



Annual Report 2019-2020

**A connected,
thriving
community**



Acknowledgement of Traditional Landowners

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



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Purpose of the Annual Report

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

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

Alternative Formats

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

This Annual Report can also be viewed on the Shire's website at chittering.wa.gov.au.

Feedback or Questions

Feedback or questions relating to this Annual Report are welcome.

Email: chatter@chittering.wa.gov.au

Mail: Shire of Chittering
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How to Read the Annual Report

The Annual Report is divided into the following sections:

- An overview of information about the Shire of Chittering ([Pages 6 to 14](#));
- An overview of the Council and the organisation ([Pages 15 to 23](#));
- Reports against the activities within each key theme of the Strategic Community Plan ([Pages 24 to 29](#));
- Corporate Business Plan Future Projects ([Page 30](#));
- Statutory Reporting ([Pages 31 to 35](#)); and
- 2019/2020 Financial Indicators and Audited Financial Statements ([Pages 36 to 86](#)).



Strategic Community Plan 2017-2027

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

Vision

"A connected, thriving community"

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



Our Community

Our Natural
Environment

Our Built
Environment

Economic Growth

Strong Leadership

Our Services

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

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

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

Provision and Maintenance of Community Facilities, Infrastructure and Assets

Community Buildings

Playgrounds

Bindoon Library and Little Free Libraries

Bridges

Footpaths

Stormwater Drainage

Roads

Parks

Street Lighting

Car Parks

Streetscapes

Sport and Recreation Facilities

Fleet

Natural Bushland and Conservation Areas



Delivery of Discretionary Services

Conservation and Environmental Programs
Shire Rangers
Leisure Centres and Recreational Programs and Events
Waste Services (recycling, greens, white goods, etc)
Economic Development and Investment Attraction
Civic Ceremonies
Community Development
Youth Services
Community Safety Programs
Library Programs and Events
Facility Hire
Community Health Programs
Community Education Programs
Cultural Programs
Graffiti Removal
Festivals and Events
Noise Investigations
Stable Fly Management



School holiday activity, July 2019

Provision of Mandatory Service - State Legislation and Local Laws

Animal Control
Litter
Verge Obstruction
Public Event Compliance
Signs
Abandoned Vehicles
Bushfire Prevention and Management
Building and Planning Compliance
Waste Services (weekly refuse collection)
Public Building Inspections
Library Lending Services
Urban Planning
Swimming Pool Safety
Access and Inclusion
Food Safety
Building, Planning and Health Approvals
Environmental Health Regulations

Calendar of Community Events

2019

August



A Taste of Chittering
Targa West

September



Chittering Spring Festival

October



School Holiday Activity - First Aid
Bindoon Ag Show & Rodeo
Halloween @ the Bindoon Library

November



Seniors Week
Seniors Health Expo
Come Write In @ Bindoon Library
Thank a Volunteer Day BBQ

December



Bindoon Library Christmas Party

2020

January



Community Australia Day Celebrations

February



Library Lovers Day Morning Tea

March



Advocare presentation

Due to the COVID-19 Pandemic events for the remainder of 2020 were cancelled or postponed

President's Message

It is my pleasure to introduce the Shire of Chittering's Annual Report to provide details of the Shire's affairs for the 2019/2020 financial year. It has been incredibly hard to try and summarise a year during which there were such profound and unprecedented changes world-wide. It was a period of immense change, challenges and quite remarkable resilience for Chittering.

Chittering headed into the 2019-2020 year with the June appointment of our new Chief Executive Officer, Mr Matthew Gilfellon. Mr Gilfellon came to Chittering from the Shire of Dumbleyung where he held the position of CEO for a number of years. Mr Gilfellon has now settled in well at the Shire of Chittering and resides in Bindoon along with his wife Amanda and young family, Council along with the Chittering Community extended a very warm welcome.

On Tuesday, 30 July 2019 Council adopted the Annual Budget for this year which included a 3% rate increase. This was in line with the Long Term Financial Plan which included provision for a number of major projects. It is important to note that this was a revaluation year for GRV rated properties. This means, if the value of your property had gone up, your rate increase may have been higher than 3%, equally if the value had gone down, you may have had lower rates than last year.

This year, the first major development approved for the Muchea Industrial Park, BP Roadhouse was constructed marking the beginning of an exciting period of growth around the Muchea and Lower Chittering areas. In addition to this, the Tonkin Highway/Northlink WA Project was completed in April 2020. This will set up some fantastic opportunities for economic growth and development in the Shire. The Great Northern Highway realignment roadworks from Muchea to the Chittering Roadhouse were also completed. Council has secured confirmation from Main Roads they will retain responsibility for road asset maintenance for the retained and renamed sections of what was formerly Great Northern Highway between Muchea and the Chittering Roadhouse and between Chittering Roadhouse and Calingiri Road; Section of Brand Highway now renamed Granary Drive Muchea; Bindoon-Moorra Rd that will be duplicated by the Bindoon Bypass between existing Great Northern Highway and where it will ultimately join the Bindoon Bypass at Wannamal. Saving the Shire of Chittering considerable future cost as responsibility for those sections of road would have been transferred to the Shire otherwise.

To manage this growth and community expectations, a number of feasibility studies were conducted this year with the major one being the Sport and Recreation

Masterplan. The Master planning process and community consultation examined all the current facilities and their aspirations, as well as looking at the district as a whole and our neighbours, ensuring we are best positioned to provide for our community well into the future. Some significant changes and complications arose during this period including the deduction of a major funding partner for the Lower Chittering Community Complex so this project was put on hold for 6 months to explore contingencies, during which time there was the emergence of the COVID-19 pandemic, State of Emergency Declaration and lockdowns, resultant economic crisis and knock on effects to the building and construction industries which were catastrophic to the project budget. In light of these complexities the tough decision was made to cancel the Lower Chittering Community Complex in the current form and recommence community consultation to identify and develop an alternative plan for the Lower Chittering Community going forward. A number of community forums are planned in the new year, pending lifting of COVID-19 restrictions.

Funding was allocated this budget for the design stage of the Muchea Hall Upgrade and CSRRF Grant application lodged for the upgrades to the Muchea Facility, that application was unsuccessful with some minor adjustments a further application was made towards the end of 2020 which was subsequently approved. Some temporary change room facilities to take pressure off the existing facilities were installed in the interim. A number of other projects across the Shire enhancing our streetscape, landscaping, walk trails and other amenities which will help make Chittering a place of choice to live and visit, activate our community and make our public areas more accessible were completed.

Change was the notable feature of this period. Three new Councillors were elected at the October Local Government Ordinary Election Cr Davis, Cr Hughes and Cr Curtis; and Cr Angus was re-elected. Cr Don Gibson was elected President and Cr Davis Deputy President. We thank Cr King, Cr Tilbury and Cr Houston for their contributions to Council over their 4 year terms.

The Local Government Legislation Amendment Act 2019 introduced a number of ongoing amendments to key legislation placing additional pressure onto Shire staff



President's Message



and Council throughout the year. Review of the Local Government Act 1995 saw the introduction in August 2019 of compulsory Councillor training, strong personal reporting obligations and other requirements. Local government auditing is under a state-wide conversion from independent auditors to the Office of the Auditor General and a series of reviews. This, along with substantial changes to the Accounting Standards caused significant delays in finalising auditing for all Shires for this financial year.

The Shire auditor advised a number of key Shire financial indicator ratios had been below the Department standard for the past three years and indicated a significant adverse trend in the financial position of the Shire. Council and staff responded to address these ratios by running a series of Budget workshops to work towards a zero baseline budget for the 2020-2021 financial year and a thorough review of policy and procedures. In January 2020, we welcomed our new Executive Manager of Corporate Services Melinda Prinsloo who has made some significant changes to improve efficiencies and strengthen accountabilities across this department which has produced some pleasing results. The result overall for the year was impacted by the COVID-19 economic impacts as one might expect.

In March 2020, the State Government declared the State of Emergency in response to the global pandemic COVID-19. Chittering overall responded admirably, the community pulling together to manage a wide variety of unknowns in the most uncertain of times. This period saw our community shine with everyone looking out for friends and neighbours to ensure all were safe and had the assistance they needed. Council and staff worked tirelessly to find opportunities to support the community through this difficult period. In March and April 2020 Council held a number of meetings to adopt COVID-19 Specific Business Continuity Plans to ensure essential services continued whilst still protecting staff and the community. Council adapted to electronic meeting formats and implemented a Hardship Policy and number of measures to support our community as the COVID-19 economic impact worsened which included provisions for waivers of interest on outstanding rates for the period from 23 March 2020 to 31 August 2020 for those businesses and residents experiencing financial hardship as a result of decisions by the State Government or Federal Government to close or restrict business; provide flexible payment terms for debtors; charge no fees or charges for inspection services until 31 March 2021; waive all animal registration fees until 31 October 2020; provide and express planning service for small business, and

waive charges for businesses requiring planning approval as a result of changes to businesses required by the COVID-19 Pandemic; and consideration during budget deliberations for a 0% rate in the dollar and zero fee increases for the 2020/21 financial year. This was in part offset by the cancellation of community events and related costs which will carry over into the next budget period with most events postponed or cancelled in forward planning given the current restrictions.

As we begin to recover and emerge from lockdown and slowly return to a relative normal there is much to look forward to and much we can be proud of. As a community Chittering has weathered this storm with remarkable strength and resilience. Our local businesses, producers, farmers, friends and neighbours found innovative ways to ensure our community was well serviced during the regional lockdowns and the vulnerable were well supported. We are very fortunate to live where we do and more and more people are recognising this and scrambling to call Chittering home, there are lots of silver linings emerging as we enter the 2020-2021 financial year.

During the October 2020 OCM, Cr Don Gibson and Cr John Davis announced their resignation as President and Deputy President respectively. Cr Davis resigned as a Councillor and Cr Gibson informed the meeting that he would be stepping down from the role of President, however, will continue his term as a Councillor. Council elected Cr Kylie Hughes as President and Cr Carmel Ross as Deputy President at a Special Meeting on 23rd October 2020. Furthermore, due to worsening health Cr Gibson resigned effective 31 January 2021.

Subsequently a Extraordinary Election was held in February 2021 to fill the two vacancies and we welcomed two newly elected Councillors. Cr Mark Campbell who has a term expiring in 2023 and Cr Rebecca Foulkes-Taylor who has a term expiring in October 2021.

Cr Kylie Hughes
PRESIDENT



Chief Executive Officer's Message

The Shire continues to perform well over the 2019-2020 Financial Year despite dealing with the COVID-19 pandemic.

Elections were held in October and I would like to welcome and congratulate

the newly elected councillors; Cr Kylie Hughes; Cr John Curtis; and Cr John Davis and congratulate Cr Mary Angus on her re-election. I would also like to thank the departing Councillors for their time and dedication to the Shire.

Although much has been written about it, it would be inexplicable to talk about 2019-2020 and to not talk about COVID-19. It is something that dramatically changed how the Shire operated and our ability to achieve the goals that we set out to achieve in the Annual Financial Budget. At the same time, it highlighted the importance of the Shire to the community, the community to the Shire, and the importance of the community to each other.

I want to thank all of the staff for their continued commitment during this stressful and busy time. Administrative staff had to quickly adapt to working from home and the works staff continued to turn up and perform despite the uncertainty of what was going on. Over the period we implemented our recovery plan, including an economic recovery committee and community recovery committee; increased our communications; commenced a vulnerable person list; made deliveries from the shops to vulnerable persons; commenced a contactless library pick-up service; increased the sanitisation of our playgrounds and other facilities; and made our regulatory services quicker and easier to navigate. In addition to the entire staff I would also like to thank all the volunteers who drove the community bus, assisted vulnerable persons and volunteered to sit on recovery committees.

While COVID-19 stopped our plans to have community budget workshops, we still increased the level of Councillor involvement in the setting of the budget and included the community where technology allowed. With six budget workshops, Councillors were able to get involved in all areas of the budget so that they could get real ownership over the budget. The budget is one

of the primary areas of influence for a Councillor and provided that they have the skills to convince half of the Councillors of what they want, this process allowed them to develop the budget that they want.

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

We have not forgotten about our core services. The maintenance of our parks and gardens continues to be performed at a good standard. We have also continued with a larger road program to try and increase the standards of our roads.

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

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

Matthew Gilfellon
CHIEF EXECUTIVE OFFICER

Year in Review 2019/20

Major Achievements

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

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

Achievements include:

Economic Development & Tourism

- Planning for the Muchea Industrial Park as a major economic driver and job creating initiative for the Shire
- Feasibility and planning for a Mountain Bike Park and other outdoor adventure-based activities in Bindoon, providing a future for the town beyond the Bindoon Bypass
- Area promotion, through support of the Chittering Visitor Centre and Chittering Tourist Association
- Continued investment in initiatives that encourage economic development, such as Shop Local strategies, development of food and wine trails, support for local businesses and raising the profile of the region through new signage

Improvements to Community Facilities & Spaces

- New cricket practice nets at Muchea
- Resurfacing of the Chinkabee cricket pitch, Bindoon
- Upgrades to Bindoon's Clune Park including a new water supply and improved turf
- Access ramps, pathways and other minor works at the Brockman Centre
- Minor upgrade works at the Chittering Cemetery
- New storage facility at the Robert Hindmarsh Rest Area, Wannamal
- CCTV projects in Bindoon townsite, Muchea, and Lower Chittering Halls

Funding for Community Activities

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

Roadworks Program

Including but not limited to:

- Forrest Hills Parade – Footpath and drainage works (Bindoon)
- Flat Rocks Road - Reconstruct and gravel sheet road surface. Bridge replacement with culvert (Bindoon)
- Ridgetop Ramble - Reconstruct and two coat seal to road surface (Bindoon)
- Chinkabee Road - Reseal (Bindoon)
- Hart Drive - Reseal (Bindoon)
- Mooliabeenee Road - Improvements to Crest Hill Road intersection (Bindoon)
- Chittering Road - Reconstruction, widen and seal shoulders, reseal (Lower Chittering)
- Chittering Road – Safety Barrier install (Lower Chittering)
- Devon Way - Reseal (Lower Chittering)
- Wandena Road - Safety Barrier install (Lower Chittering)
- Wandena Road - Reconstruct and gravel sheet road surface (Lower Chittering)
- Muchea East Road – Reconstruction works (Lower Chittering)
- Iopolloa Road - Clear trees to top of batter and gravel sheet road surface (Chittering)
- Reserve Road - Renewal of road surface, drainage upgrade and installation of kerbing (Chittering)
- Tea Tree Road North - Reconstruct and gravel sheet road surface, and prune trees from road shoulder (Chittering)
- Road reseal works in Lower Chittering (multiple roads)
- Archibald Street - Renewal of road surface, drainage upgrade and installation of kerbing. Footpath installation (Muchea)





The Council and the Organisation

Committees, Advisory Groups and External Organisations

(Membership effective as at 30 June 2020)

To assist with decision making responsibilities, Council has established three internal committees comprising of Elected Members and external representatives. Each committee performs a specific purpose and its recommendations are presented to Council as the decision-making body. A table of the Shire's Committees and the attendance record of Elected Members at those meetings are details in this Annual Report from page 22.

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

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

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

Council Structure

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

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

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





President Cr Don Gibson

Term expires October 2021

President since October 2019

Email: crgibson@chittering.wa.gov.au

Council appointed Committees / Advisory Groups / External Committees / Boards

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



Cr Peter Osborn

Term expires October 2021

Elected Member since October 2015

Email: crosborn@chittering.wa.gov.au

Council appointed Committees / Advisory Groups / External Committees / Boards

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



Cr Mary Angus

Term expires October 2023

Elected Member since October 2016

Email: crangus@chittering.wa.gov.au

Interests

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

Council appointed Committees / Advisory Groups / External Committees / Boards

- Audit & Risk Committee
- Chittering Education Scholarship Advisory Group
- Chittering Youth Krew Advisory Group
- Chittering Health Advisory Group
- Wheatbelt Development Assessment Panel



Cr Carmel Ross

Term expires October 2021

Elected Member since October 2017

Email: cross@chittering.wa.gov.au

Interests

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

Council appointed Committees / Advisory Groups / External Committees / Boards

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



Cr John Curtis

Term expires October 2023

Elected Member since October 2019

Email: crcurtis@chittering.wa.gov.au

Interests

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

Council appointed Committees / Advisory Groups / External Committees / Boards

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



Cr John Davis

Term expires October 2023

Elected Member since October 2019

Email: crdavis@chittering.wa.gov.au

Interests

Integrated planning, asset management, and financial sustainability

Council appointed Committees / Advisory Groups / External Committees / Boards

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



Cr Kylie Hughes

Term expires October 2023

Elected Member since October 2019

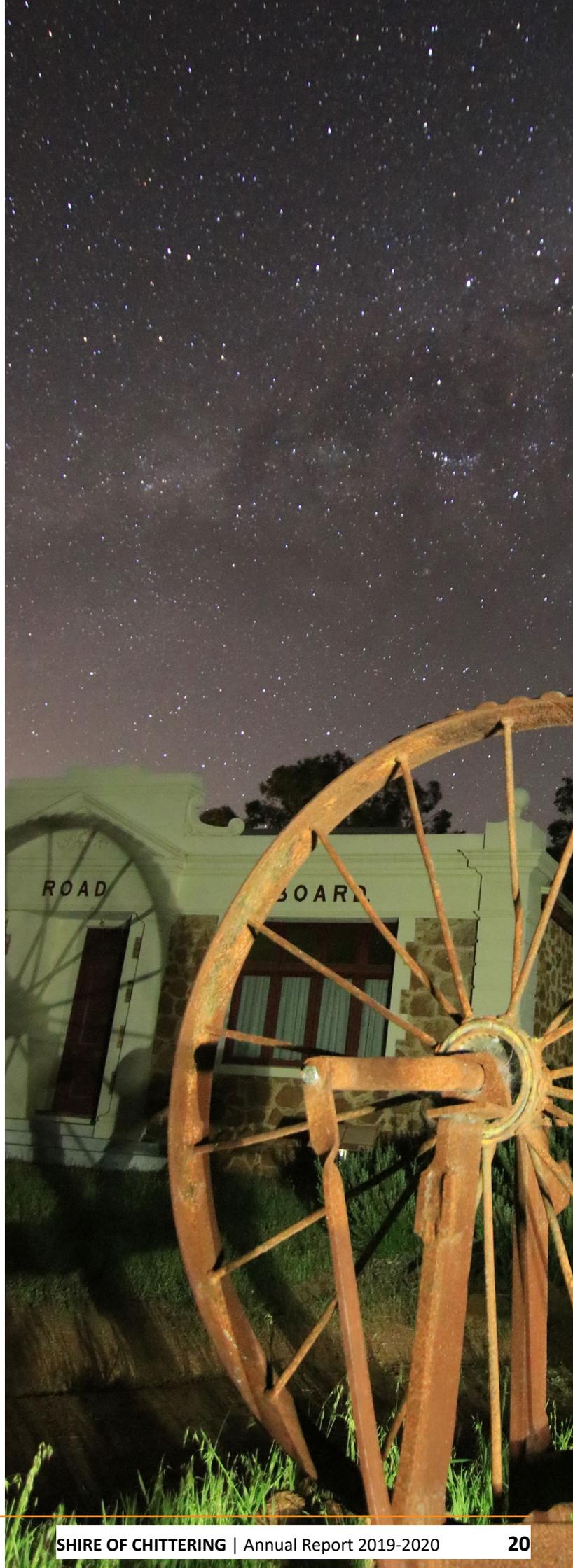
Email: crhughes@chittering.wa.gov.au

Interests

Chittering Landcare, waste and catchment management

Council appointed Committees / Advisory Groups / External Committees / Boards

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



Elected Member Conference and Training Attendance

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

Council Member Essentials units

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

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

The following table represents the mandatory training undertaken during 2019/2020:

Elected Member	Course Title	Date(s)
Cr Curtis	Understanding Local Government	27 February 2020
Cr John Davis	Serving on council	5 & 6 December 2019
Cr John Curtis	Serving on council	13 & 14 February 2020
Cr John Davis	Meeting procedures	10 December 2019
Cr Kylie Hughes	Meeting procedures	10 December 2019
Cr John Curtis	Meeting procedures	17 February 2020
Cr John Davis	Understanding financial reports and budgets	9 December 2019
Cr Kylie Hughes	Understanding financial reports and budgets	9 December 2019

The following table represents other training, conferences or professional development undertaken during 2019/2020:

Elected Member	Course Title	Date(s)
Cr Mary Angus	WALGA Local Government Week	7 - 9 August 2019
Cr Peter Osborn	FACET Astrotourism Workshop	2 September 2019
Cr John Curtis Cr Kylie Hughes	WALGA New Councillor Seminar	15 November 2019
Cr Kylie Hughes	WALGA Dealing with Conflict	19 November 2019
Cr Mary Angus Cr Kylie Hughes	WALGA Chairing Meetings webinar	21 November 2019
Cr John Davis	Understanding financial reports and budgets	9 December 2019
Cr Kylie Hughes	Understanding financial reports and budgets	9 December 2019
Cr John Curtis	WALGA Waste 101 Workshop & Tour (electronic)	23 March 2020

Council and Committee Meeting Attendance

Elected Member	Ordinary Council (11)	Special Council (5)	Annual / Special Electors (1)	Audit & Risk Committee (3)	Bushfire Advisory Committee (3)	Local Emergency Management Committee (5)
Cr Gordon Houston ^{1,3}	4	2				
Cr Peter Osborn ^{3,6}	11	5	1	2		
Cr Mary Angus	11	5	1	3		
Cr Donald Gibson ⁵	11	5	1	2		1
Cr Aaron King ⁷	4	2				
Cr Carmel Ross	11	5	1	3	3	
Cr George Tilbury ¹	4	2				
Cr John Curtis ²	7	3	1	3	3	
Cr John Davis ^{2,4}	7	1	1	2		3
Cr Kylie Hughes ²	7	3	1	3		

¹ Cr Gordon Houston and Cr George Tilbury were not re-elected following the local government ordinary elections held on 19 October 2019.

² Cr John Curtis, Cr John Davis and Cr Kylie Hughes were elected to Council following the local government ordinary elections held on 19 October 2019.

³ Cr Gordon Houston and Cr Peter Osborn were an apology for LEMC on 28 August 2019.

⁴ Cr John Davis was an apology for the Audit & Risk Committee and Special Council Meetings on 16 December 2019. Cr John Davis did not attend the Special Council Meeting on 22 January 2020. Cr John Davis did not attend the LEMC meeting on 1 April 2020.

⁵ Cr Don Gibson was on Approved Leave of Absence for the period 21 February until 16 March 2020. Cr Don Gibson did not attend the LEMC meeting on 1 April 2020. Cr Don Gibson was an apology for LEMC on 27 May 2020.

⁶ Cr Peter Osborn was on Approved Leave of Absence for the period 5 March until 15 March 2020.

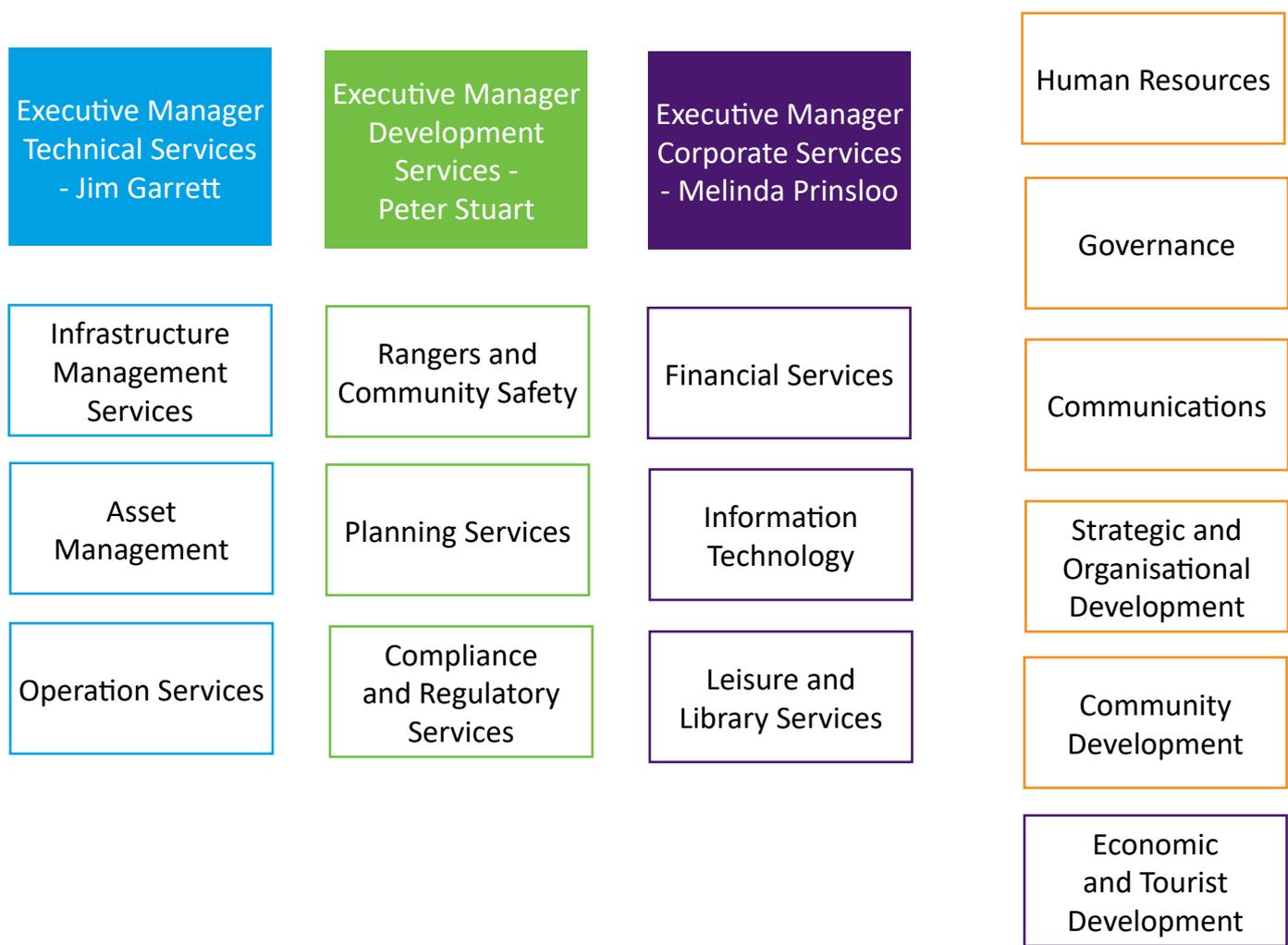
⁷ Cr Aaron King retired at the end of his term on 19 October 2019.

Organisation Structure

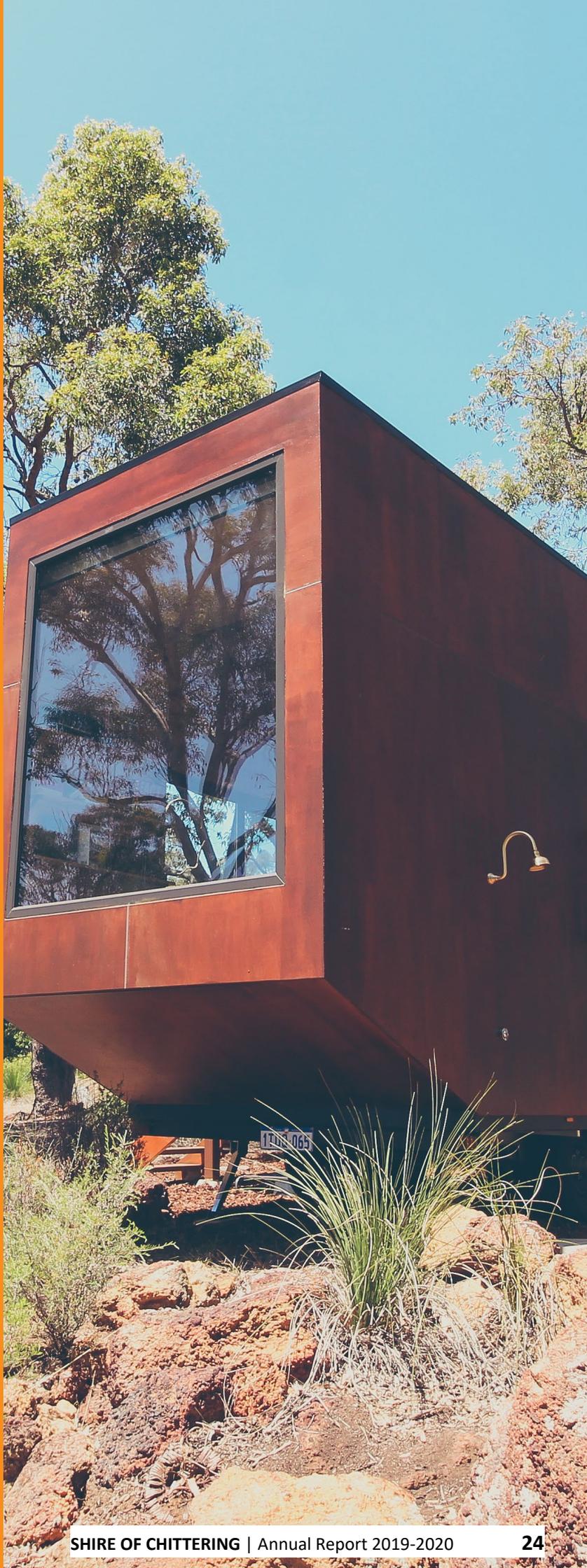
The Shire's organisational structure is designed to facilitate the delivery of projects and programs within the five key theme's of the Shire's *Strategic Community Plan*.

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

Chief Executive Officer - Matthew Gilfellon



*Reporting
to the
Strategic
Community
Plan*



Our Community

An inclusive, active, safe and healthy community

Outcome	Strategies	Measures	Results 2020
An active and supportive community	Strengthen aged, youth and children services access through partnerships and advocacy	Community satisfaction with services and support for youth, families, seniors and people with disabilities	The shire continued to provide activities such as school holiday activities, rhyme time and the seniors expo. During COVID, the shire also introduced a Vulnerable Person Register and organised home delivery for vulnerable people.
	Develop and enhance existing recreation and social facilities for local communities	Community satisfaction with range and quality of recreation opportunities	Maintenance of community social and recreation facilities continued.

Outcome	Strategies	Measures	Results 2020
Strong sense of community	Actively support community, volunteer groups and networks	Maintain or increase the number of community volunteers	During COVID, a Vulnerable Person Register was developed with volunteers recruited to aid vulnerable people. Club support also continued throughout the year.
	Strengthen and grow social events and festivals	Community satisfaction in social events and festivals	The 2019 Taste of Chittering was run successfully. Wear Ya' Wellies had to be cancelled due to COVID Restrictions.
	Activate our local centres and towns	Increased positive social activity in our centres and towns	Support for small events in the town centre's continued.

Outcome	Strategies	Measures	Results 2020
A safe and healthy community	Improve the safety of our community	Community satisfaction with the Shire's role in community safety	The Shire continued the operation of the CCTV network and continued working with the Police to ensure that it can be accessed by WAPOL.
	Advocate for improved education and health services	Community satisfaction with the Shire's role in public health	The Shire continued to support the Chittering Health Advisory Group in promoting better health services.

Our Natural Environment

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

Outcome	Strategies	Measures	Results 2020
Protective environment	Ensure the protection of our local biodiversity	Naturally reverse bush conditions against nationally accepted practices	The Shire continued to provide financial support to the Chittering Landcare. The footpath network continued to grow.
	Develop an integrated network of walking and cycling trails	Community satisfaction with the town's conversation and environmental management	
	Explore opportunities for other eco based recreational activities		
	Support eco-tourism		

Outcome	Strategies	Measures	Results 2020
Sustainable resources	Education and partnerships	Community education programs implemented	The Shire continued to provide a waste and recycling service for residents in residential areas of the shire. The Shire also put in an application to operate a Container Deposit Scheme Refund point at the Muchea Waste Facility. COVID delayed the commencement of the facility.
	Encourage sustainable design	ANZECC standard of water quality against Nationally accepted practice	
	Improved waste management outcomes	Waste to landfill - kilograms per capita (maintain or decrease) Recycling rates - kilogram per capita (increase)	
	Improve the sustainability of Council buildings	Increased uptake of solar power technology in the Shire	

Outcome	Strategies	Measures	Results 2020
Protection of life and property	Improved bushfire preparedness and recovery	Community bushfire safety education programs implemented Hazard risk mapping and planning conducted	The shire employed a Bushfire Risk Officer to work with residents to improve the safety of their homes, increase mitigation efforts and provide community education.

Our Built Environment

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

Outcome	Strategies	Measures	Results 2020
Development of local hubs	Plan for new and enhanced community facilities	Community facilities which meet the needs of the community	Planning for the upgrade and replacement of community facilities continued to be discussed at the Council level.
	Activate local town centres to ensure a good mix of resident, commercial and social infrastructure	Community satisfaction with housing choice and community facilities in the Shire	
	Plan for and facilitate housing choice		
	Balance urban development with a focus on natural environmental protection and open spaces		

Outcome	Strategies	Measures	Results 2020
Safe access	Advocate for improved public transport	Community satisfaction with roads, footpaths and cycle paths	The Community Bus continued to provide travel to Joondalup and Midland. Once COVID arrived and this was no longer possible, the bus was used to provide access to local shops. Maintenance of footpaths continued. Upgrade of road Blackspot areas continued.
	Improve pedestrian and cycle access	Community satisfaction with access to public transport both within the Shire and to/from it	
	Improve road safety options		

Outcome	Strategies	Measures	Results 2020
Improved infrastructure and amenities	Improved asset management across all asset classes	Community satisfaction with infrastructure across the Shire	The shire continued regular maintenance of infrastructure assets.
Focus on improved asset management			

Economic Growth

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

Outcome	Strategies	Measures	Results 2020
Economic growth	Support private investment which stimulates significant and sustainable jobs growth	Number of business in the Shire (increase)	COVID did have an impact on the shire, particularly in the food and accommodation (tourism) sector. The shire responded to this as part of its recovery arrangements, established and Economic Recovery Sub-Committee and developing an Economic Recovery plan. Staff continued to work with developers to promote the Muchea Industrial Park.
	Actively pursue development of the Muchea Employment Node	Productivity (Gross Regional Product estimate) (increase)	
	Support agricultural growth, with a focus on local produce and agribusiness		

Outcome	Strategies	Measures	Results 2020
Local business growth	Encourage and support local businesses and new investments for the future	Estimated number of local jobs (increase) Positive relationship and partnership with local Chamber of Commerce Local Business Mentoring and incentives program delivered in partnership with the Chamber of Commerce	Councillors and shire staff continued to interact with the Chittering Chamber of Commerce, Chittering Tourism Association and businesses.

Outcome	Strategies	Measures	Results 2020
Increased visitors <i>Visitors are welcome to stay and recreate</i> <i>Improved access and places to visit</i>	Support and promote accommodation options	Increase in the number of local accommodation options	Due to the effects of COVID, the normal level of events and the viability of accommodation was reduced during the year.
	Support and grow events to attract visitation	Continued support of cultural events across the Shire Increased promotion of the Shire of Chittering as a tourist destination	
	Facilitate, promote and support ecotourism	Increased number of visitors to the Shire	

Strong Leadership

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

Outcome	Strategies	Measures	Results 2020
An engaged community	Encouraged and promote community engagement	<p>Community satisfaction with how they are consulted about local issues (improve)</p> <p>Community satisfaction with Council's leadership (improve)</p> <p>Community who feel that the Shire understands community needs and prioritises appropriately</p>	Improving community engagement was a focus for the year. There was a general increase in the provision of information and new engagements such as engagement on the budget process was trialled.

Outcome	Strategies	Measures	Results 2020
Strong partnerships and relationships	Build effective partnerships with stakeholders	Increased and strengthened partnerships with stakeholders for the benefit of the Shire of Chittering	<p>The shire continued its involvement in the Northern Growth Alliance, Avon-Midland Country Zone and Wheatbelt North Regional Road Group.</p> <p>The shire was also part of the Wheatbelt Freight Network that was successful in receiving funding.</p>
	Actively seek grant funding opportunities to support identified projects	<i>(Stakeholders: Residents, Avon Regional Organisation of Councils (AROC), Northern Growth Alliance, State Government departments, Federal Government agencies and philanthropists, Chamber of Commerce Chittering Tourist Association)</i>	

Outcome	Strategies	Measures	Results 2020
Accountable Governance	Good governance which supports efficient and effective service delivery	<p>Residents are satisfied with the Shire of Chittering as a governing organisation - level of trust (improve)</p> <p>Proportion of customer requests (CRMs) responded to within target timeframes (maintain or improve)</p> <p>Satisfaction with the Shire's responsiveness to resolving problems and enquiries</p> <p>DLGC financial health indicator</p>	The shire continued an honest and open approach to governing and providing responsive service to residents.

Corporate Business Plan

Future Projects

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

The following projects are listed for future action:

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



Statutory reporting

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

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

RECORD KEEPING

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

The State Records Office requires a submission and request to transfer to a new Disposal Authority for digital records and this is in progress. When this has been approved a new Recordkeeping Plan will be created reflecting the digital footprint of the office and submitted to the State Records Office.

The extension has meant that the Recordkeeping Plan review is now due in September 2021.

FREEDOM OF INFORMATION

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

During 2019/2020, the Shire received six Freedom of Information applications. Four applications were completed within the time-frame prescribed by legislation, and two were withdrawn by the applicant.

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

Statutory reporting

NATIONAL COMPETITION POLICY

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

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

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

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

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

COMPETITIVE NEUTRALITY

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

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

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

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

REGISTER OF POLICIES

In accordance with the *Local Government Act 1995*, Section 2.7(2) Council is to determine the Shire's policies. The Shire's Register of Policies were reviewed and adopted by Council on 19 August 2019. Individual policies have been reviewed and adopted during the 2019/2020 financial year. This document is available on the Shire's website (www.chittering.wa.gov.au/documents/publications).

DELEGATION AUTHORITY REGISTER

In accordance with the *Local Government Act 1995*, Section 5.46 the Chief Executive Officer is to keep a register of delegations. This register is to be reviewed every financial year. The Shire's Delegated Authority Register was reviewed and adopted by Council on 17 June 2020, and is available on the Shire's website (www.chittering.wa.gov.au/documents/publications).

COMPLIANCE WITH THE PUBLIC INTEREST DISCLOSURE ACT 2009

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

Statutory reporting

CODE OF CONDUCT

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

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

COMPLAINTS REGISTER

There were two formal complaints received during the 2019/2020 financial year as stated below:

Date Received	Complainant	Name of Affected Council Member	File Ref.	Description of Minor Breach (proven - not allegations)	Action taken under s5.110(6) (b) (c)
29 September 2017	Alan Sheridan	Donald Gibson	SP48 of 2017	On the 15 February 2018, the Local Government Standards Panel found that Cr Donald Gibson breached regulations 7(1)(b) and 10(1)(a) of the <i>Local Government (Rules of Conduct) Regulations 2007</i> on 28 September 2017 when sending an email to Mr Alan Sheridan, the Shire's CEO, and other Shire Councillors concerning an invoice Cr Gibson had received from the Shire for the use of data on a Shire-issued iPad (the Complaint)	At the Ordinary Meeting of Council held on 19 September 2018 Cr Donald Gibson issued a public apology to Mr Sheridan and fellow Councillors in accordance with the directions of the Local Government Standards Panel
17 November 2017	Gordon Houston	Donald Gibson	SP57 of 2017	On the 8 March 2018, the Local Government Standards Panel found that Cr Donald Gibson breached regulations 4(2), 7(1)(b) and 11(2) of the <i>Local Government (Rules of Conduct) Regulations 2007</i> on 15 November 2017, when Council was considering a motion concerning Cr Gibson's email account and data allowance.	At the Ordinary Meeting of Council held on 19 September 2018 Cr Donald Gibson issued a public apology to Mr Alan Sheridan and fellow Councillors in accordance with the directions of the Local Government Standards Panel

GIFT DISCLOSURES

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

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

LOCAL LAWS

The *Local Government Act 1995* requires all existing Local Laws to be reviewed every eight years. As part of this process the intention to review Local Laws is advertised in the media giving residents and ratepayers the opportunity to comment on any proposed changes, additions or deletions to the Shire's Local Laws. There were no local laws reviewed or implemented during 2019/2020.

Statutory reporting

ELECTED MEMBER RENUMERATION

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

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

PAYMENT TO EMPLOYEES

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

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

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

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

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

TABLE: Salary Band

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

Statutory reporting

COMPLIANCE AUDIT RETURN

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

The categories are:

- Commercial Enterprises by Local Governments
- Delegation of Power/Duty
- Disclosure of Interest
- Disposal of Property
- Elections
- Finance
- Integrated Planning and Reporting
- Local Government Employees
- Official Conduct
- Optional Questions (relating to CEO reviews of financial management systems and procedures, and risk management, internal control and legislative compliance, and reporting of related party information)
- Tenders for providing Goods and Services

The Shire identified zero non-compliance issues for the year 2019.

The 2019 Compliance Audit Return was adopted by Council on 18 March 2020 with a certified copy of the Return, along with the relevant section of the Council resolution, submitted to the Department of Local Government, Sport and Cultural Industries.

EXTERNAL AUDITS

The annual audit was undertaken by the Office of the Auditor General and signed off by the Shire's auditor Ms Renuka Venkatraman on 23 March 2021.

COMMUNITY CONSULTATION

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

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

PUBLIC NOTICES

A range of statutory public notices was published on the Shire's website and in local newspapers during 2019/2020 such as notice of Council meetings, policy issues and planning matters.

Financial Statements



**SHIRE OF CHITTERING
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Chittering for the financial year ended 30 June 2020 is based on proper accounts and records to present fairly the financial position of the Shire of Chittering at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 23rd day of March 2021.



Chief Executive Officer

Matthew Gilfellon

Name of Chief Executive Officer



SHIRE OF CHITTERING
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	Restated * 2019 Actual \$
Revenue				
Rates	24(a)	5,803,943	5,786,316	5,629,376
Operating grants, subsidies and contributions	2(a)	1,743,541	1,107,401	1,831,819
Fees and charges	2(a)	1,341,044	1,408,237	1,443,358
Interest earnings	2(a)	115,090	118,950	134,463
Other revenue	2(a)	296,949	139,098	221,159
		9,300,567	8,560,002	9,260,175
Expenses				
Employee costs		(3,891,693)	(3,634,542)	(3,389,016)
Materials and contracts		(3,131,229)	(3,156,847)	(3,225,182)
Utility charges		(162,033)	(177,043)	(171,330)
Depreciation on non-current assets	11(d)	(4,331,588)	(3,356,339)	(3,719,306)
Interest expenses	2(b)	(71,991)	(97,587)	(78,260)
Insurance expenses		(188,091)	(232,305)	(161,945)
Other expenditure		(383,181)	(373,918)	(381,160)
		(12,159,806)	(11,028,581)	(11,126,199)
		(2,859,239)	(2,468,579)	(1,866,024)
Non-operating grants, subsidies and contributions	2(a)	1,475,362	4,941,772	655,535
Profit on asset disposals	11(a)	273,229	266,404	137,914
(Loss) on asset disposals	11(a)	(14,123)	(225,482)	(33,242)
Fair value adjustments to financial assets at fair value through profit or loss	5(b)	3,576	0	35,034
		1,738,044	4,982,694	795,241
Net result for the period		(1,121,195)	2,514,115	(1,070,783)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	(51,189)	0	0
Total other comprehensive income for the period		(51,189)	0	0
Total comprehensive income for the period		(1,172,384)	2,514,115	(1,070,783)

* See Note 30 for details regarding the prior year adjustment for remediation costs.

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 30 JUNE 2020

		2020	2020	Restated *
	NOTE	Actual	Budget	2019
		\$	\$	Actual
				\$
Revenue				
	2(a)			
Governance		2,101	13,100	17,841
General purpose funding		7,367,847	6,672,119	7,190,254
Law, order, public safety		272,962	281,533	351,576
Health		58,625	54,375	46,006
Education and welfare		1,848	42,200	18,753
Housing		139,961	123,400	123,555
Community amenities		1,012,568	1,022,438	1,054,080
Recreation and culture		16,539	6,600	12,872
Transport		151,865	116,565	120,494
Economic services		130,395	188,444	279,541
Other property and services		145,856	39,228	45,203
		9,300,567	8,560,002	9,260,175
Expenses				
	2(b)			
Governance		(891,993)	(861,539)	(852,933)
General purpose funding		(338,079)	(241,984)	(359,911)
Law, order, public safety		(1,243,276)	(1,076,683)	(972,609)
Health		(341,644)	(329,308)	(326,148)
Education and welfare		(71,637)	(135,785)	(124,840)
Housing		(315,957)	(334,681)	(331,271)
Community amenities		(2,330,377)	(2,123,881)	(2,198,161)
Recreation and culture		(1,658,949)	(1,792,479)	(1,427,168)
Transport		(3,785,264)	(3,060,996)	(3,438,630)
Economic services		(844,257)	(953,958)	(909,612)
Other property and services		(266,382)	(19,700)	(106,656)
		(12,087,815)	(10,930,994)	(11,047,939)
Finance Costs				
	2(b)			
Governance		(2,019)	(2,074)	(2,538)
Health		(22,723)	(23,306)	(24,030)
Housing		(3,906)	(4,989)	(7,887)
Recreation and culture		(2,836)	(23,849)	(3,784)
Transport		(10,595)	(10,867)	(11,205)
Economic services		(29,080)	(31,659)	(28,758)
Other property and services		(832)	(843)	(58)
		(71,991)	(97,587)	(78,260)
		(2,859,239)	(2,468,579)	(1,866,024)
Non-operating grants, subsidies and contributions	2(a)	1,475,362	4,941,772	655,535
Profit on disposal of assets	11(a)	273,229	266,404	137,914
(Loss) on disposal of assets	11(a)	(14,123)	(225,482)	(33,242)
Fair value adjustments to financial assets at fair value through profit or loss	5(b)	3,576	0	35,034
		1,738,044	4,982,694	795,241
		(1,121,195)	2,514,115	(1,070,783)
Net result for the period				
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	(51,189)	0	0
		(51,189)	0	0
Total other comprehensive income for the period				
Total comprehensive income for the period				
		(1,172,384)	2,514,115	(1,070,783)

* See note 30 for details regarding the prior year adjustment for remediation costs.

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



SHIRE OF CHITTERING
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	NOTE	2020 \$	2019 Restated * \$	1 July 2018 Restated * \$
CURRENT ASSETS				
Cash and cash equivalents	3	2,593,658	3,401,065	3,779,031
Trade and other receivables	6	611,385	767,066	732,698
Other financial assets	5(a)	1,004,350	0	0
Inventories	7	7,661	5,068	3,676
Other assets	8	3,612	0	0
TOTAL CURRENT ASSETS		4,220,666	4,173,199	4,515,405
NON-CURRENT ASSETS				
Trade and other receivables	6	93,816	85,108	72,668
Other financial assets	5(b)	81,110	77,534	42,500
Property, plant and equipment	9	29,801,654	31,567,818	31,003,082
Infrastructure	10	68,529,446	68,015,307	67,963,839
TOTAL NON-CURRENT ASSETS		98,506,026	99,745,767	99,082,089
TOTAL ASSETS		102,726,692	103,918,966	103,597,494
CURRENT LIABILITIES				
Trade and other payables	13	1,268,608	814,313	319,981
Contract liabilities	14	73,870	0	0
Borrowings	15(a)	399,184	408,220	248,357
Employee related provisions	16	782,670	664,142	535,702
TOTAL CURRENT LIABILITIES		2,524,332	1,886,675	1,104,040
NON-CURRENT LIABILITIES				
Borrowings	15(a)	1,648,602	2,056,336	1,769,174
Employee related provisions	16	63,864	89,696	118,240
Other provisions	17	1,017,280	998,226	647,224
TOTAL NON-CURRENT LIABILITIES		2,729,746	3,144,258	2,534,638
TOTAL LIABILITIES		5,254,078	5,030,933	3,638,678
NET ASSETS		97,472,614	98,888,033	99,958,816
EQUITY				
Retained surplus		50,877,749	52,247,680	53,186,368
Reserves - cash backed	4	1,967,788	1,962,087	2,094,182
Revaluation surplus	12	44,627,077	44,678,266	44,678,266
TOTAL EQUITY		97,472,614	98,888,033	99,958,816

* See Note 30 for details regarding the prior year adjustment for remediation costs.

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



SHIRE OF CHITTERING
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2018		53,603,086	2,094,182	44,678,266	100,375,534
Prior year adjustment	30	(416,718)	0	0	(416,718)
Restated total equity at the beginning of the financial year		53,186,368	2,094,182	44,678,266	99,958,816
Comprehensive income					
Net result for the period (restated)		(1,070,783)	0	0	(1,070,783)
Other comprehensive income	12	0	0	0	0
Total comprehensive income		(1,070,783)	0	0	(1,070,783)
Transfers from reserves	4	730,508	(730,508)	0	0
Transfers to reserves	4	(598,413)	598,413	0	0
Balance as at 30 June 2019		52,247,680	1,962,087	44,678,266	98,888,033
Change in accounting policies	29(b)	(243,035)	0	0	(243,035)
Restated total equity at 1 July 2019		52,004,645	1,962,087	44,678,266	98,644,998
Comprehensive income					
Net result for the period		(1,121,195)	0	0	(1,121,195)
Other comprehensive income	12	0	0	(51,189)	(51,189)
Total comprehensive income		(1,121,195)	0	(51,189)	(1,172,384)
Transfers from reserves	4	650,925	(650,925)	0	0
Transfers to reserves	4	(656,626)	656,626	0	0
Balance as at 30 June 2020		50,877,749	1,967,788	44,627,077	97,472,614

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



SHIRE OF CHITTERING
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		5,713,625	5,851,316	5,599,139
Operating grants, subsidies and contributions		1,934,728	1,142,401	1,803,682
Fees and charges		1,341,044	1,408,237	1,443,358
Interest received		115,090	118,950	134,463
Goods and services tax received		614,275	250,000	196,094
Other revenue		296,949	139,098	221,159
		10,015,711	8,910,002	9,397,895
Payments				
Employee costs		(3,774,530)	(3,634,542)	(3,382,681)
Materials and contracts		(2,822,297)	(3,365,312)	(2,641,438)
Utility charges		(162,033)	(177,043)	(171,330)
Interest expenses		(71,991)	(97,587)	(75,503)
Insurance paid		(188,091)	(232,305)	(161,945)
Goods and services tax paid		(603,591)	(250,000)	(184,528)
Other expenditure		(383,181)	(373,918)	(362,158)
		(8,005,714)	(8,130,707)	(6,979,583)
Net cash provided by (used in) operating activities	18	2,009,997	779,295	2,418,312
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	9(a)	(435,302)	(4,379,975)	(1,713,578)
Payments for construction of infrastructure	10(a)	(2,797,437)	(4,156,811)	(2,616,936)
Non-operating grants, subsidies and contributions	2(a)	1,475,362	4,941,772	655,535
Proceeds from financial assets at amortised cost - term deposits	5(a)	(1,004,350)	0	0
Proceeds from sale of property, plant & equipment	11(a)	361,093	1,314,181	431,676
Net cash provided by (used in) investment activities		(2,400,634)	(2,280,833)	(3,243,303)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	15(b)	(416,770)	(429,908)	(257,975)
Advances to Community Group		0	(625,000)	0
Proceeds from new borrowings	15(b)	0	1,825,000	705,000
Net cash provided by (used in) financing activities		(416,770)	770,092	447,025
Net increase (decrease) in cash held		(807,407)	(731,446)	(377,966)
Cash at beginning of year		3,401,065	2,960,151	3,779,031
Cash and cash equivalents at the end of the year	18	2,593,658	2,228,705	3,401,065

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

SHIRE OF CHITTERING
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

		2020 Actual	2020 Budget	Restated * 2019 Actual
	NOTE	\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	25 (b)	669,496	652,057	1,721,876
		669,496	652,057	1,721,876
Revenue from operating activities (excluding rates)				
Governance		2,607	13,100	17,841
General purpose funding		1,570,370	888,488	1,627,739
Law, order, public safety		272,962	281,533	356,331
Health		58,625	54,375	46,006
Education and welfare		1,848	42,200	18,753
Housing		139,961	123,400	208,976
Community amenities		1,024,957	1,022,461	1,054,080
Recreation and culture		273,584	266,600	12,872
Transport		151,865	121,672	168,232
Economic services		130,395	188,740	279,541
Other property and services		149,145	40,206	45,203
		3,776,319	3,042,775	3,835,574
Expenditure from operating activities				
Governance		(894,012)	(876,955)	(855,471)
General purpose funding		(338,079)	(241,984)	(359,911)
Law, order, public safety		(1,243,276)	(1,076,738)	(985,478)
Health		(374,771)	(357,611)	(351,533)
Education and welfare		(71,637)	(135,785)	(124,840)
Housing		(319,863)	(339,670)	(339,158)
Community amenities		(2,330,377)	(2,129,154)	(2,199,681)
Recreation and culture		(1,661,785)	(1,816,328)	(1,431,912)
Transport		(3,795,859)	(3,071,863)	(3,466,013)
Economic services		(877,056)	(1,185,617)	(938,370)
Other property and services		(267,214)	(22,358)	(107,074)
		(12,173,929)	(11,254,063)	(11,159,441)
Non-cash amounts excluded from operating activities	25(a)	4,007,245	3,315,417	3,581,156
Amount attributable to operating activities		(3,720,869)	(4,243,814)	(2,020,835)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	1,475,362	4,941,772	655,535
Proceeds from disposal of assets	11(a)	361,093	1,314,181	431,676
Purchase of property, plant and equipment	9(a)	(435,302)	(4,379,975)	(1,713,578)
Purchase and construction of infrastructure	10(a)	(2,797,437)	(4,156,811)	(2,616,936)
Amount attributable to investing activities		(1,396,284)	(2,280,833)	(3,243,303)
FINANCING ACTIVITIES				
Repayment of borrowings	15(b)	(416,770)	(429,908)	(257,975)
Proceeds from borrowings	15(b)	0	1,825,000	705,000
Advances to Community Groups		0	(625,000)	0
Transfers to reserves (restricted assets)	4	(656,626)	(680,001)	(598,413)
Transfers from reserves (restricted assets)	4	650,925	650,925	730,508
Amount attributable to financing activities		(422,471)	741,016	579,120
Surplus/(deficit) before imposition of general rates		(5,539,624)	(5,783,631)	(4,685,018)
Total amount raised from general rates	24(a)	5,801,053	5,783,631	5,597,549
Surplus/(deficit) after imposition of general rates	25(b)	261,429	0	912,531

* See Note 30 for details regarding the prior year adjustment for remediation costs.

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

SHIRE OF CHITTERING
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FOR THE YEAR ENDED 30 JUNE 2020

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1. BASIS OF PREPARATION

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

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, *Financial Management Regulation 16* arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Shire. This was not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

From 1 July 2019, the Shire has applied AASB 16 Leases which requires leases to be included by lessees in the statement of financial position. Also, the *Local Government (Financial Management) Regulations 1996* have been amended to specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

On 1 July 2020 the following new accounting standards are to be adopted:

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

AASB 1059 *Service Concession Arrangements: Grantors* is not expected to impact the financial report.

Specific impacts of AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*, have not been identified.

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 31 to these financial statements.

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

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

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions			
General purpose funding	1,340,773	680,103	1,304,409
Law, order, public safety	229,226	232,033	257,523
Education and welfare	1,648	30,900	18,753
Recreation and culture	0	1,000	2,886
Transport	139,255	116,565	112,463
Economic services	32,639	46,800	135,785
	1,743,541	1,107,401	1,831,819
Non-operating grants, subsidies and contributions			
Recreation and culture	0	2,699,180	21,936
Transport	1,475,362	2,242,592	633,599
	1,475,362	4,941,772	655,535
Total grants, subsidies and contributions	3,218,903	6,049,173	2,487,354
Fees and charges			
Governance	1,722	1,000	955
General purpose funding	48,134	50,000	52,164
Law, order, public safety	31,746	48,000	53,093
Health	57,390	54,375	45,440
Education and welfare	200	11,300	0
Housing	114,986	117,580	116,932
Community amenities	981,822	978,738	1,027,799
Recreation and culture	8,228	1,100	5,042
Transport	11,322	0	30
Economic services	83,859	140,144	140,228
Other property and services	1,635	6,000	1,675
	1,341,044	1,408,237	1,443,358

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

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and transfers for recognisable non-financial assets

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions	22,608	0	0
Fees and charges	11,322	0	0
Other revenue	0	0	0
Non-operating grants, subsidies and contributions	1,475,362	4,941,772	655,535
	<u>1,509,292</u>	<u>4,941,772</u>	<u>655,535</u>

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:

Revenue from contracts with customers included as a contract liability at the start of the period	119,473	0	0
Other revenue from contracts with customers recognised during the year	33,930	0	0
Other revenue from performance obligations satisfied during the year	1,355,889	4,941,772	655,535
	<u>1,509,292</u>	<u>4,941,772</u>	<u>655,535</u>

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

Trade and other receivables from contracts with customers	179,102	0	415,892
Contract liabilities from contracts with customers	(73,870)	0	0

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

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

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

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

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

General rates
 Statutory permits and licences
 Fines

	2020 Actual \$	2020 Budget \$	2019 Actual \$
General rates	5,801,053	5,786,316	5,597,549
Statutory permits and licences	74,893	74,400	0
Fines	47,247	12,300	0
	5,923,193	5,873,016	5,597,549
Other revenue			
Reimbursements and recoveries	256,902	104,370	173,484
Other	40,047	34,728	47,675
	296,949	139,098	221,159
Interest earnings			
Interest on reserve funds	16,625	40,000	38,586
Rates instalment and penalty interest (refer Note 24(b))	82,705	66,500	69,946
Other interest earnings	15,760	12,450	25,931
	115,090	118,950	134,463

The Shire utilises volunteer services at the fire station, library and tourist centre. As these services cannot be reliably measured the Shire has not recognised these as revenue as the fair value of these services cannot be reliably estimated.

Other revenue

Reimbursements and recoveries
 Other

Interest earnings

Interest on reserve funds
 Rates instalment and penalty interest (refer Note 24(b))
 Other interest earnings

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

SHIRE OF CHITTERING
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(b) Expenses	Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
Auditors remuneration				
- Audit of the Annual Financial Report		49,000	45,550	26,947
- Other services		5,200	3,475	450
- Assistance with Annual Financial Report		0	0	3,700
		54,200	49,025	31,097
Interest expenses (finance costs)				
Borrowings	15(b)	71,991	97,587	78,260
		71,991	97,587	78,260

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

3. CASH AND CASH EQUIVALENTS

	NOTE	2020 \$	2019 \$
Cash at bank and on hand		625,870	3,401,065
Term deposits		1,967,788	0
Total cash and cash equivalents		2,593,658	3,401,065

Restrictions

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

- Cash and cash equivalents		1,356,325	2,463,274
- Financial assets at amortised cost	5	1,004,350	0
		2,360,675	2,463,274

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

Reserves - cash backed	4	1,967,788	1,962,087
Contract liabilities from contracts with customers	14	73,870	0
Unspent grants, subsidies and contributions		0	119,473
Bonds and deposits held	13	319,017	381,714
Total restricted assets		2,360,675	2,463,274

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

4. RESERVES - CASH BACKED

	2020			2020			2020			2020			2019			2019		
	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Opening	Transfer	Closing	Opening	Transfer	Closing	Actual	Actual	Actual
	Opening	Transfer	to	Transfer	Closing	Balance	Opening	Transfer	to	Balance	to	Balance	Balance	to	Balance	Transfer	Transfer	Closing
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Employee Entitlement Reserve	179,874	1,525	(47,700)	(47,700)	133,699	179,824	3,667	(47,700)	135,791	137,334	42,540	137,334	0	0	179,874	0	0	0
(b) Plant Replacement Reserve	531,484	304,503	(254,934)	(254,934)	581,053	531,200	310,834	(252,909)	589,125	777,787	384,205	777,787	(630,508)	(630,508)	531,484			
(c) Community Housing Reserve	73,576	624	0	0	74,200	73,550	1,500	0	75,050	72,240	1,336	72,240	0	0	73,576			
(d) Seniors Housing Reserve	7,585	65	0	0	7,650	7,583	155	0	7,738	7,446	139	7,446	0	0	7,585			
(e) Public Open Space Reserve	275,751	2,336	0	0	278,087	275,652	5,622	0	281,274	270,746	5,005	270,746	0	0	275,751			
(f) Cemetery Development Reserve	34,568	293	(34,861)	(34,861)	0	34,556	705	(35,261)	0	33,941	627	33,941	0	0	34,568			
(g) Recreation Development Reserve	237,663	292,013	(170,000)	(170,000)	359,676	237,578	294,845	(170,000)	362,423	233,351	104,312	233,351	(100,000)	(100,000)	237,663			
(h) Ambulance Development Reserve	4,422	38	(4,460)	(4,460)	0	4,420	90	(4,510)	0	4,341	81	4,341	0	0	4,422			
(i) Waste Management Reserve	347,735	52,946	0	0	400,681	347,628	57,090	0	404,718	292,332	55,403	292,332	0	0	347,735			
(j) Contribution to Roadworks Reserve	38,028	323	0	0	38,351	38,014	776	0	38,790	37,339	689	37,339	0	0	38,028			
(k) Waste Water Management Reserve	93,598	793	0	0	94,391	93,565	1,908	0	95,473	91,899	1,699	91,899	0	0	93,598			
(l) Unspent Grants Reserve	137,803	1,167	(138,970)	(138,970)	0	137,736	2,809	(140,545)	0	135,426	2,377	135,426	0	0	137,803			
	1,962,087	656,626	(650,925)	(650,925)	1,967,788	1,961,306	680,001	(650,925)	1,990,382	2,094,182	598,413	2,094,182	(730,508)	(730,508)	1,962,087			

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.

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

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

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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5. OTHER FINANCIAL ASSETS

	NOTE	2020 \$	2019 \$
(a) Current assets			
Financial assets at amortised cost		1,004,350	0
		<u>1,004,350</u>	<u>0</u>
Other financial assets at amortised cost			
Term deposits	3	1,004,350	0
		<u>1,004,350</u>	<u>0</u>
(b) Non-current assets			
Financial assets at fair value through profit and loss		81,110	77,534
		<u>81,110</u>	<u>77,534</u>
Financial assets at fair value through profit and loss			
Units in Local Government House Trust		35,610	35,034
Shares in Bendigo and Adelaide Bank		45,500	42,500
		<u>81,110</u>	<u>77,534</u>

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 26.

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable
 Trade and other receivables
 GST receivable

Non-current

Pensioner's rates and ESL deferred

	2020	2019
	\$	\$
	401,382	309,589
	179,102	415,892
	30,901	41,585
	611,385	767,066
	93,816	85,108
	93,816	85,108

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 26.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

7. INVENTORIES

Current

Fuel and materials

	2020	2019
	\$	\$
	7,661	5,068
	<u>7,661</u>	<u>5,068</u>
	5,068	3,676
	2,593	1,392
	<u>7,661</u>	<u>5,068</u>

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Additions to inventory

Carrying amount at end of period

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

8. OTHER ASSETS

Other assets - current

Accrued income

	2020	2019
	\$	\$
	3,612	0
	3,612	0

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Post Closure Asset	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	12,916,282	0	12,916,282	521,035	13,328,606	13,849,641	26,765,923	4,237,159	31,003,082
Additions	550,683	0	550,683	115,949	274,296	390,245	940,928	772,650	1,713,578
(Disposals)	(180,000)	0	(180,000)	0	0	0	(180,000)	(147,004)	(327,004)
Depreciation (expense)	0	0	0	(28,457)	(654,770)	(683,227)	(683,227)	(470,611)	(1,153,838)
Remediation cost for landfill site	32,000	300,000	332,000	0	0	0	332,000	0	332,000
Carrying amount at 30 June 2019	13,318,965	300,000	13,618,965	608,527	12,948,132	13,556,659	27,175,624	4,392,194	31,567,818
Comprises:									
Gross carrying amount at 30 June 2019	13,318,965	300,000	13,618,965	662,606	14,237,277	14,899,883	28,518,848	5,611,999	34,130,847
Accumulated depreciation at 30 June 2019	0	0	0	(54,079)	(1,289,145)	(1,343,224)	(1,343,224)	(1,219,805)	(2,563,029)
Carrying amount at 30 June 2019	13,318,965	300,000	13,618,965	608,527	12,948,132	13,556,659	27,175,624	4,392,194	31,567,818
Additions	24,881	0	24,881	7,321	187,090	194,411	219,292	216,010	435,302
(Disposals)	(20,455)	0	(20,455)	0	0	0	(20,455)	(81,532)	(101,987)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	(51,189)	(51,189)	(51,189)	0	(51,189)
Depreciation (expense)	0	0	0	(30,776)	(668,911)	(699,687)	(699,687)	(933,330)	(1,633,017)
Transfers	(32,000)	(300,000)	(332,000)	0	14,677	14,677	(317,323)	(97,950)	(415,273)
Carrying amount at 30 June 2020	13,291,391	0	13,291,391	585,072	12,429,799	13,014,871	26,306,262	3,495,392	29,801,654
Comprises:									
Gross carrying amount at 30 June 2020	13,291,391	0	13,291,391	669,927	14,353,984	15,023,911	28,315,302	5,491,750	33,807,052
Accumulated depreciation at 30 June 2020	0	0	0	(84,855)	(1,924,185)	(2,009,040)	(2,009,040)	(1,996,358)	(4,005,398)
Carrying amount at 30 June 2020	13,291,391	0	13,291,391	585,072	12,429,799	13,014,871	26,306,262	3,495,392	29,801,654

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

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

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

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

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

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Drainage	Infrastructure - Footpaths	Infrastructure - Parks & Ovals	Infrastructure - Other	Infrastructure - Bridges & Culverts	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance 30 June 2018	50,777,068	7,695,197	376,463	2,910,267	798,800	5,175,538	67,733,333
Prior year adjustment (Note 30)	0	0	0	0	230,506	0	230,506
Balance at 1 July 2018	50,777,068	7,695,197	376,463	2,910,267	1,029,306	5,175,538	67,963,839
Additions	2,161,483	0	241,847	103,132	14,519	95,955	2,616,936
Depreciation (expense)	(1,620,517)	(391,896)	(18,552)	(254,613)	(97,952)	(181,938)	(2,565,468)
Carrying amount at 30 June 2019	51,318,034	7,303,301	599,758	2,758,786	945,873	5,089,555	68,015,307
Comprises:							
Gross carrying amount at 30 June 2019	108,126,106	13,802,568	1,354,970	5,119,132	1,891,916	11,477,309	141,772,001
Accumulated depreciation at 30 June 2019	(56,808,072)	(6,499,267)	(755,212)	(2,360,346)	(946,043)	(6,387,754)	(73,756,694)
Carrying amount at 30 June 2019	51,318,034	7,303,301	599,758	2,758,786	945,873	5,089,555	68,015,307
Comprises:							
Additions	2,229,706	0	206,760	36,822	0	324,149	2,797,437
Depreciation (expense)	(1,658,343)	(391,897)	(24,598)	(258,936)	(181,260)	(183,537)	(2,698,571)
Transfers	0	0	0	22,616	392,657	0	415,273
Carrying amount at 30 June 2020	51,889,397	6,911,404	781,920	2,559,288	1,157,270	5,230,167	68,529,446
Comprises:							
Gross carrying amount at 30 June 2020	110,355,812	13,802,568	1,561,730	5,185,355	2,307,329	11,801,458	145,014,252
Accumulated depreciation at 30 June 2020	(58,466,415)	(6,891,164)	(779,810)	(2,626,067)	(1,150,059)	(6,571,291)	(76,484,806)
Carrying amount at 30 June 2020	51,889,397	6,911,404	781,920	2,559,288	1,157,270	5,230,167	68,529,446

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

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

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

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

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

Revaluation

The fair value of land, buildings and infrastructure is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, building, infrastructure and vested improvements to be shown at fair value.

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

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

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

Land under roads prior to 1 July 2019

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

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

In respect of land under roads acquired on or after 1 July 2008, as detailed above, the then *Local Government (Financial Management) Regulation 16(a)(i)* prohibited 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 was not included as an asset of the Shire.

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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11. FIXED ASSETS

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Land - freehold land	20,455	277,500	257,045	0	1,144,712	1,205,000	260,288	(200,000)	180,000	265,421	85,421	0
Plant and equipment	81,532	83,593	16,184	(14,123)	128,547	109,181	6,116	(25,482)	147,004	166,255	52,493	(33,242)
	101,987	361,093	273,229	(14,123)	1,273,259	1,314,181	266,404	(225,482)	327,004	431,676	137,914	(33,242)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and Equipment				
Governance				
OCH Holden Caprice (CEO)	20,128	20,634	506	0
Health				
CH451 Holden Malibu (Health)	12,047	1,643	0	(10,404)
Community amenities				
CH10648 Holden Colorado (NRMO)	9,795	17,359	7,564	0
CH1891 Holden Colorado (Landcare)	12,727	17,552	4,825	0
Economic services				
CH1262 Holden Malibu (Build)	7,367	3,648	0	(3,719)
Other property and services				
2015 Holden Commodore (EMDS)	7,468	10,405	2,937	0
CH1270 Holden Commodore (EMCS)	12,000	12,352	352	0
Land	81,532	83,593	16,184	(14,123)
Other Property and Services				
Lot 99 & 100 Santa Gertrudis Dve	20,455	277,500	257,045	0
	20,455	277,500	257,045	0
	101,987	361,093	273,229	(14,123)

(b) Fully Depreciated Assets in Use

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

	2020	2019
	\$	\$
Plant and equipment	13,460	1,260
	13,460	1,260

(c) Temporarily Idle Assets

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

	2020	2019
	\$	\$
Buildings - specialised	396,182	455,771
	396,182	455,771

SHIRE OF CHITTERING
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11. FIXED ASSETS

(d) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	30,776	28,716	28,457
Buildings - specialised	668,911	653,476	654,770
Plant and equipment	933,330	440,400	470,611
Infrastructure - Roads	1,658,343	1,319,851	1,620,517
Infrastructure - Drainage	391,897	395,463	391,896
Infrastructure - Footpaths	24,598	18,721	18,552
Infrastructure - Parks & Ovals	258,936	256,930	254,613
Infrastructure - Other	181,260	59,189	97,952
Infrastructure - Bridges & Culverts	183,537	183,593	181,938
	4,331,588	3,356,339	3,719,306

Revision of useful lives of plant and equipment

The Shire of Chittering has conducted a review of the useful life of assets during the 2019/20 year.

During the year the estimated total useful lives of certain items of plant and equipment used in the maintenance of roads and infrastructure were revised resulting in an increase in depreciation.

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Computer equipment	3 years
Plant and equipment - Heavy	5 to 15 years
Plant and equipment - Light	0 to 10 years
Sealed roads and streets	
- clearing and earthworks	not depreciated
- construction/road base	50 years
Original surfacing and non major re-surfacing	
- bituminous seals	20 years
- asphalt surfaces	25 years

Gravel roads

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

Depreciation on revaluation

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

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

**SHIRE OF CHITTERING
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12. REVALUATION SURPLUS

	2020 Opening Balance	2020 Change in Accounting Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	2020 Total Revaluation Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	2019 Total Revaluation Movement on Revaluation	2019 Closing Balance
Revaluation surplus - Land & Buildings	16,183,185	0	0	(51,189)	(51,189)	16,131,996	16,183,185	0	0	0	16,183,185
Revaluation surplus - Plant and equipment	1,138,001	0	0	0	0	1,138,001	1,138,001	0	0	0	1,138,001
Revaluation surplus - Infrastructure - Roads	13,593,968	0	0	0	0	13,593,968	13,593,968	0	0	0	13,593,968
Revaluation surplus - Infrastructure - Drainage	7,549,590	0	0	0	0	7,549,590	7,549,590	0	0	0	7,549,590
Revaluation surplus - Infrastructure - Parks & Ovals	2,416,100	0	0	0	0	2,416,100	2,416,100	0	0	0	2,416,100
Revaluation surplus - Infrastructure - Other	283,293	0	0	0	0	283,293	283,293	0	0	0	283,293
Revaluation surplus - Infrastructure - Bridges & Culverts	3,514,129	0	0	0	0	3,514,129	3,514,129	0	0	0	3,514,129
	44,678,266	0	0	(51,189)	(51,189)	44,627,077	44,678,266	0	0	0	44,678,266

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

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

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Prepaid rates	
Accrued salaries and wages	
Bonds and deposits held	
Accrued Interest on Long Term Borrowings	

2020	2019
\$	\$
744,688	380,054
133,745	0
51,201	26,734
319,017	381,714
19,957	25,811
1,268,608	814,313

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition

Prepaid rates

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

14. CONTRACT LIABILITIES

	2020	2019
	\$	\$
Current		
Contract liabilities from contracts with customers	73,870	0
	<u>73,870</u>	<u>0</u>

Performance obligations from contracts with customers are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year	73,870
1 to 2 years	0
2 to 3 years	0
3 to 4 years	0
4 to 5 years	0
> 5 years	0
	<u>73,870</u>

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

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

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

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

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15. INFORMATION ON BORROWINGS

	2020		2019		Loan Number	Institution	Interest Rate	30 June 2020		30 June 2020		30 June 2020		30 June 2020		30 June 2020		30 June 2020		30 June 2020		30 June 2019		30 June 2019			
	\$	\$	\$	\$				Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
(a) Borrowings																											
Current	399,184		408,220																								
Non-current	1,648,602		2,056,336																								
	2,047,786		2,464,556																								
(b) Repayments - Borrowings																											
Particulars																											
Governance																											
Admin Server/IT Upgrade	80	WATC*	2.72%	81,066	0	19,453	2,019	2,019	61,613	0	19,453	2,074	2,074	62,845	100,000	0	18,934	2,538	81,066	0	18,934	2,538	81,066	0	18,934	2,538	
Health																											
Chittering Health Centre	79	WATC*	4.41%	535,496	0	28,366	22,723	22,723	507,130	0	28,366	23,306	23,306	507,132	562,652	0	27,156	24,030	535,496	0	27,156	24,030	535,496	0	27,156	24,030	
Housing																											
Staff Housing (Keystart)	72	Keystart	5.92%	71,811	0	39,236	2,519	2,519	32,575	0	31,090	3,165	3,165	41,198	101,222	0	29,411	5,915	71,811	0	29,411	5,915	71,811	0	29,411	5,915	
Seniors & Community	73	WATC*	6.63%	26,513	0	11,450	1,387	1,387	15,063	0	11,450	1,824	1,824	15,062	35,009	0	8,496	1,972	26,513	0	8,496	1,972	26,513	0	8,496	1,972	
Recreation and culture																											
Land Gray Road	74	WATC*	6.65%	51,671	0	18,555	2,836	2,836	33,116	0	18,556	3,689	3,689	33,115	65,437	0	13,766	3,784	51,671	0	13,766	3,784	51,671	0	13,766	3,784	
Lower Chittering Sport & Rec	87	WATC*		0	0	0	0	0	0	0	21,283	20,160	20,160	1,178,717	0	0	0	0	0	0	0	0	0	0	0	0	0
LCSRC Self Supporting (IHC)	88	WATC*		0	0	0	0	0	0	0	0	0	0	625,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Transport																											
Grader	79	WATC*	4.41%	249,690	0	13,227	10,595	10,595	236,463	0	13,226	10,867	10,867	236,464	282,351	0	12,661	11,205	249,690	0	12,661	11,205	249,690	0	12,661	11,205	
Economic services																											
Land Lot 215 Great Northern Hwy	81	WATC*	2.32%	40,692	0	26,971	600	600	13,721	0	26,971	789	789	13,721	67,048	0	26,356	1,219	40,692	0	26,356	1,219	40,692	0	26,356	1,219	
Land Lot 215 Great Northern Hwy	85	Parkinson	3.00%	125,000	0	62,500	4,170	4,170	62,500	0	62,500	3,750	3,750	62,500	187,500	0	62,500	5,625	125,000	0	62,500	5,625	125,000	0	62,500	5,625	
Land Lot 168 Binda Place	82	WATC*	3.05%	577,617	0	60,498	16,599	16,599	517,119	0	60,498	17,160	17,160	517,119	636,312	0	58,695	18,423	577,617	0	58,695	18,423	577,617	0	58,695	18,423	
Lifestyle Village	83	WATC*	1.61%	650,000	0	125,864	7,711	7,711	524,136	0	125,865	9,960	9,960	524,135	650,000	0	650,000	3,491	650,000	0	650,000	3,491	650,000	0	650,000	3,491	
Other property and services																											
Admin Telephone System	86	WATC*	1.61%	55,000	0	10,650	832	832	44,350	0	10,650	843	843	44,350	55,000	0	55,000	58	55,000	0	55,000	58	55,000	0	55,000	58	
				2,464,556		4,16,770	71,991	71,991	2,047,786		4,29,908	97,367	97,367	3,861,358	2,017,531		2,57,975	78,260	2,464,556		2,57,975	78,260	2,464,556		2,57,975	78,260	

* WA Treasury Corporation

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15. INFORMATION ON BORROWINGS (Continued)

	2020	2019
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	150,000	150,000
Bank overdraft at balance date	0	0
Credit card limit	25,000	25,000
Credit card balance at balance date	(2,633)	(10,238)
Total amount of credit unused	172,367	164,762
Loan facilities		
Loan facilities - current	399,184	408,220
Loan facilities - non-current	1,648,602	2,056,336
Total facilities in use at balance date	2,047,786	2,464,556
Unused loan facilities at balance date	0	0

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset.

Risk

Information regarding exposure to risk can be found at Note 26.

16. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2019			
Current provisions	339,412	324,730	664,142
Non-current provisions	0	89,696	89,696
	339,412	414,426	753,838
Additional provision	258,492	159,364	417,856
Amounts used	(233,081)	(92,079)	(325,160)
Balance at 30 June 2020	364,823	481,711	846,534
Comprises			
Current	364,823	417,847	782,670
Non-current	0	63,864	63,864
	364,823	481,711	846,534
Amounts are expected to be settled on the following basis:			
	2020 \$	2019 \$	
Less than 12 months after the reporting date	361,499	233,493	
More than 12 months from reporting date	463,640	469,437	
Expected reimbursements from other WA local governments	21,395	50,908	
	846,534	753,838	

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

17. OTHER PROVISIONS

	NOTE	Provision for Remediation Costs	Total
		\$	\$
Balance at 30 June 2018		0	0
Prior year adjustment	30	647,224	647,224
Balance at 1 July 2018		647,224	647,224
Additional provision		351,002	351,002
Balance at 30 June 2019		998,226	998,226
Current provisions		0	0
Non-current provisions		998,226	998,226
		998,226	998,226
Additional provision		19,054	19,054
Balance at 30 June 2020		1,017,280	1,017,280
Comprises			
Non-current		1,017,280	1,017,280
		1,017,280	1,017,280

Provision for remediation costs are split as follows:

Mooliabeenee landfill facility	300,000
Shire depot site	32,000
Muchea landfill facility	685,280
	<u>1,017,280</u>

Provision for remediation costs

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

The Shire also has an obligation to perform restoration works at the Shire depot site.

A provision for remediation is recognised when:

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

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

The provision for future remediation costs is the best estimate of the present value of the expenditure required to settle the remediation obligation at the reporting date.

Future remediation costs are reviewed annually and any changes in the estimate are reflected in the present value of the remediation provision at each reporting date.

18. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2020 Actual	2020 Budget	Restated 2019 Actual
	\$	\$	\$
Cash and cash equivalents	2,593,658	2,228,705	3,401,065
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(1,121,195)	2,514,115	(1,070,783)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(3,576)	0	(35,034)
Depreciation on non-current assets	4,331,588	3,356,339	3,719,306
(Profit)/loss on sale of asset	(259,106)	(40,922)	(104,672)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	146,973	100,000	(46,808)
(Increase)/decrease in other assets	(3,612)	0	(1,392)
(Increase)/decrease in inventories	(2,593)	3,500	0
Increase/(decrease) in payables	330,733	(211,965)	513,334
Increase/(decrease) in provisions	111,750	0	99,896
Increase/(decrease) in contract liabilities	(45,603)	0	0
Non-operating grants, subsidies and contributions	(1,475,362)	(4,941,772)	(655,535)
Net cash from operating activities	2,009,997	779,295	2,418,312

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	Restated 2019
	\$	\$
Governance	495,197	394,697
General purpose funding	81,110	77,534
Law, order, public safety	2,452,717	2,933,800
Health	3,852,124	3,953,326
Education and welfare	329,800	337,250
Housing	2,136,753	2,253,562
Community amenities	1,880,755	2,085,016
Recreation and culture	12,504,062	13,301,501
Transport	69,092,683	68,995,963
Economic services	2,806,498	2,823,205
Other property and services	2,705,049	2,899,502
Unallocated	4,389,944	3,863,610
	102,726,692	103,918,966

20. CONTINGENT LIABILITIES

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

Bindoon Landfill Site
Wannamal Landfill Site (former site)

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

21. CAPITAL COMMITMENTS

Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

	2020	2019
	\$	\$
	550,220	67,668
	0	53,838
	550,220	121,506
Payable:		
- not later than one year	550,220	121,506

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

22. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	96,289	96,535	96,870
President's allowance	16,311	15,225	18,080
Deputy President's allowance	2,637	3,806	952
Travelling expenses	11,103	14,000	10,136
Telecommunications allowance	20,951	21,000	21,000
	147,291	150,566	147,038

Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Shire during the year are as follows:

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	635,806	704,813
Post-employment benefits	66,874	70,344
Other long-term benefits	77,449	74,676
Termination benefits	29,185	2,118
	809,314	851,951

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

22. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

The following transactions occurred with related parties:	2020 Actual	2019 Actual
	\$	\$
Sale of goods and services	18,113	485
Purchase of goods and services	38,543	4,343
Amounts payable to related parties:		
Trade and other payables	35,365	0

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

iii. Entities subject to significant influence by the Shire

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

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24. RATING INFORMATION

(a) Rates

RATE TYPE	2019/20 Number of Properties	2019/20 Actual Rateable Value \$	2019/20 Actual Rate Revenue \$		2019/20 Actual Interim Rates \$		2019/20 Actual Back Rates \$		2019/20 Budget Interim Rate \$		2019/20 Budget Back Rate \$		2018/19 Actual Total Revenue \$		
			Rate	Revenue	Rate	Revenue	Rate	Revenue	Rate	Revenue	Rate	Revenue	Rate	Revenue	Rate
Gross rental valuations															
GRV	1,652	31,023,987	3,216,629	3,216,629	22,152	22,152	1,187	1,187	0	0	0	0	0	0	3,079,462
Unimproved valuations															
UV	725	323,191,000	2,085,552	2,085,552	(5,501)	(5,501)	(416)	(416)	0	0	0	0	0	0	2,023,637
Sub-Total	2,377	354,214,987	5,302,181	5,302,181	16,651	16,651	771	771	0	0	0	0	0	0	5,103,099
Minimum payment															
Minimum \$															
Gross rental valuations															
GRV	389	2,368,828	408,450	408,450	0	0	0	0	0	0	0	0	0	0	427,000
Unimproved valuations															
UV	73	5,333,674	73,000	73,000	0	0	0	0	0	0	0	0	0	0	67,450
Sub-Total	462	7,702,502	481,450	481,450	0	0	0	0	0	0	0	0	0	0	494,450
Total amount raised from general rate	2,839	361,917,489	5,783,631	5,783,631	16,651	16,651	771	771	0	0	0	0	0	0	5,597,549
Ex-gratia rates															5,597,549
Prepaid rates															2,607
Totals															5,629,376

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

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

24. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	12/09/2019	0.00	0.00%	11.00%
Option Two				
First instalment	12/09/2019	0.00	5.50%	11.00%
Second instalment	14/11/2019	10.00	5.50%	11.00%
Third instalment	16/01/2020	10.00	5.50%	11.00%
Fourth instalment	19/03/2020	10.00	5.50%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	52,430	40,000	43,381
Interest on instalment plan	27,003	26,500	26,565
Pensioner deferred interest	1,770	1,200	0
ESL penalty interest	1,502	1,250	0
Charges on instalment plan	25,780	36,000	37,260
	108,485	104,950	107,206

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

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25. RATE SETTING STATEMENT INFORMATION

		2019/20 2019/20 Budget	2019/20 2019/20 Brought	Restated 2018/19 2018/19 Carried
	Note	(30 June 2020 Carried Forward)	(30 June 2020 Carried Forward)	(30 June 2019 Carried Forward)
		\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	11(a)	(273,229)	(266,404)	(137,914)
Less: Fair value adjustments to financial assets at fair value through profit and loss		(3,576)	0	(35,034)
Movement in pensioner deferred rates (non-current)		(8,708)	0	(12,440)
Movement in employee benefit provisions (non-current)		(25,832)	0	(28,544)
Movement in other provisions (non-current)		19,054	0	0
Movement in employee entitlement reserve		(46,175)	0	42,540
Add: Loss on disposal of assets	11(a)	14,123	225,482	33,242
Add: Depreciation on non-current assets	11(d)	4,331,588	3,356,339	3,719,306
Non cash amounts excluded from operating activities		4,007,245	3,315,417	3,581,156
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserves - cash backed	4	(1,967,788)	(1,990,382)	(1,962,087)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	15(a)	399,184	1,387,183	408,220
- Employee entitlement reserve	4	133,699	179,824	179,874
Total adjustments to net current assets		(1,434,905)	(423,375)	(1,373,993)
Net current assets used in the Rate Setting Statement				
Total current assets		4,220,666	3,024,534	4,173,199
Less: Total current liabilities		(2,524,332)	(2,601,159)	(1,886,675)
Less: Total adjustments to net current assets		(1,434,905)	(423,375)	(1,373,993)
Net current assets used in the Rate Setting Statement		261,429	0	912,531
(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards				
Total current assets at 30 June 2019				4,173,199
- Contract assets	28(a)			0
Total current assets at 1 July 2019				4,173,199
Total current liabilities at 30 June 2019				(1,886,675)
- Contract liabilities from contracts with customers	28(a)			(119,473)
- Rates paid in advance	28(b)			(123,562)
Total current liabilities at 1 July 2019				(2,129,710)

26. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2020					
Cash and cash equivalents	0.67%	2,593,658	1,967,788	625,870	0
Financial assets at amortised cost - term deposits	1.25%	1,004,350	1,004,350	0	0
2019					
Cash and cash equivalents	1.18%	3,401,065	0	3,399,615	1,450

Sensitivity

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

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	25,937	34,011

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 15(b).

26. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire was historically able to charge interest on overdue rates annual charges at higher than market rates, which further encourages payment, however for the reporting period the effect of COVID-19 needs to be considered. Alternative payment periods offered to ratepayers during the pandemic year is likely to affect the Shire's cash flows, which necessitated extra financial care when managing the delivery of large projects.

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2020 for rates receivable was determined by taking into account the waiver of penalty interest due to the impact of COVID-19.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0%
Gross carrying amount	17,707	261,300	83,023	133,168	495,198
Loss allowance	0	0	0	0	0
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0%
Gross carrying amount	4,241	209,351	84,001	97,104	394,697
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0%
Gross carrying amount	170,730	4,903	68	3,401	179,102
Loss allowance	0	0	0	0	0
30 June 2019					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0%
Gross carrying amount	160,601	10,885	240,920	3,486	415,892
Loss allowance	0	0	0	0	0

26. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk - that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 15(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<u>2020</u>					
Payables	1,268,608	0	0	1,268,608	1,268,608
Borrowings	463,220	1,121,849	648,741	2,233,810	2,047,786
	1,731,828	1,121,849	648,741	3,502,418	3,316,394
<u>2019</u>					
Payables	432,599	381,714	0	814,313	814,313
Borrowings	486,051	1,628,649	800,268	2,914,968	2,464,556
	918,650	2,010,363	800,268	3,729,281	3,278,869

27. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire of Chittering did not have any events occurring after the reporting date that have a significant effect on the financial statements.

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

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

	Note	AASB 118 carrying amount 30 June 2019 \$	Reclassification \$	AASB 15 carrying amount 01 July 2019 \$
Contract liabilities - current				
Contract liabilities from contracts with customers	14	0	(119,473)	(119,473)
Adjustment to retained surplus from adoption of AASB 15	29(b)		(119,473)	

(b) AASB 1058: Income For Not-For-Profit Entities

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

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB 1058 as compared to AASB 118: Revenue and AASB 1004: Contributions before the change:

	Note	AASB 118 and AASB 1004 carrying amount 30 June 2019 \$	Reclassification \$	AASB 1058 carrying amount 01 July 2019 \$
Trade and other payables				
Rates paid in advance	13	0	(123,562)	(123,562)
Adjustment to retained surplus from adoption of AASB 1058	29(b)		(123,562)	

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

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

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of AASB 15 and AASB 1058 as compared to AASB 118 and 1004 and related Interpretations that were in effect before the change.

		2020 \$		2020 \$
	Note	As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004
Statement of Comprehensive Income				
Revenue				
Rates	24(a)	5,803,943	133,745	5,937,688
Operating grants, subsidies and contributions	2(a)	1,743,541	73,870	1,817,411
Net result		(1,121,195)	207,615	(913,580)
Statement of Financial Position				
Trade and other payables	13	1,268,608	(133,745)	1,134,863
Contract liabilities	14	73,870	(73,870)	0
Net assets		97,472,614	(207,615)	97,264,999
Statement of Changes in Equity				
Net result		(1,121,195)	207,615	(913,580)
Retained surplus		50,877,749	207,615	51,085,364

Refer to Note 2(a) for new revenue recognition accounting policies as a result of the application of AASB 15 and AASB 1058.

(c) AASB 16: Leases

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

SHIRE OF CHITTERING NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

29. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

Effective 6 November 2020, *Local Government (Financial Management) Regulation 16* was deleted and *Local Government (Financial Management) Regulation 17A* was amended with retrospective application. The changes were effective for financial years ending on or after 30 June 2020 so are required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 11.

In summary no adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019) as the Shire did not have any land vested in and under the control of Council at 30 June 2019.

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

(b) Changes in equity due to change in accounting policies

The impact on the Shire's opening retained surplus due to the adoption of AASB 15 and AASB 1058 as at 1 July 2019 was a follows:

	Note	Adjustments	2019
			\$
Retained surplus - 30 June 2019			52,247,680
Adjustment to retained surplus from adoption of AASB 15	28(a)	(119,473)	
Adjustment to retained surplus from adoption of AASB 1058	28(b)	(123,562)	(243,035)
Retained surplus - 1 July 2019			52,004,645

There was no impact on the Shire's opening revaluation surplus resulting from *Local Government (Financial Management) Regulation 16* being deleted and the amendments to *Local Government (Financial Management) Regulation 17A* as at 1 July 2019. Revaluation surplus - 1 July 2019

30. PRIOR YEAR ADJUSTMENT

Unrecognised Provision for Landfill closure and rehabilitation

The Shire has been operating a landfill facility in Muchea since 2011. Under the licence for the operation, the Shire has a legal obligation to restore the site.

During the year a provision for the closure and rehabilitation of the waste cells at the Muchea landfill facility was recognised. As recognition of this should have been made at the inception of the landfill facility, the provision is now being recognised as a prior year error.

The provision was recognised and a corresponding rehabilitation / post closure asset was created, to be amortised over the remaining life of the site.

	30 June 2018 Original Balance	Increase/ (Decrease)	1 July 2018 Restated
	\$	\$	\$
2018 Statement of Financial Position			
Non Current Assets			
Infrastructure	67,733,333	230,506	67,963,839
Non Current Liabilities			
Other provisions	0	647,224	647,224
Equity			
Retained surplus	53,603,086	(416,718)	53,186,368
	30 June 2019 Original Balance	Increase/ (Decrease)	30 June 2019 Restated
	\$	\$	\$
2019 Statement of Financial Position			
Non Current Assets			
Infrastructure	67,824,098	191,209	68,015,307
Non Current Liabilities			
Other provisions	332,000	666,226	998,226
Equity			
Retained surplus	52,722,697	(475,017)	52,247,680

30. PRIOR YEAR ADJUSTMENT (Continued)

	30 June 2019 Original Balance \$	Increase/ (Decrease) \$	30 June 2019 Restated \$
2019 Statement of Comprehensive Income			
By Nature or Type			
Expenses			
Depreciation expense	(3,680,009)	(39,297)	(3,719,306)
Other expenditure	(362,158)	(19,002)	(381,160)
By Program			
Expenses			
Community amenities	(2,139,862)	(58,299)	(2,198,161)
Net result for the period	(1,012,484)	(58,299)	(1,070,783)
Total comprehensive income for the period	(1,012,484)	(58,299)	(1,070,783)
Rate Setting Statement			
OPERATING ACTIVITIES			
Net current assets at start of financial year - surplus/(deficit)	1,702,874	19,002	1,721,876
Expenditure from operating activities			
Community amenities	(2,141,382)	(58,299)	(2,199,681)
Non-cash amounts excluded from operating activities	3,541,859	39,297	3,581,156
Note 10 - Infrastructure			
Opening balance	67,733,333	230,506	67,963,839
Additions	2,616,936	0	2,616,936
Depreciation	(2,526,171)	(39,297)	(2,565,468)
Carrying amount	67,824,098	191,209	68,015,307

30. PRIOR YEAR ADJUSTMENT (Continued)

	30 June 2019 Original Balance	Increase/ (Decrease)	30 June 2019 Restated
	\$	\$	\$
Note 11 - Fixed Assets Depreciation			
Infrastructure - Other	58,655	39,297	97,952
Note 17 - Other Provisions			
Non-current	332,000	666,226	998,226
Note 18 - Notes to Statement of Cash Flows			
Net result	(1,012,484)	(58,299)	(1,070,783)
Depreciation	3,680,009	39,297	3,719,306
Increase/(decrease) in payables	494,332	19,002	513,334
Note 19 - Total Assets Classified by Function & Activity			
Community amenities	2,029,826	55,190	2,085,016
Note 25 - Rate Setting Statement Information			
(a) Non-cash amounts excluded from operating activities			
Depreciation on non current assets	3,680,009	39,297	3,719,306
Note 34 - Financial Ratios			
2019 Financial Statements			
Asset consumption ratio	0.53	0.00	0.53
Asset sustainability ratio	0.68	(0.01)	0.67
Debt service cover ratio	6.22	(0.06)	6.16
Operating surplus ratio	(0.22)	(0.01)	(0.23)
Own source revenue coverage ratio	0.68	0.00	0.68
2018 Financial Statements			
Asset consumption ratio	0.58	0.00	0.58
Asset sustainability ratio	0.43	(0.01)	0.42
Debt service cover ratio	9.47	(0.10)	9.37
Operating surplus ratio	(0.42)	(0.01)	(0.43)
Own source revenue coverage ratio	0.60	0.00	0.60

31. TRUST FUNDS

There are no funds held at balance date which are required to be held in trust and which are not included in the financial statements.

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

32. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

SHIRE OF CHITTERING
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

33. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.</p>	<p>Includes the activities of members of Council and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific Council services.</p>
<p>GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.</p>	<p>Rates, general purpose government grants and interest revenue.</p>
<p>LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.</p>	<p>Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.</p>
<p>HEALTH To provide an operational framework for environmental and community health.</p>	<p>Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance and contributions to medical health and community health centre.</p>
<p>EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth.</p>	<p>Senior citizens programs, youth services and events.</p>
<p>HOUSING To provide and maintain staff, community and seniors housing.</p>	<p>Provision and maintenance of staff, community and seniors housing.</p>
<p>COMMUNITY AMENITIES To provide services required by the community.</p>	<p>Waste collection services, operation of waste landfill sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of the town planning scheme, cemetery and public conveniences.</p>
<p>RECREATION AND CULTURE To establish and effectively manage infrastructure and resources which will help the social well being of the community.</p>	<p>Maintenance of halls, the library and various parks, reserves and other recreation activities and cultural pursuits.</p>
<p>TRANSPORT To provide safe, effective and efficient transport services to the community.</p>	<p>Construction and maintenance of roads, bridges, footpaths, drainage works, lighting and cleaning of streets and verge maintenance.</p>
<p>ECONOMIC SERVICES To help promote the Shire and its economic wellbeing.</p>	<p>Tourism and area promotion. Provision of rural services including weed control, community bus operations, economic and community development programs and building control.</p>
<p>OTHER PROPERTY AND SERVICES To monitor and control the Shire's overhead operating accounts.</p>	<p>Private works, plant repair and operation costs and engineering costs.</p>

34. FINANCIAL RATIOS

	2020 Actual	Restated 2019 Actual	Restated 2018 Actual
Current ratio	0.93	1.29	2.31
Asset consumption ratio	0.51	0.53	0.58
Asset renewal funding ratio	0.81	1.62	1.82
Asset sustainability ratio	0.43	0.67	0.42
Debt service cover ratio	3.70	6.16	9.37
Operating surplus ratio	(0.33)	(0.23)	(0.43)
Own source revenue coverage ratio	0.64	0.68	0.60

The above ratios are calculated as follows:

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



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Chittering

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Chittering which comprises the Statement of Financial Position as at 30 June 2020, and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, as well as notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

I draw attention to Notes 1 and 11 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's annual financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

- (i) Regulation 17A requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 *Leases* which would have required the entity to measure the vested improvements also at zero cost.
- (ii) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 did not allow a local government to recognize some categories of land, including land under roads, as assets in the financial report.

The Chief Executive Officer's Responsibilities and Council for the Financial Report

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matter indicates significant adverse trends in the financial position of the Shire:
 - a. The Asset Sustainability Ratio and Operating Surplus Ratio have been below the Department of Local Government, Sport and Cultural Industries' standard for the past 3 years. The financial ratios are reported at Note 34 to the financial report.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The annual financial report of the Shire for the year ended 30 June 2019 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2018 and 2019 in Note 34 of the audited annual financial report were included in the audited annual financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Chittering for the year ended 30 June 2020 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the annual audited financial report to confirm the information contained in this website version of the annual financial report.

Aloha Morrissey.

ALOHA MORRISSEY
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
26 March 2021



Chittering - *from Muchea through Bindoon to Wannamal*