,060)	(111,516)
Depreciation on Non-Current Assets	2(a)	(1,630,139)	(1,640,953)	(1,617,487)
Interest Expenses	2(a)	(39,208)	(40,749)	(44,944)
Insurance Expenses		(118,149)	(157,360)	(152,302)
Other Expenditure		(224,807)	(335,957)	(243,121)
		<u>(7,152,202)</u>	<u>(7,569,198)</u>	<u>(6,637,048)</u>
		(561,021)	(1,523,521)	(616,449)
 Non-Operating Grants, Subsidies and Contributions	29	1,383,019	1,382,824	1,922,097
Profit on Asset Disposals	21	0	10,000	39,299
Loss on Asset Disposal	21	0	0	(61,132)
Net Result		821,998	(130,697)	1,283,815
Other Comprehensive Income		0	0	0
Total Other Comprehensive Income		0	0	0
Total Comprehensive Income		821,998	(130,697)	1,283,815

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

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

	NOTE	2012 \$	2012 Budget \$	2011 \$
Revenue				
Governance		55,967	22,541	62,126
General Purpose Funding		5,552,041	4,951,036	4,884,570
Law, Order, Public Safety		253,428	231,025	141,606
Health		36,806	34,568	30,487
Education and Welfare		2,940	7,000	7,420
Housing		106,268	103,420	95,878
Community Amenities		367,413	444,800	431,782
Recreation and Culture		15,118	10,300	13,555
Transport		14,967	16,370	83,305
Economic Services		116,820	180,928	194,001
Other Property and Services		69,413	43,689	75,868
	2(a)	6,591,181	6,045,677	6,020,598
Expenses				
Governance		(529,721)	(532,090)	(508,396)
General Purpose Funding		(264,872)	(238,995)	(233,312)
Law, Order, Public Safety		(849,212)	(861,506)	(699,938)
Health		(221,489)	(209,807)	(235,908)
Education and Welfare		(61,849)	(109,071)	(50,100)
Housing		(240,271)	(229,305)	(181,079)
Community Amenities		(1,310,347)	(1,404,478)	(1,270,944)
Recreation and Culture		(772,530)	(944,845)	(687,120)
Transport		(2,276,610)	(2,381,094)	(2,196,848)
Economic Services		(499,549)	(564,652)	(506,113)
Other Property and Services		(86,544)	(52,606)	(22,345)
	2(a)	(7,112,994)	(7,528,449)	(6,592,103)
Finance Costs				
Governance		0	(500)	0
Education and Welfare		(7,760)	(8,794)	(10,737)
Housing		(20,081)	(20,084)	(21,499)
Recreation and Culture		(11,367)	(11,371)	(12,708)
	2(a)	(39,208)	(40,749)	(44,944)
Non-Operating Grants, Subsidies and Contributions				
Law, Order, Public Safety		45,759	39,800	230,655
Education and Welfare		118,930	118,930	0
Recreation and Culture		426,115	426,115	99,500
Transport		792,215	797,979	1,591,942
		1,383,019	1,382,824	1,922,097
Profit/(Loss) on Disposal of Assets				
Governance		0	0	(18,100)
Law, Order, Public Safety		0	0	19,062
Community Amenities		0	0	(21,338)
Transport		0	10,000	3,884
Economic Services		0	0	(5,341)
		0	10,000	(21,833)
Net Result		821,998	(130,697)	1,283,815
Other Comprehensive Income		0	0	0
Total Other Comprehensive Income		0	0	0
Total Comprehensive Income		821,998	(130,697)	1,283,815

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

**SHIRE OF CHITTERING
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2012**

	NOTE	2012 \$	2011 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	2,692,634	2,300,912
Trade and Other Receivables	4	457,278	424,563
Inventories	5	3,226	7,574
Other Financial Assets	6	42,500	42,500
TOTAL CURRENT ASSETS		3,195,638	2,775,549
NON-CURRENT ASSETS			
Other Receivables	4	31,059	34,837
Property, Plant and Equipment	7	10,004,824	9,950,977
Infrastructure	8	41,784,789	41,222,163
TOTAL NON-CURRENT ASSETS		51,820,672	51,207,977
TOTAL ASSETS		55,016,310	53,983,526
CURRENT LIABILITIES			
Trade and Other Payables	9	556,131	287,140
Long Term Borrowings	10	121,590	115,488
Provisions	11	299,345	272,002
TOTAL CURRENT LIABILITIES		977,066	674,630
NON-CURRENT LIABILITIES			
Long Term Borrowings	10	495,452	617,042
Provisions	11	76,856	46,916
TOTAL NON-CURRENT LIABILITIES		572,308	663,958
TOTAL LIABILITIES		1,549,374	1,338,588
NET ASSETS		53,466,936	52,644,938
EQUITY			
Retained Surplus		52,480,716	51,603,975
Reserves - Cash Backed	12	986,220	1,040,963
TOTAL EQUITY		53,466,936	52,644,938

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

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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2010		34,336,253	1,336,982	15,687,888	51,361,123
Correction of Errors Restated Balance	13	15,687,888 50,024,141	0 1,336,982	(15,687,888) 0	0 51,361,123
Net Result		1,283,815	0	0	1,283,815
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		296,019	(296,019)	0	0
Balance as at 30 June 2011		51,603,975	1,040,963	0	52,644,938
Net Result		821,998	0	0	821,998
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		54,743	(54,743)	0	0
Balance as at 30 June 2012		52,480,716	986,220	0	53,466,936

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

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

	NOTE	2012 \$	2012 Budget \$	2011 \$
Cash Flows From Operating Activities				
Receipts				
Rates		4,063,600	4,087,374	3,712,162
Operating Grants, Subsidies and Contributions		1,626,568	1,024,989	1,172,118
Fees and Charges		641,546	795,827	750,545
Interest Earnings		198,306	154,220	155,971
Goods and Services Tax		287,168	563,302	31,774
Other Revenue		13,590	14,235	45,591
		<u>6,830,778</u>	<u>6,639,947</u>	<u>5,868,161</u>
Payments				
Employee Costs		(3,029,396)	(3,183,003)	(2,807,718)
Materials and Contracts		(1,950,345)	(2,082,856)	(1,628,257)
Utility Charges		(132,820)	(93,210)	(111,516)
Insurance Expenses		(118,149)	(157,360)	(152,302)
Interest expenses		(40,250)	(44,524)	(45,959)
Goods and Services Tax		(268,535)	(557,000)	(35,939)
Other Expenditure		(224,806)	(338,088)	(243,120)
		<u>(5,764,301)</u>	<u>(6,456,041)</u>	<u>(5,024,811)</u>
Net Cash Provided By (Used In) Operating Activities	14(b)	<u>1,066,477</u>	<u>183,906</u>	<u>843,350</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(716,237)	(1,665,628)	(1,089,025)
Payments for Construction of Infrastructure		(1,226,049)	(1,931,637)	(1,477,518)
Non-Operating Grants, Subsidies and Contributions Used for the development of assets		1,383,019	1,382,824	1,922,097
Proceeds from Sale of Plant & Equipment		<u>0</u>	<u>10,000</u>	<u>263,951</u>
Net Cash Provided By (Used In) Investing Activities		<u>(559,267)</u>	<u>(2,204,441)</u>	<u>(380,495)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(115,488)	(115,488)	(109,777)
Proceeds from New Debentures		<u>0</u>	<u>850,000</u>	<u>0</u>
Net Cash Provided By (Used In) Financing Activities		<u>(115,488)</u>	<u>734,512</u>	<u>(109,777)</u>
Net Increase (Decrease) in Cash Held		391,722	(1,286,023)	353,078
Cash at Beginning of Year		2,300,912	2,300,912	1,947,834
Cash and Cash Equivalents at the End of the Year	14(a)	<u><u>2,692,634</u></u>	<u><u>1,014,889</u></u>	<u><u>2,300,912</u></u>

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

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

	NOTE	2012 Actual \$	2012 Budget \$	2011 Actual \$
Revenue				
Governance		55,967	22,541	62,126
General Purpose Funding		1,448,141	864,762	1,102,431
Law, Order, Public Safety		299,187	270,825	396,565
Health		36,806	34,568	30,487
Education and Welfare		121,870	125,930	7,420
Housing		106,268	103,420	95,878
Community Amenities		367,413	444,800	431,782
Recreation and Culture		441,233	436,415	113,055
Transport		807,182	824,349	1,690,242
Economic Services		116,820	180,928	194,001
Other Property and Services		69,413	43,690	75,868
		<u>3,870,300</u>	<u>3,352,228</u>	<u>4,199,855</u>
Expenses				
Governance		(529,721)	(532,590)	(526,496)
General Purpose Funding		(264,872)	(238,995)	(233,312)
Law, Order, Public Safety		(849,212)	(861,506)	(705,180)
Health		(221,489)	(209,807)	(235,908)
Education and Welfare		(69,609)	(117,865)	(60,837)
Housing		(260,352)	(249,389)	(202,578)
Community Amenities		(1,310,347)	(1,404,478)	(1,292,282)
Recreation and Culture		(783,897)	(956,216)	(699,828)
Transport		(2,276,610)	(2,381,094)	(2,207,959)
Economic Services		(499,549)	(564,652)	(511,454)
Other Property and Services		(86,544)	(52,605)	(22,345)
		<u>(7,152,202)</u>	<u>(7,569,197)</u>	<u>(6,698,179)</u>
Net Result Excluding Rates		(3,281,902)	(4,216,969)	(2,498,324)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	21	0	(10,000)	21,833
Movement in Accrued Interest		(1,041)	0	(1,015)
Movement in Deferred Pensioner Rates (Non-Current)		3,778	0	(10,605)
Movement in Accrued Salaries & Wages		9,465	0	10,926
Movement in Employee Benefit Provisions (Non-Current)		51,744	0	(9,787)
Movement in Deferred Liabilities		0	0	(100,000)
Depreciation and Amortisation on Assets	2(a)	1,630,139	1,640,953	1,617,487
Capital Expenditure and Revenue				
Purchase Land and Buildings		(575,857)	(1,493,628)	(317,780)
Purchase Infrastructure Assets - Roads		(1,414,797)	(1,603,484)	(1,324,887)
Purchase Infrastructure Assets - Parks/Other		(115,578)	(328,153)	(152,632)
Purchase Plant and Equipment		(140,380)	(142,000)	(755,994)
Purchase Furniture and Equipment		0	(30,000)	(15,250)
Proceeds from Disposal of Assets	21	0	10,000	263,951
Repayment of Debentures	22(a)	(115,488)	(115,488)	(109,777)
Proceeds from New Debentures	22	0	850,000	0
Transfers to Reserves (Restricted Assets)	12	(209,667)	(219,770)	(89,186)
Transfers from Reserves (Restricted Assets)	12	264,410	232,053	385,205
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	23(b)	1,382,207	1,360,971	685,904
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	23(b)	1,590,933	20,759	1,382,207
Amount Required to be Raised from Rates	23(a)	<u>(4,103,900)</u>	<u>(4,086,274)</u>	<u>(3,782,139)</u>

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

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

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 20 to these financial statements.

(c) Goods and Services Tax

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

Collectibility of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

(f) Inventories

General

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

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

Land Held for Resale

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

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

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

(g) Fixed Assets

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

Initial Recognition

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Revaluation

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

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

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

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

Land under Roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

Depreciation of Non-Current Assets

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets (Continued)

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Computer Equipment and Software	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 & major resurfacing	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
clearing and earthworks	not depreciated
construction/road base	50 years
gravel sheet	12 years
Formed roads (unsealed)	
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

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. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Capitalisation Threshold

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

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

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

Amortised cost is calculated as:

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

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

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

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

(ii) Loans and receivables

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

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

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

Impairment

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

Derecognition

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment

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

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

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

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

(j) Trade and Other Payables

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

(k) Employee Benefits

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

(l) Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

(m) Provisions

Provisions are recognised when:

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Leases

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

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

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

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

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

(o) Joint Venture

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 17.

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

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

(p) Rates, Grants, Donations and Other Contributions

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Superannuation

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

(r) Current and Non-Current Classification

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

(s) Rounding Off Figures

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

(t) Comparative Figures

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

(u) Budget Comparative Figures

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Adoption of New and Revised Accounting Standards

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

These new and revised standards were:

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

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

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

2. REVENUE AND EXPENSES	2012	2011
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit	17,500	16,500
- Other Services	5,865	935
	<u>23,365</u>	<u>17,435</u>
Depreciation		
Buildings	138,788	133,360
Furniture and Equipment	38,298	43,560
Plant and Equipment	485,304	502,439
Roads	884,967	861,782
Parks, Ovals, Other Infrastructure	47,300	41,699
Footpaths	8,539	8,539
Bridges	24,649	23,814
Drainage	2,294	2,294
	<u>1,630,139</u>	<u>1,617,487</u>
Interest Expenses (Finance Costs)		
Debentures (refer Note 22(a))	39,208	44,944
	<u>39,208</u>	<u>44,944</u>
 (ii) Crediting as Revenue:	2012	2012
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	50,867	55,000
- Other Funds	91,458	55,000
Other Interest Revenue (refer note 27)	55,981	43,200
	<u>198,306</u>	<u>153,200</u>
		<u>155,971</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

Administration and operation of facilities and services to elected members of Council, policy determination, public ceremonies and presentations. Other costs relating to tasks of assisting elected members and ratepayers which do not concern specific council services.

GENERAL PURPOSE FUNDING

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Supervision of local laws, fire prevention including the provision of five volunteer fire brigades, animal control and the support of local emergency and public safety organisations such as Chittering Rural Watch

HEALTH

Food quality control, immunisations, contributions to medical health and the operation of the Chittering Community Health Centre and the Chittering-Gingin St John Ambulance.

EDUCATION AND WELFARE

Operation and control of senior services other than housing, vacation swimming classes and youth services. The provision and maintenance of school bus shelters.

HOUSING

Maintenance of staff and rental housing. Administration and maintenance of community and seniors housing units in a joint venture arrangement with Homeswest.

COMMUNITY AMENITIES

Operation and control of cemeteries, public conveniences and sanitation services including the Bindoon, Muchea and Wannamal refuse sites. Funding of town planning services, drainage schemes and landcare projects.

RECREATION AND CULTURE

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

TRANSPORT

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

ECONOMIC SERVICES

The regulation and provision of building and extractive industries control, tourism services, area promotion, noxious weed control, community bus operations, business enterprise centre contributions and other economic development initiatives.

OTHER PROPERTY AND SERVICES

Private works carried out by Council, public works and plant operation costs allocation.

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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance (*) 1-Jul-10 \$	Received (+) 2010/11 \$	Expended (#) 2010/11 \$	Closing Balance (*) 30-Jun-11 \$	Received (+) 2011/12 \$	Expended (#) 2011/12 \$	Closing Balance 30-Jun-12 \$
Grant - Perth Biodiversity Project	Community Amenities	12,240	0	0	12,240	0	0	12,240
Grant - Swan River Nutrient	Transport	7,634	0	0	7,634	0	0	7,634
R4R - Bindoon Toilet & Kitchen	Recreation & Culture	31,730	0	(31,730)	0	0	0	0
Grant - Graffiti Removal Equipment	Economic Services	12,799	0	(12,799)	0	0	0	0
Grant - CCTV John Glenn Park	Economic Services	14,560	0	(14,560)	0	0	0	0
RLCIP - Bindoon Toilet	Recreation & Culture	30,000	0	(30,000)	0	0	0	0
R4R - Forward Capital Works Plan	Governance	35,000	0	(35,000)	0	0	0	0
LGIS - Keating Rd Bridge	Transport	80,320	0	(80,320)	0	0	0	0
Developer Contribution - Byrne Rd	Transport	107,000	28,442	0	135,442	0	(135,442)	0
Grant - Dry Season Assistance	Economic Services	0	20,000	(13,830)	6,170	0	(6,170)	0
MRWA Bridge Funding (Yozzi)	Transport	0	120,000	0	120,000	0	0	120,000
R4R - Muchea Gardeners Shed	Recreation & Culture	0	21,500	0	21,500	0	(21,500)	0
R4R - Spoonbill Lake Playground	Recreation & Culture	0	48,000	0	48,000	0	(48,000)	0
R4R - Muchea South Road	Transport	0	78,000	0	78,000	0	(78,000)	0
R4R - Reserve Road	Transport	0	48,000	(48,000)	0	0	0	0
R4R - Chittering Valley Road	Transport	0	46,500	0	46,500	0	(46,500)	0
R4R - Forresthills/Pioneer Dve	Transport	0	60,000	0	60,000	0	(60,000)	0
R4R - Ridgeline Rumble Drainage	Transport	0	226,548	0	226,548	0	(226,548)	0
R4R - Electrical Upgrade	Recreation & Culture	0	1,700	0	1,700	0	(1,700)	0
RLCIP - Softfall Matting John Glenn	Recreation & Culture	0	30,000	0	30,000	0	(30,000)	0
R4R - Chinkabee Playgroup	Recreation & Culture	0	0	0	0	25,000	0	25,000
R4R - Chinkabee Disabled Toilet	Recreation & Culture	0	0	0	0	68,000	0	68,000
R4R - Tourist Centre Conversion	Recreation & Culture	0	0	0	0	58,232	(34,601)	23,631
R4R - POS Sussex Bend	Recreation & Culture	0	0	0	0	254,883	(9,500)	245,383
R4R - Day Centre Car Park	Transport	0	0	0	0	40,000	(25,850)	14,150
MRWA Bridge Funding (Keating)	Transport	0	0	0	0	351,000	(304,326)	46,674
R2R - Road Projects	Transport	0	0	0	0	197,773	(197,216)	557
Total		331,283	728,690	(266,239)	793,734	994,888	(1,225,153)	563,469

Notes:

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

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

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

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

	2012 \$	2011 \$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	1,142,945	466,215
Restricted	1,549,689	1,834,697
	<u>2,692,634</u>	<u>2,300,912</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Employee Entitlement Reserve	177,996	156,191
Plant Replacement Reserve	104,083	844
Public Buildings & Amenities Reserve	85,855	268,747
Gravel Acquisition Reserve	58,915	56,423
Community Housing Reserve	57,761	60,152
Seniors Housing Reserve	16,060	11,427
Brockman Centre Precinct Reserve	8,644	8,279
Public Open Space Reserve	68,054	65,176
Bindoon Community Bus Reserve	38,535	36,906
Cemetery Development Reserve	29,138	27,906
Administration Centre Reserve	128,710	123,267
Recreation Development Reserve	39,851	38,166
Ambulance Replacement Reserve	1,053	1,008
Waste Management Reserve	19,102	40,454
Office Equipment Reserve	24,183	23,161
Landcare Vehicles Reserve	89,733	85,939
Binda Place Reserve	6,492	6,217
Contributions to Roadworks Reserve	32,055	30,700
Unspent Grants	563,469	793,734
	<u>1,549,689</u>	<u>1,834,697</u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	211,018	166,940
Sundry Debtors	228,954	221,684
GST Receivable	17,306	35,939
	<u>457,278</u>	<u>424,563</u>
Non-Current		
Rates Outstanding - Pensioners	31,059	34,837
	<u>31,059</u>	<u>34,837</u>
5. INVENTORIES		
Current		
Fuel and Materials	3,226	7,574
	<u>3,226</u>	<u>7,574</u>

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

	2012 \$	2011 \$
6. OTHER FINANCIAL ASSETS		
Current		
Available for Sale Financial Assets	<u>42,500</u>	<u>42,500</u>
Available for sale financial assets comprise of:		
Unlisted investments	<u>42,500</u>	<u>42,500</u>
7. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	8,959,412	8,383,555
Less Accumulated Depreciation	<u>(1,658,595)</u>	<u>(1,519,807)</u>
	7,300,817	6,863,748
Furniture and Equipment - Cost	284,952	284,952
Less Accumulated Depreciation	<u>(238,052)</u>	<u>(199,754)</u>
	46,900	85,198
Plant and Equipment - Cost	5,086,750	4,987,649
Less Accumulated Depreciation	<u>(2,975,257)</u>	<u>(2,545,968)</u>
	2,111,493	2,441,681
Motor Vehicles - Cost	717,351	676,072
Less Accumulated Amortisation	<u>(171,737)</u>	<u>(115,722)</u>
	545,614	560,350
	<u>10,004,824</u>	<u>9,950,977</u>

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

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Motor Vehicles \$	Total \$
Balance as at the beginning of the year	6,863,746	85,198	2,441,681	560,350	9,950,977
Additions	575,857	0	99,101	41,279	716,237
(Disposals)	0	0	0	0	0
Revaluation - Increments - (Decrements)	0	0	0	0	0
Impairment - (Losses) - Reversals	0	0	0	0	0
Depreciation (Expense)	(138,788)	(38,298)	(429,289)	(56,015)	(662,390)
Carrying amount at the end of year	7,300,817	46,900	2,111,493	545,614	10,004,824

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

	2012 \$	2011 \$
8. INFRASTRUCTURE		
Roads - Cost	51,394,962	50,569,606
Less Accumulated Depreciation	<u>(13,208,967)</u>	<u>(12,324,000)</u>
	38,185,995	38,245,606
 Bridges and Culverts - Cost	 2,772,155	 2,464,925
Less Accumulated Depreciation	<u>(899,714)</u>	<u>(875,065)</u>
	1,872,441	1,589,860
 Footpaths - Cost	 418,427	 372,904
Less Accumulated Depreciation	<u>(36,477)</u>	<u>(27,938)</u>
	381,950	344,966
 Drainage - Cost	 466,136	 229,448
Less Accumulated Depreciation	<u>(27,416)</u>	<u>(25,122)</u>
	438,720	204,326
 Parks & Ovals - Cost	 1,024,942	 918,754
Less Accumulated Depreciation	<u>(182,496)</u>	<u>(139,111)</u>
	842,446	779,643
 Other	 87,254	 77,864
Less Accumulated Depreciation	<u>(24,017)</u>	<u>(20,102)</u>
	63,237	57,762
	<u><u>41,784,789</u></u>	<u><u>41,222,163</u></u>

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

8. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	<u>Roads</u>	<u>Bridges & Culverts</u>	<u>Footpaths</u>	<u>Drainage</u>	<u>Parks & Ovals</u>	<u>Other</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$	\$
Balance at the beginning of the year	38,245,606	1,589,860	344,966	204,326	779,643	57,762	41,222,163
Additions	825,357	307,230	45,522	236,688	106,188	9,390	1,530,375
(Disposals)	0	0	0	0	0	0	0
Revaluation - Increments - (Decrements)	0	0	0	0	0	0	0
Impairment - (Losses) - Reversals	0	0	0	0	0	0	0
Depreciation (Expense)	(884,968)	(24,649)	(8,538)	(2,294)	(43,385)	(3,915)	(967,749)
Carrying amount at the end of year	<u>38,185,995</u>	<u>1,872,441</u>	<u>381,950</u>	<u>438,720</u>	<u>842,446</u>	<u>63,237</u>	<u>41,784,789</u>

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

	2012 \$	2011 \$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	142,956	194,954
Accrued Creditors	304,326	0
Prepayment	9,840	9,840
Accrued Interest on Debentures	2,343	3,385
Accrued Salaries and Wages	56,652	47,187
PAYG	40,014	31,774
	<u>556,131</u>	<u>287,140</u>
10. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge Debentures	<u>121,590</u>	<u>115,488</u>
	<u>121,590</u>	<u>115,488</u>
Non-Current		
Secured by Floating Charge Debentures	<u>495,452</u>	<u>617,042</u>
	<u>495,452</u>	<u>617,042</u>
Additional detail on borrowings is provided in Note 22.		
11. PROVISIONS		
Current		
Provision for Annual Leave	200,128	197,051
Provision for Long Service Leave	99,217	74,951
	<u>299,345</u>	<u>272,002</u>
Non-Current		
Provision for Long Service Leave	<u>76,856</u>	<u>46,916</u>
	<u>76,856</u>	<u>46,916</u>

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

	2012 \$	2012 Budget \$	2011 \$
12. RESERVES - CASH BACKED			
(a) Employee Entitlement Reserve			
Opening Balance	156,191	156,191	182,483
Amount Set Aside / Transfer to Reserve	27,359	28,252	6,833
Amount Used / Transfer from Reserve	(5,554)	(5,554)	(33,125)
	<u>177,996</u>	<u>178,889</u>	<u>156,191</u>
(b) Plant Replacement Reserve			
Opening Balance	844	844	204,195
Amount Set Aside / Transfer to Reserve	103,239	100,045	3,994
Amount Used / Transfer from Reserve	0	0	(207,345)
	<u>104,083</u>	<u>100,889</u>	<u>844</u>
(c) Public Buildings & Amenities Reserve			
Opening Balance	268,747	268,747	285,834
Amount Set Aside / Transfer to Reserve	42,826	44,199	12,787
Amount Used / Transfer from Reserve	(225,718)	(186,499)	(29,874)
	<u>85,855</u>	<u>126,447</u>	<u>268,747</u>
(d) Gravel Acquisition Reserve			
Opening Balance	56,423	56,423	54,189
Amount Set Aside / Transfer to Reserve	2,492	2,981	2,234
Amount Used / Transfer from Reserve	0	0	0
	<u>58,915</u>	<u>59,404</u>	<u>56,423</u>
(e) Community Housing Reserve			
Opening Balance	60,152	60,154	53,039
Amount Set Aside / Transfer to Reserve	7,609	7,978	7,113
Amount Used / Transfer from Reserve	(10,000)	0	0
	<u>57,761</u>	<u>68,132</u>	<u>60,152</u>
(f) Seniors Housing Reserve			
Opening Balance	11,427	11,427	6,951
Amount Set Aside / Transfer to Reserve	4,633	4,604	4,476
Amount Used / Transfer from Reserve	0	0	0
	<u>16,060</u>	<u>16,031</u>	<u>11,427</u>
(g) Brockman Centre Precinct Reserve			
Opening Balance	8,279	8,280	7,951
Amount Set Aside / Transfer to Reserve	365	437	328
Amount Used / Transfer from Reserve	0	0	0
	<u>8,644</u>	<u>8,717</u>	<u>8,279</u>

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

	2012 \$	2012 Budget \$	2011 \$
12. RESERVES - CASH BACKED (Continued)			
(h) Public Open Space Reserve			
Opening Balance	65,176	65,176	62,596
Amount Set Aside / Transfer to Reserve	2,878	3,444	2,580
Amount Used / Transfer from Reserve	0	0	0
	<u>68,054</u>	<u>68,620</u>	<u>65,176</u>
(i) Bindoon Community Bus Reserve			
Opening Balance	36,906	36,905	30,637
Amount Set Aside / Transfer to Reserve	1,629	1,950	6,269
Amount Used / Transfer from Reserve	0	0	0
	<u>38,535</u>	<u>38,855</u>	<u>36,906</u>
(j) Bindoon Cemetery Development Reserve			
Opening Balance	27,906	27,905	26,801
Amount Set Aside / Transfer to Reserve	1,232	1,474	1,105
Amount Used / Transfer from Reserve	0	0	0
	<u>29,138</u>	<u>29,379</u>	<u>27,906</u>
(k) Administration Centre Reserve			
Opening Balance	123,267	123,267	118,387
Amount Set Aside / Transfer to Reserve	5,443	6,513	4,880
Amount Used / Transfer from Reserve	0	0	0
	<u>128,710</u>	<u>129,780</u>	<u>123,267</u>
(l) Recreation Development Reserve			
Opening Balance	38,166	38,165	44,705
Amount Set Aside / Transfer to Reserve	1,685	2,016	1,925
Amount Used / Transfer from Reserve	0	0	(8,464)
	<u>39,851</u>	<u>40,181</u>	<u>38,166</u>
(m) Ambulance Replacement Reserve			
Opening Balance	1,008	1,008	30,402
Amount Set Aside / Transfer to Reserve	45	53	606
Amount Used / Transfer from Reserve	0	0	(30,000)
	<u>1,053</u>	<u>1,061</u>	<u>1,008</u>
(n) Waste Management Reserve			
Opening Balance	40,454	40,454	83,134
Amount Set Aside / Transfer to Reserve	1,786	2,137	3,717
Amount Used / Transfer from Reserve	(23,138)	(40,000)	(46,397)
	<u>19,102</u>	<u>2,591</u>	<u>40,454</u>

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

	2012 \$	2012 Budget \$	2011 \$
12. RESERVES - CASH BACKED (Continued)			
(o) Office Equipment Reserve			
Opening Balance	23,161	23,162	22,141
Amount Set Aside / Transfer to Reserve	1,022	1,224	1,020
Amount Used / Transfer from Reserve	0	0	0
	<u>24,183</u>	<u>24,386</u>	<u>23,161</u>
(p) Landcare Vehicles Reserve			
Opening Balance	85,939	85,939	88,087
Amount Set Aside / Transfer to Reserve	3,794	4,541	27,852
Amount Used / Transfer from Reserve	0	0	(30,000)
	<u>89,733</u>	<u>90,480</u>	<u>85,939</u>
(q) Binda Place Reserve			
Opening Balance	6,217	6,217	5,970
Amount Set Aside / Transfer to Reserve	275	6,298	247
Amount Used / Transfer from Reserve	0	0	0
	<u>6,492</u>	<u>12,515</u>	<u>6,217</u>
(r) Contribution to Roadworks Reserve			
Opening Balance	30,700	30,699	29,480
Amount Set Aside / Transfer to Reserve	1,355	1,624	1,220
Amount Used / Transfer from Reserve	0	0	0
	<u>32,055</u>	<u>32,323</u>	<u>30,700</u>
TOTAL CASH BACKED RESERVES	<u>986,220</u>	<u>1,028,680</u>	<u>1,040,963</u>

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

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

12. RESERVES - CASH BACKED (Continued)

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

Employee Entitlements Reserve

- to be used to fund employee accumulated annual, sick, long service leave and employee gratuities.

Plant Replacement Reserve

- to be used to fund plant purchases, trades or major overhauls.

Public Buildings and Amenities Reserve

- to be used to fund future public amenities maintenance requirements of Council.

Gravel Acquisition Reserve

- to be used to fund the purchase of gravel or land containing gravel.

Community Housing Reserve

- to be used to fund repairs, improvements or extensions to community units.

Seniors Housing Reserve

- to be used to fund repairs, improvements or extensions to seniors units.

Brockman Centre Precinct Reserve

- to be used to fund scheduled or agreed maintenance or improvements on this hall.

Public Open Space Reserve

- to be used to fund public open space developments in accordance with developer precincts.

Bindoon Community Bus Reserve

- to be used to fund the shortfall on operations of the bus and to allow for its eventual replacement.

Bindoon Cemetery Development Reserve

- to be used to fund the development or acquisition of cemetery land or facilities.

Administration Centre Reserve

- to be used to fund major improvements or construction of Council's administrative building requirements.

Recreation Development Reserve

- to be used to fund the development or acquisition of recreation land and facilities.

Ambulance Replacement Reserve

- to be used to contribute towards the cost of purchasing or replacing an Ambulance.

Waste Management Reserve

- to be used to fund the replacement of landfill sites and rehabilitation of existing landfill sites.

Office Equipment Reserve

- to be used to fund the replacement of office equipment.

Landcare Vehicles Reserve

- to be used for the financing of Landcare vehicles.

Binda Place Reserve

- to be used for Car parking in Binda Place.

Contributions to Roadworks Reserve

- to be used for future roadworks.

All reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

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

13. RESERVES - ASSET REVALUATION

The asset Revaluation Reserves arose on initial revaluation of asset classifications in prior years as follows:

	\$
(a) Land and Buildings	3,334,443
(b) Roads	12,353,445
Total	<u>15,687,888</u>

In 2011 (and previous years), these balances were disclosed as part of the Asset Revaluation Reserve balance despite the Council resolving to revert to deemed cost in accordance with the transition to IFRS effective from 1 July 2004. At the time of reverting to deemed cost the Asset Revaluation Reserve should have been transferred to Retained Surplus.

This prior period adjustment is necessary to reflect this correction.

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

14. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2012	2012	2011
	\$	Budget	\$
		\$	
Cash and Cash Equivalents	<u>2,692,634</u>	<u>1,014,889</u>	<u>2,300,912</u>

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

Net Result	821,998	(130,697)	1,283,815
Depreciation	1,630,139	1,640,953	1,617,487
(Profit)/Loss on Sale of Asset	0	(10,000)	21,833
(Increase)/Decrease in Receivables	(28,937)	32,270	(190,169)
(Increase)/Decrease in Inventories	4,348	2,560	2,360
Increase/(Decrease) in Payables	(35,335)	36,644	(22,779)
Increase/(Decrease) in Employee Provisions	57,283	(5,000)	52,900
Grants/Contributions for the Development of Assets	(1,383,019)	(1,382,824)	(1,922,097)
Net Cash from Operating Activities	<u>1,066,477</u>	<u>183,906</u>	<u>843,350</u>

(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	(7,372)	(3,313)
Total Amount of Credit Unused	<u>167,628</u>	<u>171,687</u>

Loan Facilities

Loan Facilities - Current	121,590	115,488
Loan Facilities - Non-Current	495,452	617,042
Total Facilities in Use at Balance Date	<u>617,042</u>	<u>732,530</u>

Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>
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(d) Non Cash Transactions

During the year an asset was acquired but had not been physically paid for as at 30 June 2012. The amount of \$304,326 was included in both Infrastructure Assets and Accrued Creditors. In accordance with AASB 107.43 this transaction was ignored for the purpose of the Statement of Cash Flows.

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

15. CONTINGENT LIABILITIES

The Shire of Chittering has no known contingent liabilities as at 30 June 2012.

16. CAPITAL AND LEASING COMMITMENTS

The Shire of Chittering did not have any capital or leasing commitments during the 2011/2012 year or the previous financial year.

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

17. JOINT VENTURE

The Shire of Chittering together with Homeswest (a Western Australian State Government Organisation) have a joint venture arrangement with regard to the provision of six (6) Community Housing Units and eight (8) Seniors Housing Units. These properties are on Council owned land and there is a joint venture arrangement with regard to the initial construction and ongoing management and maintenance of the units for a period of fifty (50) years from commencement.

	2012	2011
	\$	\$
Non-Current Assets		
Plant & Equipment	286,381	286,381
Less: Accumulated Depreciation	<u>(79,698)</u>	<u>(71,426)</u>
	<u>206,683</u>	<u>214,955</u>

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	922,285	965,972
General Purpose Funding	251,690	208,506
Law, Order, Public Safety	1,197,607	1,466,041
Health	237,353	221,045
Education and Welfare	353,277	37,148
Housing	1,036,475	1,055,396
Community Amenities	1,216,211	1,225,400
Recreation and Culture	4,026,260	2,901,526
Transport	41,907,579	42,205,137
Economic Services	346,272	313,304
Other Property and Services	2,449,370	2,653,950
Unallocated	<u>1,071,931</u>	<u>730,101</u>
	<u>55,016,310</u>	<u>53,983,526</u>

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

	2012	2011	2010
19. FINANCIAL RATIOS			
Current Ratio	2.06	1.82	1.60
Untied Cash to Unpaid Trade Creditors Ratio	8.00	2.39	2.16
Debt Ratio	0.03	0.02	0.03
Debt Service Ratio	0.02	0.03	0.03
Gross Debt to Revenue Ratio	0.09	0.12	0.15
Gross Debt to Economically Realisable Assets Ratio	0.05	0.06	0.07
Rate Coverage Ratio	0.52	0.47	0.50
Outstanding Rates Ratio	0.05	0.04	0.03

The above ratios are calculated as follows:

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

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

20. TRUST FUNDS

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

	Balance 1-Jul-11 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-12 \$
BCITF Levy	0	24,987	(24,987)	0
BRB Levy	0	9,750	(9,750)	0
Bonds - Animal Control	100	100	(100)	100
Bonds - Key & Hall Hire	1,010	50	(555)	505
Bonds - Extractive Industries	25,402	493	0	25,895
Bonds - Developers	141,654	125,461	(170,992)	96,123
Bonds - Community Bus Hire	517	1,801	(1,963)	355
Bonds - Crossovers	10,732	11,265	0	21,997
Extractive Industry Licences	4,180	0	(300)	3,880
Bonds - Transportable Buildings	10,018	74	(10,092)	0
Bonds - Road Upgrade	0	0	0	0
Bonds - Sand Extraction	251	0	0	251
Bonds - Defect Roadworks	106,162	4,943	0	111,105
Bonds - Pit Rehabilitation	8,706	22,313	0	31,019
Bonds - Community Housing	704	921	0	1,625
Bonds - Staff Housing	1,070	1,760	(1,030)	1,800
Bonds - Seal Coat	313,648	45,171	(127,331)	231,488
Bonds - Gravel Pit	162	170	0	332
Unclaimed Monies Trust	394	7	0	401
Nominations Elected Members	0	640	(640)	0
	<u>624,710</u>			<u>526,876</u>

21. DISPOSALS OF ASSETS - 2011/12 FINANCIAL YEAR

The Shire of Chittering did not dispose of any assets during the 2011/12 financial year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Transport Cherry Picker	0	0	0	10,000	0	10,000
	0	0	0	10,000	0	10,000

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

22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1-Jul-11 \$	New Loans \$	Principal Repayments		Principal 30-Jun-12		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Education & Welfare								
Loan 78 - Purchase Land Day Centre	218,985		69,870	69,870	149,115	149,114	7,761	8,794
Housing								
Loan 72 - Staff Housing	257,486		19,397	19,397	238,089	238,090	14,856	14,858
Loan 73 - Seniors & Community Housing	79,659		5,415	5,415	74,244	74,245	5,225	5,226
Recreation & Culture								
Loan 71 - Old Road Board Building	38,672		12,044	12,044	26,628	26,628	2,309	2,294
Loan 74 - Land Acquisition Gray Road	137,728		8,762	8,762	128,966	128,965	9,057	9,077
	732,530	0	115,488	115,488	617,042	617,042	39,208	40,249

All loan repayments were financed by general purpose revenue.

(b) New Debentures - 2011/12

The Shire of Chittering did not have any new debentures in the 2011/2012 financial year.

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

22. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

The Shire of Chittering had no unspent debentures as at 30 June 2012.

(d) Overdraft

Council established an overdraft facility of \$150,000 in 2010 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2011 and 30 June 2012 was \$Nil.

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

23. RATING INFORMATION - 2011/12 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
GRV General Rate	0.106916	311	6,474,474	692,225	10,483	0	702,708	692,861	0	0	692,861
UV General Rate	0.004528	2,362	676,880,000	3,064,912	32,673	0	3,097,585	3,064,913	30,000	0	3,094,913
Sub-Totals		2,673	683,354,474	3,757,137	43,156	0	3,800,293	3,757,774	30,000	0	3,787,774
Minimum Rates	Minimum \$										
GRV General Rate	500	9	154,378	4,500	0	0	4,500	4,500	0	0	4,500
UV General Rate	750	392	59,005,142	294,000	0	0	294,000	294,000	0	0	294,000
Sub-Totals		401	59,160,120	298,500	0	0	298,500	298,500	0	0	298,500
Rates Paid in Advance 10/11							4,098,793				4,098,274
Rates Paid in Advance 11/12							(28,071)				
							33,178				
							4,103,900				4,086,274
Totals							4,103,900				4,086,274

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

23. RATING INFORMATION - 2011/12 FINANCIAL YEAR	2012 (1 July 2011 Brought Forward) \$	2011 (30 June 2011 Carried Forward) \$
(b) Information on Surplus/(Deficit) Brought Forward		
Surplus/(Deficit) 1 July 2011 Brought Forward	1,382,207	1,382,207
<u>Comprises:</u>		
Cash - Unrestricted	466,215	466,215
Cash - Restricted	793,734	793,734
Investments	42,500	42,500
Investments - Restricted	1,040,963	1,040,963
Rates - Current	166,940	166,940
Sundry Debtors	221,684	221,684
GST Receivable	35,939	35,939
Inventories	7,574	7,574
<u>Less:</u>		
Reserves - Restricted Cash		
- Various Reserve	(1,040,963)	(1,040,963)
Sundry Creditors	(204,794)	(204,794)
Accrued Creditors	0	0
ATO Liabilities	(31,774)	(31,774)
Current Employee Benefits Provision	(115,811)	(115,811)
Surplus/(Deficit)	1,382,207	1,382,207

Difference:

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

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

24. SPECIFIED AREA RATE - 2011/12 FINANCIAL YEAR

The Shire of Chittering did not impose a specified area rate during the 2011/2012 financial year.

25. SERVICE CHARGES - 2011/12 FINANCIAL YEAR

The Shire of Chittering did not impose a service charge during the 2011/2012 financial year.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2011/12 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
Rate Assessment	Write-Off		102	300

No discount is offered on rates paid in full within 35 days of the date of service appearing on the rate notice.

Photocopying Charges 50% Discount

Concession to the Chittering Information Centre, Progress and Residents Association, Bindoon Playgroup, St John Ambulance and Bindoon Agricultural Society due to their community role in the district. This procedure is a continuation on the practice of previous years and is granted without individual request.

Photocopying Charges 100% Waiver

Waiver to the Voluntary Bush Fire Brigades and Vacation Swimming Classes due to their community role in the district. This procedure is a continuation of the practice of previous years and is granted without individual request.

Council Meeting Minutes

The Council will continue its practice of granting copies of Council Minutes free of charge to immediate retiring Councillors, the four Progress Associations and the press. Agendas will also be provided free to the press.

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

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

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		36,480	21,700
Interest on Instalments Plan	5.50%		18,013	20,000
Interest on Deferred Pensioners			1,488	1,500
Charges on Instalment Plan		10	23,753	21,000
			79,734	64,200

Options for Payment of Rates

Option 1 - Payment of Rates in full

To pay the total of rates and charges included on the rate notice - due date 1 September 2011

Option 2 - Payment of Rates in two instalments

To pay the total of rates and charges included on the rates notice by the following due dates:

First instalment - 1 September 2011

Second instalment - 19 January 2012

Option 3 - Payment of Rates in four instalments

First instalment - 1 September 2011

Second instalment - 3 November 2011

Third instalment - 19 January 2012

Fourth instalment - 22 March 2012

28. FEES & CHARGES	2012 \$	2011 \$
Governance	7,172	9,635
General Purpose Funding	38,116	33,857
Law, Order, Public Safety	27,540	18,258
Health	31,247	28,096
Housing	101,425	92,931
Community Amenities	328,274	417,380
Recreation and Culture	2,036	1,946
Transport	9,191	4,088
Economic Services	67,866	117,744
Other Property and Services	28,679	26,630
	<u>641,546</u>	<u>750,545</u>

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

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

29. GRANT REVENUE

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

	2012	2011
By Nature and Type:	\$	\$
Operating Grants, Subsidies and Contributions	1,633,838	1,286,353
Non-Operating Grants, Subsidies and Contributions	1,383,019	1,922,097
	<u>3,016,857</u>	<u>3,208,450</u>
By Program:		
Governance	48,796	52,171
General Purpose Funding	1,211,719	912,603
Law, Order, Public Safety	271,847	354,002
Health	5,559	2,392
Education and Welfare	121,870	7,420
Housing	4,843	2,947
Community Amenities	39,138	14,402
Recreation and Culture	439,197	111,110
Transport	797,991	1,650,620
Economic Services	48,954	76,257
Other Property and Services	27,143	24,526
	<u>3,016,857</u>	<u>3,208,450</u>

30. ELECTED MEMBERS REMUNERATION

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

	2012	2012	2011
	\$	Budget	\$
		\$	
Meeting Fees	54,834	56,000	56,000
President's Allowance	6,000	6,000	6,000
Deputy President's Allowance	1,500	1,500	1,500
Travelling Expenses	16,221	14,200	14,004
Telecommunications Allowance	16,400	16,800	16,800
IT Allowance	6,834	7,000	7,000
	<u>94,955</u>	<u>101,500</u>	<u>101,304</u>

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

2012	2011
<u>39.87</u>	<u>40.72</u>

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

32. MAJOR LAND TRANSACTIONS

A deed of development known as "The Bindoon Lot 979 Project" was signed on 2 September 2010 between the Shire of Chittering and Aqua Ferre Pty Limited (Developer) & Pendulum Group Pty Limited (Manager).

The objectives of the project are to:

- (a) scope, design and develop a preliminary plan for the Land to create mixed accommodation comprising residential lots, an aged care facility, a health centre and such other mixed site usage appropriate for the land;
- (b) lodge the Development Application and obtain development and subdivision approval and all other necessary approvals;
- (c) carry out the development ; and
- (d) sell the subdivided residential lots and other lots approved on the land and distribute the proceeds.

The land known as "Lot 979" consists of approximately 16.14 hectares and is located to the southern side of the Great Northern Highway. Lot 979 is owned by the Shire of Chittering in freehold.

The developer will be responsible for the preparation of a business plan and advertising in accordance with Section 3.59 of the Local Government Act 1995.

Council at a Special Meeting held on 4th January 2012 resolved to terminate the Deed of Development for Lot 979.

A notice of termination was served on Pendulum Group Pty Limited and Aqua Ferre Pty Limited on the 5th January 2012.

The developer lodged caveats over Lot 62 and Lot 5 Great Northern Highway, Bindoon.

The Shire of Chittering made an application under Section 138D of the Transfer of Land Act 1893 for the removal of the caveats. The developer had 21 days to respond from the date of the application after which time the caveats lapsed as of 14 August 2012.

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire of Chittering did not participate in any trading undertakings or major trading undertakings during the 2011/2012 financial year.

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

34. FINANCIAL RISK MANAGEMENT

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

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

Financial risk management is carried out by the finance area under policies approved by the Council.

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2012 \$	2011 \$	2012 \$	2011 \$
Financial Assets				
Cash and cash equivalents	2,692,634	2,300,912	2,692,634	2,300,912
Receivables	488,337	459,400	488,337	459,400
Available for sale financial assets	42,500	42,500	42,500	42,500
	<u>3,223,471</u>	<u>2,802,812</u>	<u>3,223,471</u>	<u>2,802,812</u>
Financial Liabilities				
Payables	556,131	287,140	556,131	287,140
Borrowings	617,042	732,530	611,727	722,152
	<u>1,173,173</u>	<u>1,019,670</u>	<u>1,167,858</u>	<u>1,009,292</u>

Fair value is determined as follows:

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

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

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

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

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

	2012 \$	2011 \$
Impact of a 10% (*) movement in price of investments		
- Equity	4,250	4,250
- Statement of Comprehensive Income	4,250	4,250

Notes:

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

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

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

- Equity	26,926	23,009
- Statement of Comprehensive Income	26,926	23,009

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Council's credit risk at balance date was:

	2012	2011
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	93.44%	94.24%
- Overdue	6.56%	5.76%

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

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2012					
Payables	556,131	0	0	556,131	556,131
Borrowings	155,737	343,946	269,646	769,329	617,042
	<u>711,868</u>	<u>343,946</u>	<u>269,646</u>	<u>1,325,460</u>	<u>1,173,173</u>
2011					
Payables	287,140	0	0	287,140	287,140
Borrowings	155,737	436,947	332,382	925,066	732,530
	<u>442,877</u>	<u>436,947</u>	<u>332,382</u>	<u>1,212,206</u>	<u>1,019,670</u>

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

34. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings (Continued)**

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2012								
Fixed Rate								
Debentures	0	149,114	26,628	0	0	441,300	617,042	5.84%
Weighted Average Effective Interest Rate	0.00%	4.36%	6.70%	0.00%	0.00%	6.30%		
Year Ended 30 June 2011								
Fixed Rate								
Debentures	0	0	218,984	38,672	0	474,874	732,530	5.74%
Weighted Average Effective Interest Rate	0.00%	0.00%	4.36%	6.70%	0.00%	6.29%		

INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF CHITTERING

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Chittering, which comprises the statement of financial position as at 30 June 2012, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

Management's Responsibility for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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

Auditor's Opinion

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

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

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T: +61 (0)8 9444 3400
F: +61 (0)8 9444 3430

15 Lakeside Corporate, 24 Parkland Road, Osborne Park, Perth WA 6017
PO Box 1707, Osborne Park, WA 6916

E: perth@uhyhn.com.au
W: www.uhyhn.com

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**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF CHITTERING (Continued)**

Report on Other Legal and Regulatory Requirements

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

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

UHY HAINES NORTON
CHARTERED ACCOUNTANTS

A handwritten signature in blue ink, appearing to read 'David Tomasi', written over a horizontal line.

DAVID TOMASI
PARTNER

Date: 25 September 2012
Perth, WA