

  
Shire of Dardanup



# ***ANNUAL REPORT***

2021/22



## OUR VISION

*The Shire of Dardanup is a healthy, self-sufficient and sustainable community that is connected and inclusive, and where our culture and innovation are celebrated.*

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## ABOUT US

*The Shire of Dardanup acknowledges the Noongar people as the traditional owners of the land upon which the Shire is situated. In doing this, we recognise and respect their continuing culture and contribution they make to the life of this region and pay our respects to their elders, past, present and emerging.*

The Shire of Dardanup spans over 526.6 square kilometres comprising of urban areas, commercial and industrial development, townships surrounded by rural farming, vineyards and tourism, and state forest.

The result is a diverse and unique community with varying needs, challenges and opportunities. In recognition of this, the Shire has identified five distinct places:

- Eaton/Millbridge;
- Dardanup;
- Burekup;
- Ferguson Valley and Surrounds; and
- Wanju/Waterloo.

Dardanup has a growing community with an annual growth rate of 2.08% (Forecast ID: Dardanup Population Summary 2016-2041). Eaton and Millbridge comprise more than 77% of the current population of the Shire in less than 1.6% of the total land area.

## DEMOGRAPHICS

ABS Census Data suggests Millbridge and Burekup have the largest number of families with children given the higher number of people per household (3 and 2.9 respectively), lower median age (29 and 35 respectively), and highest percentage of children aged 0 – 14 years at over 28% of the total population of each area. Conversely, Dardanup records a higher median age (42 years) and over 17% of the population over 65 years indicating an ageing population in this area.

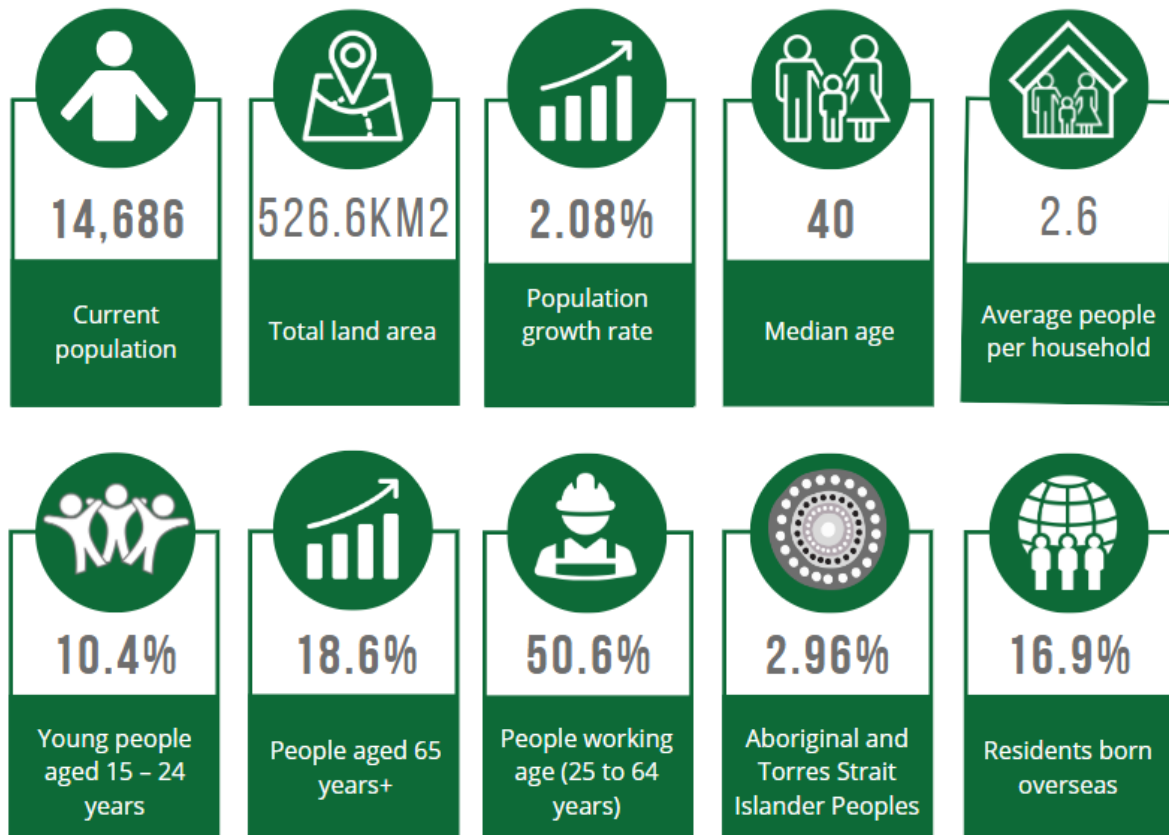
The Dardanup Shire's population is forecast to increase to 17,980 (25%) by 2031 and to 24,097 (60%) by 2041 (Forecast.ID) in-line with the future development of Wanju. Between 2016 and 2031 it is forecast that there will be a 22.7% increase in population under working age, a 63.6% increase in population of retirement age, and a 17% increase in population of working age (Forecast.ID).

ID data that suggests Dardanup, Dardanup West, Picton East and surrounding areas will record the highest population growth in the 0 – 14 year age bracket from 2016 to 2041 at 38.1% forecast growth.





## OUR COMMUNITY



Data source: Australian Bureau of Statistics 2021 Census of Population & Housing



## ***OUR COUNCILLORS***



**Cr Michael Bennett**  
**Shire President**



**Cr Tyrrell Gardiner**  
**Deputy Shire President**



**Cr Patricia Perks**



**Cr Ellen Lilly**



**Cr Peter Robinson**



**Cr Stacey Gillespie**



**Cr Luke Davies**



**Cr Mark Hutchinson**



**Cr Janice Dow**



## FUNCTION OF LOCAL GOVERNMENT

The Local Government Act 1995 gives local governments freedom to make decisions for their communities, promotes public participation, and demands accountability, efficiency and effectiveness in local government.

This requires strategic thinking by local government, including how to:

- Best respond to community needs;
- Ensure public participation and accountability in local government processes; and
- Respond to the growing demand for more efficient and effective local government.

In addition to dealing with constantly changing legislative requirements and reforms, local governments are asking themselves, “What is the best way to organise physical, financial and human resources to achieve a competitive and productive organisation that meets the needs and desires of the community we serve?”

In fulfilling its role, Council sets the Shire of Dardanup’s strategic direction, oversees the Council’s finances and resources, determines its policies, and ensures that the Council’s statutory and community responsibilities are performed effectively and efficiently.

## OUR VALUES

The Shire of Dardanup is building a culture where openness and transparency are the norm, and where we all hold ourselves accountable to deliver excellence for our customers and community.



This Annual Report presents like a scorecard on outcomes delivered during 2021/22.



## SHIRE PRESIDENT MESSAGE

The 12-month period between 1 July, 2021 and 30 June, 2022 has been yet another era of unprecedented experiences. On the much-talked-about health front, our community braced in February as our hard border was removed and the Covid-19 pandemic swept into our State at levels not previously seen throughout the global health crisis.



It came just as local businesses were recovering from the, at times, crippling impacts of extended lockdowns in 2020. From a local government perspective, opportunities were created through significant amounts of economic stimulus funding being distributed by the State and Federal governments. Access to generous grants enabled many of our future-planned infrastructure projects to be brought forward and delivered to our community far sooner than expected.

But with opportunity, also came pressure.

Many more capital works projects to deliver within a tight timeframe to meet grant conditions amidst what became a hyper-stimulated economy, driving up labour costs, severely restricting contractor availability and creating extensive supply chain shortages. It has been a testing period for Councillors and staff with tough decisions to make and heavy workloads to manage.

As the saying goes: “Pressure makes diamonds”. I think the results our community will experience from this financial year and the next will speak for themselves. From extensive upgrades and extensions to our network of paths and trails to the opening of our magnificent \$3.6 million timber-constructed Eaton Bowling Club & Senior Citizen’s Centre, new Dardanup Central and Waterloo Volunteer Bushfire Brigade buildings and \$1 million Eaton Skatepark – there has been a lot of ribbon-cutting ceremonies in this reporting period.

All of our decision-making and investment has been guided by high levels of community consultation including results of our 2021 Community Satisfaction Survey, input from our Place-based and Topic-based Advisory Groups, targeted workshops, survey and cutting-edge online consultations making it more convenient than ever before for residents to let us know their priorities.

The result is a truly collaborative approach between Council and community on continuing to ensure high quality of life and wellbeing for people living and working in the Shire of Dardanup. When we work together we are always going to be achieving better outcomes, so thank you for giving us a chance to work with you.

**Cr Mick Bennett**

SHIRE PRESIDENT





## CEO MESSAGE

### **Financial Position**

I would like to acknowledge that this year we have once again received an unqualified audit, and the audit report again indicates that Council's financial management and governance practices throughout the organisation, are of a very high standard. We did grapple with hyperinflation brought on by Covid supply chain issues, contractor availability and the impacts of the Russian – Ukrainian war, however stimulus funding and specific grants sought by the Shire brought some relief to ratepayers in delivering on our infrastructure and facility needs.



While CPI (*Perth-All Groups*) was around 7.4% for 21/22, we were able to keep our rate increase to our long term financial plan forecast of 4% for the coming year. We continue to look for ways in which to stretch our ratepayers' dollar further in delivering services and facilities for our community.

### **Covid Impacts**

As with every other business and organisation in WA, the impact of Covid on our operations during 21/22 was significant. During May, 48 per cent of our permanent workforce was on leave because they were either sick or isolating as a close contact. In the lead-up to this period, significant staff resources were required to be diverted towards Covid-related business impacts included reporting requirements around mandatory vaccinations and ensuring our assets and services were compliant with changing State Government health directives. All the while doing our best to maintain access for the community to our facilities, events and programs that would support community wellbeing like the Eaton Recreation Centre and Libraries.

### **Delivering the Stimulus**

Economic stimulus funding from the Federal Government created fantastic opportunities to deliver 21 community infrastructure projects far sooner than would have otherwise been the case. All 21 brought-forward projects needed to be scoped, designed and constructed within a period that would normally be allocated just for the scoping. It was a tall order. Especially on top of the workload we had already committed to under Council's 2021/22 Budget. In a monumental team effort, \$1,647,543 of Local Roads & Community Infrastructure grant funding provided for delivery of a series of pathway extensions and upgrades in Eaton and Dardanup along with drainage improvements to Russell Road in Burekup. The total value of these additional infrastructure works brought forward was \$5,475,380.

### **Creating Partnerships and Delivering New Facilities**

During 21/22 we also created some new strategic partnerships and opened new facilities including:

- A Fantastic new partnership with Tronox on delivery of our annual Tronox Spring Out Festival;
- A new partnership with Lotterywest for delivery of our popular Summer in Your Park series of events;



- Opening of the new \$3.6 million Eaton Bowling & Social Club & Senior Citizen's Centre;
- Opening of the new Dardanup Centrals and Waterloo Volunteer Bushfire Brigade Buildings; and
- Hosting of a statewide Emergency Management Conference offered to guests both live and online with expert presenters contributing from across Australia.

### **Place and Topic Based Advisory Groups**

Council's series of Place-Based Advisory Groups – established in 2019 under a new Community Engagement Policy – have been meeting throughout 2021/22 and providing important input on various projects and decision-making.

Over the past two years the Eaton, Burekup, Dardanup and Ferguson Valley Place based advisory groups have reviewed and provided input on Community Facilities Plans for each of their respective areas which set out short, medium and longer term priorities.

During the same period the Topic Based Advisory groups assisted in the development and endorsement of the Sport and Recreation Plan, the Place and Community Plan, as well as the Public Health Plan.

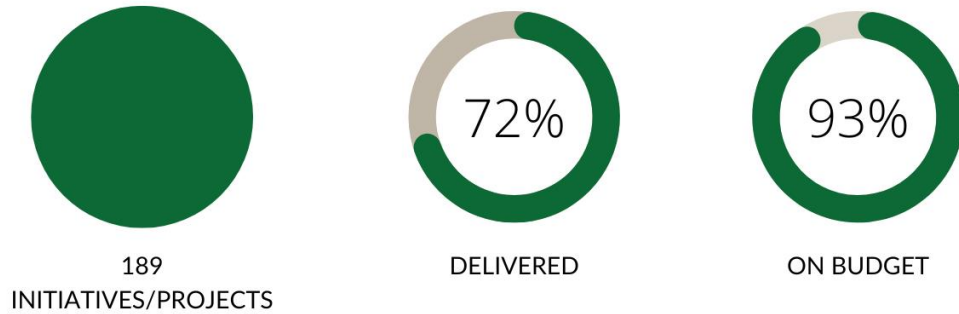
I therefore present our 2021/22 Annual Report for your consideration with a great deal of pride and anticipation for another exciting year ahead.

**André Schönfeldt**

CHIEF EXECUTIVE OFFICER



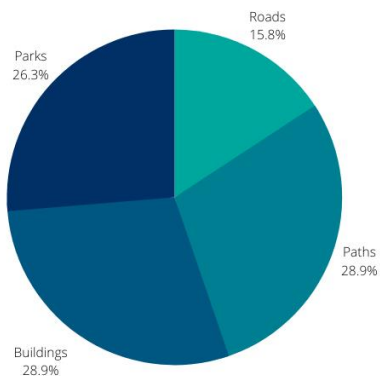
## CORPORATE PERFORMANCE 2021/22



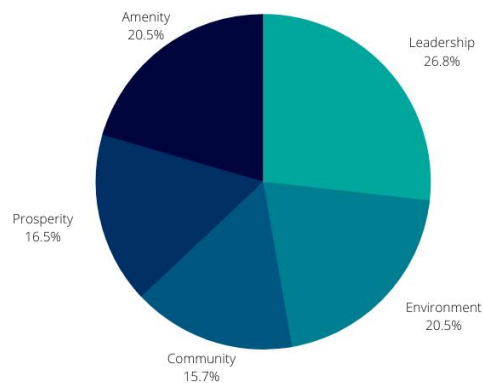
This Corporate Performance scorecard combines outcomes of initiatives listed in Council's Corporate Business Plan plus Capital and Major Projects listed in the Annual Budget. The organisation completed or is on track with 72% of the initiatives within the Corporate Business Plan & Annual Budget within the intended timeframe. Some of those reported to be "On Hold", "Delayed" or "Carried Forward" are waiting on external approvals, grants or processes which are not within the influence of the Shire. The majority of operations did remain within relevant budgets, however the impact of Covid and related restrictions has had an impact on particularly the Eaton Recreation Centre budgets.



CAPITAL & MAJOR PROJECTS  
BY TYPE



CORPORATE BUSINESS PLAN  
INITIATIVES BY OBJECTIVE



## ***FINANCIAL SNAPSHOT***

The following provides a snapshot of the Council's Operating Income and Expenditure for 2021/22. More detailed information can be found in the Financial Statements at the end of this Annual Report.

### **TOTAL OPERATING REVENUE**

- Rates: \$14,307,664
- Operating Grants & Contributions: \$2,984,793
- Fees & Charges: \$3,409,896
- Interest Earnings: \$190,781
- Other Revenue: \$19,439
- Profit on Asset Disposals: \$36,297

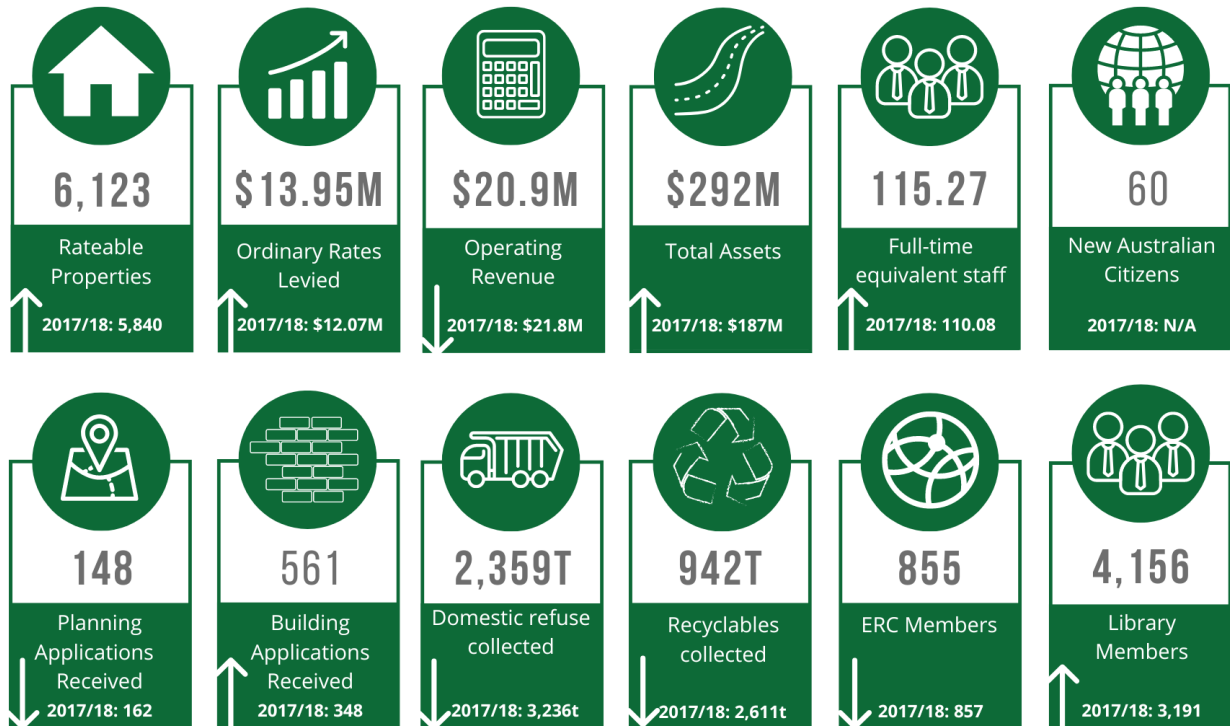
### **TOTAL OPERATING EXPENDITURE**

- Employee Costs: \$10,564,139
- Materials & Contracts: \$6,550,689
- Utility Charges: \$573,880
- Depreciation: \$5,619,217
- Finance Costs: \$108,244
- Insurance: \$318,720
- Other Expenditure: \$416,236
- Loss on Asset Disposals: \$73,533





## STATISTICS SNAPSHOT



## NEW FACILITIES & INFRASTRUCTURE

During the 2021/22 financial year, a number of major and minor capital works projects were commenced or completed, with capital works totaling \$11.3 million. Some of these included:

- Eaton Bowling Club redevelopment.



- Sporting facility upgrades for the Eaton Skatepark and Pump Track, planning for a new Eaton Oval junior footfall and cricket clubroom, new Wells Recreation Reserve clubroom, and Eaton Recreation Centre entry upgrade.

- Parks and Reserves upgrade and expansion for Watson Reserve, Cadell Park,

East Millbridge POS, McCaughan Park, Gary Engel Park, Lofthouse Park, Millars Creek, Peninsula Lakes, Glen Huon Reserve, Gnomesville, Burekup Entry Statement, Eaton Foreshore and commencement of the Dardanup Civic Precinct upgrade.



- Bushfire Brigade buildings and infrastructure for the Dardanup Central Bushfire Brigade,



Waterloo Bushfire brigade, Wellington Mills Bushfire Brigade and Joshua Crooked Brook Bushfire Brigade.

- New public toilet facilities at Gnomesville and Charlotte Street in Dardanup.

- Building upgrades for the Don Hewison Centre and Burekup Hall.

- Planning for the new Council

Administration / Library / Community Centre.

- New and upgraded footpaths along Peppermint Way, Charterhouse Street, Millard Street, Murdoch Crescent, Leicester Reserve Wetlands, Collie River Foreshore, Eaton Drive, Watson Street, Cudliss Street and Diadem Street.
- In addition to routine maintenance of townsite and rural bridges, conducting urgent bridge repairs to the Pile Road bridge.
- Major road reconstruction, widening and sealing works for portions of Pile Road, Venn Road, Harris Road, Eaton Drive, Clarke Street and Hynes Road.



## EVENT HIGHLIGHTS

Through our ongoing program of free community events, programs, workshops and activities held in locations throughout the Shire, 786 initiatives were completed in the 2021/22 financial year.

Some of the highlights included the Tronox Spring Out Festival; LiveLighter Summer in Your Park series including Summer Sounds and Movies by Moonlight; Youth Movie Night; Storytime in the Park; The Poppy Project – installation for Remembrance Day and community poppy craft sessions; Festive Auslan Course; Youth Week - Skate Rattle & Roll; Youth Basketball Tournament ; Seniors Day Morning Tea; Teddy Bears' Picnic; and Possum Night Walk.

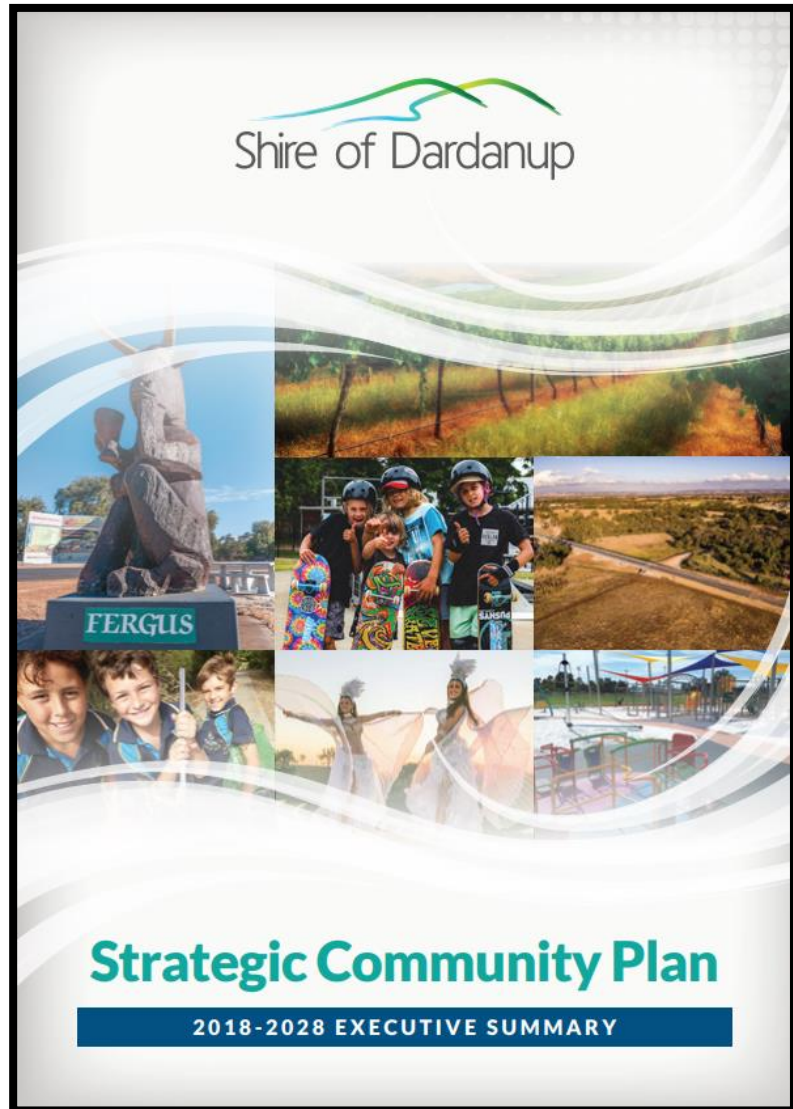




## ACHIEVEMENTS

The Shire of Dardanup's Strategic Community Plan 2018-2028 sets out objectives in the following key performance areas:

- LEADERSHIP
- ENVIRONMENT
- COMMUNITY
- PROSPERITY
- AMENITY

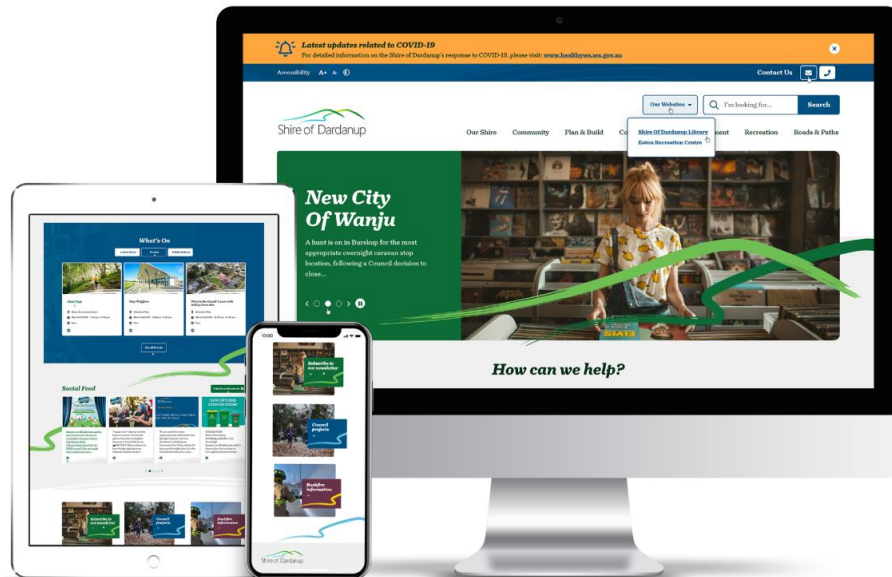




## STRATEGIC COMMUNITY PLAN

### OBJECTIVE 1: LEADERSHIP

*To provide strong civic leadership representing the whole of the Shire which is supported by responsible and transparent corporate governance.*

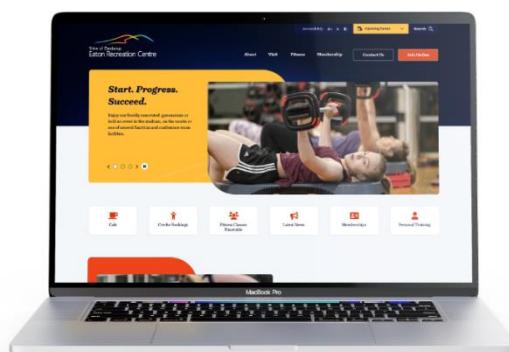


#### HIGHLIGHT – New websites design with community in mind

The Shire of Dardanup revitalised its online presence with the delivery of two new websites in June, designed to make it quicker, easier and more accessible for community members to find the information they need and conduct business with Council.

An investment of \$110,000 has provided for development, design and delivery of a new Shire of Dardanup website and Eaton Recreation Centre website. The previous separate Library Services website has now been incorporated into the Shire site.

The sites were created by Market Creations Agency which has delivered approximately 100 local government websites across WA. The agency's CouncilConnect website platform was developed in consultation with the WA Local Government Association.



The new sites are customer focused with a more intuitive menu and site navigation structure so information is easy to find while also displaying correctly on mobile devices.

New features include an enlarge text or listen option plus a Shire of Dardanup Community Directory; Facilities for Hire section and Near Me map identifying places of interest.

## CHALLENGES

The State Government is continuing to introduce reforms under its 5-year review of the *Local Government Act 1995*. The result has been a level of sweeping sector changes to legislation not seen in more than two decades.

The objective is for Western Australia to have a new, modern Act that empowers local governments to better deliver for the community. The vision is for local governments to be agile, smart and inclusive.

Latest announced reforms involve changes to Local Government elections to increase voter participation and ensure the 'closest level of government to the people' is truly representative of our diverse communities.

The Shire of Dardanup looks forward to adapting its systems and processes to ensure the full beneficial outcomes of these reforms are realised and continues to meet, and where possible, exceed expectations of its community.

## YEAR AHEAD

In May, 2021 more than 600 residents participated in the Shire of Dardanup's Community Satisfaction Survey. Answers to questions like: "Is the Shire of Dardanup the best place to live, work and visit?" and "What do we need to focus on improving?" helped guide development of immediate priorities as well as a more long term vision.

This survey will be repeated in the next financial year to ensure the identified priorities remain consistent and track progress toward them.



## STRATEGIC COMMUNITY PLAN

### OBJECTIVE 2: ENVIRONMENT

*To achieve a balanced respect for our natural assets and built environment, while retaining our lifestyle values, community spirit and identity.*



#### HIGHLIGHT – Introducing flexibility on bin service options

Almost five months after a new 3 Bin FOGO Service was rolled out, Council agreed to offer an alternative option to accommodate households needing a bigger General Waste Bin as part of a two-pronged approach to supporting the correct sorting of waste and reducing contamination levels.

Residents using the new FOGO bin correctly provided a giant leap towards a goal for diverting more waste from landfill. By February, the amount of household rubbish being diverted from landfill had more than tripled compared to the results of a recycling audit in September, 2019 which showed just 14% of rubbish being diverted.

It was a positive step toward the State Government’s 2025 target for regional local governments of diverting 55% of waste from landfill.



Community feedback however demonstrated a need for more flexibility in the bin services offered. In addition rates of contamination in FOGO bins collected had been as high as 20% – significantly above the 5% needed to create associated savings on waste processing fees.

In addition to the new alternative service options, more community education support was provided through an ongoing program of school workshop presentations by Shire of Dardanup waste contractor Veolia, plus community workshops and information disseminated via communications channels like the Shire of Dardanup website, Facebook page and community newsletters.

## CHALLENGES

Balancing the demands of a fast-growing population in an area identified by the State Government as a premier area of urban and industrial expansion with the population's strong connection to its local landscapes, open spaces and nature-based lifestyle demands ongoing and careful management, informed by regular community consultation.

## YEAR AHEAD

Identified as a priority project for the next financial year is completion of the Coastal Hazard Risk Management and Adaptation Plan (CHRMAP), including consideration for stabilisation works and suggested treatments to prevent erosion of the Collie River bank along the Eaton Foreshore.

The Dardanup Shire might not be located next to the beach, but it is home to a section of the 3,000km<sup>2</sup> Collie River Catchment. Residents were invited in September 2021 to participate in a workshop to talk about key issues impacting our coastline – the banks of the Collie River.

Information from a series of similar workshops held throughout the region contributed to a Coastal Hazard Risk Management and Adaptation Plan (CHRMAP) to include recommendations for managing the coast into the future.

The Plan is being developed by the Peron Naturaliste Partnership (PNP) – a group of local governments in the Bunbury Geopraphe area including the Shire of Dardanup – and the Department of Water and Environmental Regulation and Southern Ports Authority.



## STRATEGIC COMMUNITY PLAN

### OBJECTIVE 3: COMMUNITY

*To create a safe, healthy and vibrant community which is inclusive and welcoming for all ages and interests.*



#### HIGHLIGHT – Leading the charge on preparation for unprecedented disasters

Approximately 200 experts, employees and volunteers involved in Emergency Management gathered in Bunbury in October 2021 for an industry-leading conference, designed to tackle the increasing threat to communities of unprecedented weather events driven by climate change and organised by the Shire of Dardanup.

Delegates travelled to Bunbury for the event from as far away as Coolgardie and Ashburton, as well as Perth and across the South West and Great Southern regions.

An impressive line-up of speakers and leading thinkers addressed the topic of 'Building capacity to adapt to an era of unprecedented disasters', through in person and virtual presentations, with several contributors located in the eastern states. In addition to those attending the event in person at the Bunbury Regional Entertainment Centre, were many more who purchased tickets to join in the discussion via a live stream. The conference was opened by Minister for Emergency Services the Hon. Reece Whitby MLA.







### **HIGHLIGHT – Summer in Your Park series creates connection and vibrancy**

An event concept launched in the previous reporting period by the Shire of Dardanup, and designed to draw community members into their local parks to foster social connection, evolved and expanded in 2021/22 thanks to support of a State Government grant.

The LiveLighter Summer in Your Park series included 28 free family friendly events at parks in Burekup, Eaton and Dardanup from December 2021 to February 2022. The project was funded by Council with support from a \$10,000 Healthway grant.

Participants watched a movie under the stars in their local parks, caught local musical talent, joined in on wellness activities and enjoyed an outdoor themed school holiday program or library event.

Extensive community consultation prior to the event, revealed a series of recurring feedback themes including a desire for increased community connectedness through events, activities and projects. This included the development and delivery of local initiatives that encouraged connection within communities, were inclusive of the entire community, and actively included those who were vulnerable and/or at risk of social isolation.

Summer in Your Park addressed this expressed need by creating vibrancy and connection in local communities, bringing people together to create a sense of inclusion and reduce feelings of social isolation.



## CHALLENGES

A Community Satisfaction Survey undertaken in May 2021, revealed community desire for Council to focus on improving community safety and crime prevention, with concerns about anti-social behaviour.

Community suggestions captured during the survey included greater police presence, better lighting and additional CCTV cameras. Youth services were the second highest priority overall. The community would like more recreational spaces and activities for youth, and a broader range of school holiday programs.

The Shire of Dardanup continues to adapt and improve its programs and services while working with supporting agencies to address these identified areas of community need.



## YEAR AHEAD

The Shire of Dardanup's Place & Community Team continues work on establishing a series of iconic, headlining annual events including Spring Out Festival and Summer in Your Park, plus the addition of a unique and creative new event designed to inspire community collaboration and shine a light on mental health.

EnLighten is on 1 October, 2022 at Eaton's new \$1 million skatepark. The park will provide a unique canvas for a playful exploration of light and digital technologies brought to life with funding support from Lotterywest and creation by illuminart, who have worked on similar projects across Australia.

Using exciting projection technology, the team will produce a unique light installation that will wrap over the sculptural forms of the skatepark, transforming it into an immersive digital landscape.

Through playful exploration of light, the event will also shine a light on mental health as community contributions explore the event focus question 'What brightens your mood?'.



## STRATEGIC COMMUNITY PLAN

### OBJECTIVE 4: PROSPERITY

*To promote and facilitate a diverse and resilient economy that supports a range of local employment opportunities.*

#### HIGHLIGHT – NEW DESIGNATED AREA MIGRATION AGREEMENT FOR SOUTH WEST

Western Australia's South West region will look to fill critical labour shortages for business and industry with the Federal Government creating a Designated Area Migration Agreement (DAMA) with the Shire of Dardanup in December 2021.

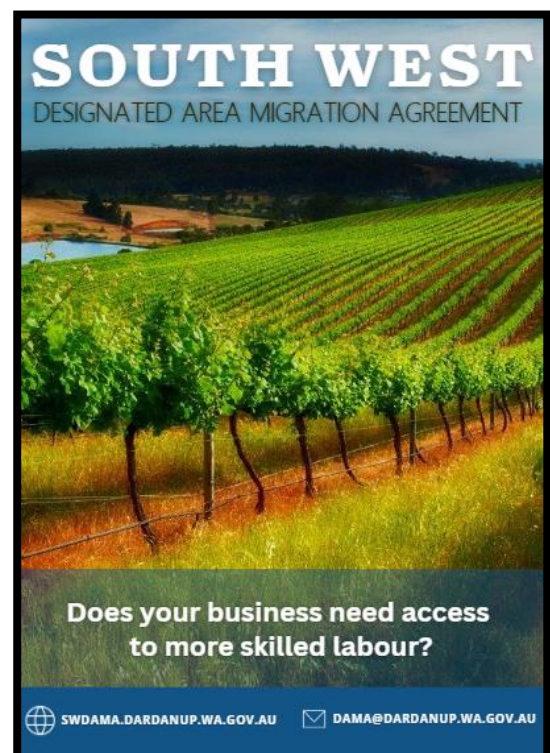
The South West was the eighth region in Australia to enter a five-year agreement with the Commonwealth aimed at ensuring skilled migrants contribute through employment in key roles where Australian workers are not available.

The DAMA allows employers to bring in skilled workers under the labour agreement stream of the Temporary Skill Shortage Visa that may provide a pathway to permanent residency, benefiting the South West region long-term in both business and community.

The Shire of Dardanup administers the process for accessing the South West DAMA which is open to businesses operating in any of the 12 local government areas covered by the agreement:

- City of Busselton
- City of Bunbury
- Shire of Capel
- Shire of Collie
- Shire of Augusta/Margaret River
- Shire of Boyup Brook
- Shire of Bridgetown/Greenbushes
- Shire of Dardanup
- Shire of Donnybrook/Balingup
- Shire of Harvey
- Shire of Manjimup
- Shire of Nannup

The Shire of Dardanup has appointed a Migration Agreement Officer to facilitate access for businesses to the South West DAMA.





## CHALLENGES

Skilled Labour and housing shortages combined with the longer term effects of the Pandemic driving up labour costs, severely restricting contractor availability and creating extensive supply chain shortages continue to have impacts on business growth and prosperity.

## YEAR AHEAD

The Shire of Dardanup will continue in its focus on drawing tourism investment to the region along with investigating and advocating for development of new and emerging industries.



## STRATEGIC COMMUNITY PLAN

### OBJECTIVE 5: AMENITY

*To provide and maintain facilities, assets and services that promote the Shire as an attractive and desirable place to live.*



#### HIGHLIGHT – Landmark new building officially opened

A landmark new Shire of Dardanup facility was officially opened in April by South West MLC Jackie Jarvis – the \$3.6 million Eaton Bowling & Social Club & Senior Citizen's Centre.

Following its practical completion in late 2021, the stunning new timber building on Pratt Road, overlooking the Collie River Foreshore has become one of Council's biggest and busiest assets, and was achieved with thanks to a \$3 million funding contribution from the State Government.

The new building amalgamates facilities of the Eaton Bowling Club and Eaton Senior Citizen's Association, with increased accessibility for all, plus a dedicated function room and kitchen upgrade. It replaces the former, almost 50-year-old Eaton Bowling Club building.

Plans for improvements to the bowling club were first mooted in early 2017 with a \$2 million election promise in the event a new Labour Government was formed. A year later, in February 2018, then Sport & Recreation Minister, Mick Murray handed over a \$50,000 down payment on that election promise which enabled planning for the project to begin.





A specially-appointed Council Working group consisting of elected members and representatives of the Eaton Bowling Club was charged with the responsibility of exploring the project scope and potential opportunities for project partnerships with other community groups.

But as discussions commenced, it soon became evident the ageing building needed full replacement rather than just renovation. Thankfully, in July 2020, Premier Mark McGowan slipped into the bowling club for a visit prior to a regional Cabinet meeting and announced a top-up of the original election commitment from \$2 million to \$3 million.

## CHALLENGES

The highly stimulated building industry continues to create cost increases, supply shortages and impact contractor availability creating a challenging market for delivery of capital works projects on time and on budget.

## YEAR AHEAD

### **R&J Fishwick Pavilion**

In February, Collie-Preston MLA Jodie Hanns announced the Shire of Dardanup had been successful in its application to the State Government's Community Sporting Recreation and Facilities Fund for \$700,000 towards a new multi-sports pavilion for Eaton's junior football and cricket clubs.

The new Pratt Road Pavilion will be named the "R & J Fishwick Pavilion" after much-loved locals Reg & Jocey Fishwick, whose commitment to the Eaton Junior football Club and wider community goes back to the 1950s.

The project – due for completion in 2022/23, will be a real win for local grassroots sport and enable provision of both male and female changerooms.

### **Wells Recreation Park Changerooms and Recreation Pavilion (Dardanup)**

The new \$1 million changeroom facilities at Wells Recreation Park in Dardanup, is due for delivery in September 2022. The building is another example of Council's 'Wood Encouragement Policy' in action, which recognises timber as a renewable and low carbon footprint building material.

The new changerooms will deliver both male and female change facilities for the first time and support increasing participation of girls and women across a range of local sporting clubs.

This project has been funded by Council with a \$50,000 bequest by the late Mr Alexander Poad – who was dedicated to community service throughout his life – and facilitated by the Dardanup Branch of the Australian Red Cross. A new Recreation Pavilion has also been allocated funding in Council's 2022/23 Budget.



## ***PROJECTS COMING SOON 2022-26***

### **FULLY FUNDED**

- Shire of Dardanup Community Hub, Library and Administration Building;
- Rural and urban road and bridge projects totalling \$4.2 million for delivery in 2022/23;
- R & J Fishwick Pavilion and Night Lights (Eaton Oval);
- Eaton Recreation Centre Stage 2 upgrades;
- Wells Recreation Park Amenity Upgrades, Sports Lighting and Sports Pavilion (Dardanup);
- Dardanup Civic Precinct Revitalisation;
- Upgrades and improvements to Burekup Hall, Burekup CWA Hall & Dardanup Hall;
- Upgrades and improvements to Volunteer Bushfire Brigade Facilities for Joshua/Crooked Brook Dardanup Central and Upper Ferguson;
- East Millbridge Playground.

### **EXTERNAL FUNDING SUPPORT REQUIRED**

- Burekup Oval Clubrooms and Court Upgrades;
- Dardanup Hall renovation.



## STATUTORY REPORTS

### Disability Access & Inclusion Plan

The Western Australia Disability Services Act requires all Local Governments to develop and implement a Disability Access and Inclusion Plan (DAIP) to ensure that people with disabilities have equal access to its facilities and services.

Other legislation underpinning access and inclusion includes the Western Australia Equal Opportunity Act (1984) and the Commonwealth Disability Discrimination Act 1992, both of which make discrimination on the basis of a person's disability unlawful. The Shire of Dardanup is committed to facilitating the inclusion of people with disabilities through the improvement of access to its facilities and services.

During 2021/22, the Shire of Dardanup continued to implement strategies which have been outlined within its Disability Access and Inclusion Plan. A continuous review is undertaken to ensure any events, functions and services organised by the Shire of Dardanup are accessible for people with disability. Over the past year, the Shire ran free community events workshops that are all inclusive and accessible to all residents of the Shire of Dardanup.

### State Records Act

The State Records Act 2000 provides for the keeping of State records and related items. Section 19 of the Act requires each government organisation have a Record Keeping Plan (RKP) that has been approved by the State Records Commission.

The RKP dictates which records are created by an organisation, how they are stored and maintained, and whether they are ultimately destroyed. It is the primary means of providing evidence of compliance with the Act and that best practices have been implemented throughout the organisation. In accordance with Section 17 of the Act, the Shire of Dardanup and all its employees are legally required to comply with the contents of this Plan.

The Shire of Dardanup's Record Keeping Plan for the period 2020 to 2025 was approved by the State Records Commission in August 2020 and reflects the Council's ongoing commitment to best practice in records management, as well as its commitment to developing the technologies which will allow it to keep pace with the demands of an ever-increasingly complex information environment.

Shire of Dardanup record keeping policies and practices continue to be guided by the State Records Office. In addition to its ongoing advice in the area of child sexual abuse, valuable advice has been received in the management of records which relate to the interests of people living with disabilities, and to records relating to the corporate response to the COVID-19 pandemic.



## Information Document Services

The Information Document Services department continues to place strong emphasis on records training for all new and existing staff members, with the dual objectives of making it easier to effectively use the information management systems and to reduce the incidence of non-compliance with the State Records Act. Record keeping inductions for all new staff comprise two mandatory introductory sessions over three days, with a follow-up session with another records officer two weeks later. Content includes a guide to each officer's record keeping responsibilities, and training sessions on the use of records systems.

Information Document Services staff continue to offer personal information management support to all staff on request, either in targeted sessions or individually. Enhanced tailored auditing systems monitor records management compliance on a daily basis and provide the raw data required to achieve better training outcomes.

A major project was launched in 2020 to digitise as many of the Council's paper-based records as possible. This ongoing project will provide all Council officers with quicker access to files, and enhanced data searching within those files, especially when compared to previous digitisation, which was often basic and sometimes incomplete. It will deliver a more efficient experience to officers at all levels in the organisation. It will also reduce the risks associated with unique and vulnerable paper documents. IDS staff have also managed several Freedom of Information applications during the year.

## Register of Minor Complaints

Section 5.121 of the Local Government Act 1995 (Register of certain complaints of minor breaches) requires the Complaints Officer for each local government to maintain a register of complaints which records all complaints that result in action under section 5.110(6)(b) or (c) of the Act (Conduct of Certain Officials).

Section 5.53 (2)(hb) of the Local Government Act 1995 requires that details of entries made under section 5.121 during the financial year in the register of complaints, including —

- i) The number of complaints recorded in the register of complaints; and
- ii) How the recorded complaints were dealt with;

be included in the Annual Report of Council.

The Shire of Dardanup Complaints Officer received no Complaints in 2021/22 which required referral to the Standards Panel for the Panel's attention.



## Employee Remuneration

Set out below, in bands of \$10,000, is the number of employees that are entitled to an annual Salary of \$100,000 or more.

| <u>Salary Range</u>   | <u>2022 Actual</u> | <u>2021 Actual</u> |
|-----------------------|--------------------|--------------------|
| \$100,000 - \$109,999 | 5                  | 2                  |
| \$110,000 - \$119,999 | 5                  | 6                  |
| \$120,000 - \$129,999 | 3                  | 2                  |
| \$160,000 - \$169,999 | 0                  | 0                  |
| \$170,000 - \$179,999 | 0                  | 1                  |
| \$180,000 - \$189,999 | 3                  | 1                  |
| \$190,000 - \$199,999 | 0                  | 1                  |
| \$200,000 - \$209,999 | 1                  | 1                  |
| \$210,000 - \$219,999 | 0                  | 0                  |

## Public Interest Disclosures

The Deputy CEO is appointed as Council's Public Interest Disclosures Officer under the Public Interest Disclosures Act 2003. This legislation is often referred to as the "whistleblower" Act and provides for the reporting of serious wrongdoing within the State public sector and local government as well as providing the mechanism for responding to reports.

The Shire of Dardanup Public Interest Disclosures Officer did not receive any complaints in 2021/22.





## FINANCIAL REPORTS

### Guide to understanding the Financial Statements

The 2021/22 financial statements show how the Shire of Dardanup performed during the financial year and the overall position at the end of the financial year, 30 June 2022.

The financial statements are prepared in accordance with the *Australian Accounting Standards* as they apply to local government and in accordance with the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*. The financial statements must be certified by the Chief Executive Officer, and audited by an independent auditor appointed through the Office of Auditor General.

### Financial Statements

The financial statements consist of five financial reports, explanatory notes supporting the reports and endorsement from the Chief Executive Officer and the independent auditor's report. The five financial reports are:

- Statement of Comprehensive Income by Nature or Type.
- Statement of Financial Position.
- Statement of Changes in Equity.
- Statement of Cash Flows.
- Rate Setting Statement.

### Statement of Comprehensive Income by Nature or Type

The Statement of Comprehensive Income measures the Council's performance over the year. The Statement of Comprehensive Income by Nature or Type provides a breakdown of the operating income and expenditure for the year, excluding the capital costs of buildings or assets. It lists the sources of revenue and expenditure incurred during the financial year in relation to the Council's 'operations'. Expenses do include an item for depreciation which is the value of the assets used up during the year.

### Statement of Financial Position

The Statement of Financial Position shows the assets that the Shire of Dardanup owns and its liabilities (money that the Council owes). It is further broken down into 'Current' and 'Non-current'. Current means those assets and liabilities that are expected to be recouped, consumed or settled within the next 12 months; and Non-Current refers to those assets and liabilities that have an economic life extending beyond 12 months. The calculated difference between 'Assets' less 'Liabilities' is classified as 'Net Assets' or 'Equity'.



## Statement of Changes in Equity

The Statement of Changes in Equity summarises the changes in the Council's equity for the year. A change in equity from the previous year may result from:

- A surplus or deficit from the year's operations;
- Use of money from, or transfer to, the Council's Reserve Accounts; and
- A change in value of non-current assets following a revaluation of a class of assets.

## Statement of Cash Flows

The Statement of Cash Flows summarises the Council's cash payments and receipts for the year, and the level of cash at hand at the end of the financial year. Cash in this statement refers to bank deposits and investments capable of being quickly converted to cash. Cash flow arises from operating activities, investing activities and financing activities.

## Rate Setting Statement

A statement showing the level of rates raised to finance the delivery of programs and any surplus/deficit at the end of the financial year.

## Notes to the Statements

The Notes to the Statements are an informative section of the report and enable the reader to understand the basis on which the values shown in the statements are established. The Notes also advise if there has been any change to the Accounting Standards, Policy or Legislation that has impacted on the preparation of the statements. Within the six Financial Statements, there is a 'Note' number column to indicate which Note the reader can refer to for additional information.

## Financial Ratios

As a result of recent local government reforms, changes have been made to the *Local Government (Financial Management) Regulations 1996* and the *Local Government (Audit) Regulations 1996*. From the 2021/22 financial year, financial ratios are no longer required to be reported, or audited, in the Annual Financial Report. However, a voluntary disclosure of these ratios is provided in the Annual Report.

|                                   | <b>2022<br/>Actual</b> | <b>2021<br/>Actual</b> | <b>2019<br/>Actual</b> |
|-----------------------------------|------------------------|------------------------|------------------------|
| Current ratio                     | 1.328                  | 1.512                  | 1.270                  |
| Asset consumption ratio           | 0.928                  | 0.653                  | 0.642                  |
| Asset renewal funding ratio       | 1.271                  | 1.601                  | 1.100                  |
| Asset sustainability ratio        | 2.001                  | 1.312                  | 0.901                  |
| Debt service cover ratio          | 3.892                  | 4.368                  | 14.774                 |
| Operating surplus ratio           | -0.182                 | -0.181                 | 0.012                  |
| Own source revenue coverage ratio | 0.742                  | 0.754                  | 0.848                  |



Overall Council is in good financial health and this is reflected in its financial ratios illustrated above. It is important to note that financial ratios are not intended to be the only factor to consider in assessing Council's overall performance. Other factors include the range of services offered, the efficiency of services delivered and overall community satisfaction.

### **Statement by the Chief Executive Officer and Independent Auditor's Report**

The Annual Financial Report and supporting notes require certification by the Chief Executive Officer under the *Local Government Act 1995*; as a written declaration that the Statements fairly present the Shire of Dardanup's financial position and performance in compliance with applicable accounting standards and relevant legislation.

The Independent Audit Report provides an external and independent opinion on the Financial Statements. It provides the reader with the scope of audit work undertaken and expresses an audit opinion formed on this basis. The audit opinion relates to the fairness aspects and the statutory compliance of the Financial Statements.



***SHIRE OF DARDANUP***

***FINANCIAL REPORT***

***FOR THE YEAR ENDED 30 JUNE 2022***

**SHIRE OF DARDANUP**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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The Shire of Dardanup conducts the operations of a local government with the following community vision:

*The Shire of Dardanup is a healthy, self-sufficient and sustainable community, that is connected and inclusive, and where our culture and innovation are celebrated.*

Principal place of business:  
Shire of Dardanup  
1 Council Drive  
EATON WA 6232

**SHIRE OF DARDANUP  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

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

Signed on the 8th day of December 2022



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André Schönfeldt  
Chief Executive Officer





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

|   | NOTE       | 2022<br>Actual    | 2022<br>Budget   | 2021<br>Actual    |
|---|------------|-------------------|------------------|-------------------|
|   |            | \$                | \$               | \$                |
| <b>Revenue</b>  |            |                   |                  |                   |
| Rates   | 26(a),2(a) | 14,307,664        | 14,311,406       | 13,812,484        |
| Operating grants, subsidies and contributions                                   | 2(a)       | 2,984,793         | 2,656,447        | 2,507,208         |
| Fees and charges  | 25(c),2(a) | 3,409,896         | 3,110,375        | 3,237,538         |
| Interest earnings   | 2(a)       | 190,871           | 196,149          | 212,518           |
| Other revenue   | 2(a)       | 19,439            | 28,652           | 28,096            |
|   |            | 20,912,663        | 20,303,029       | 19,797,844        |
| <b>Expenses</b>   |            |                   |                  |                   |
| Employee costs  |            | (10,564,139)      | (10,840,096)     | (10,661,612)      |
| Materials and contracts   |            | (6,550,689)       | (5,791,985)      | (4,278,695)       |
| Utility charges   |            | (573,880)         | (563,170)        | (589,476)         |
| Depreciation  | 10(a)      | (5,619,217)       | (5,635,083)      | (5,270,048)       |
| Finance costs   | 2(b)       | (108,244)         | (123,418)        | (106,470)         |
| Insurance   |            | (318,720)         | (337,242)        | (310,162)         |
| Other expenditure   | 2(b)       | (416,236)         | (426,355)        | (420,346)         |
|   |            | (24,151,125)      | (23,717,349)     | (21,636,809)      |
|   |            | (3,238,462)       | (3,414,320)      | (1,838,965)       |
| Capital grants, subsidies and contributions                                     | 2(a)       | 7,438,890         | 7,805,595        | 5,269,566         |
| Profit on asset disposals   | 10(b)      | 36,297            | 3,648,330        | 18,861            |
| Loss on asset disposals   | 10(b)      | (73,533)          | (10,534)         | (1,322,374)       |
| Fair value adjustments to financial assets at fair value through profit or loss |            | 3,997             | 0                | 2,587             |
|   |            | 7,405,651         | 11,443,391       | 3,968,640         |
| <b>Net result for the period</b>  | 25(b)      | <b>4,167,189</b>  | <b>8,029,071</b> | <b>2,129,675</b>  |
| <b>Other comprehensive income for the period</b>                                |            |                   |                  |                   |
| <i>Items that will not be reclassified subsequently to profit or loss</i>       |            |                   |                  |                   |
| Changes in asset revaluation surplus  | 17         | 73,731,424        | 0                | 13,216,449        |
| <b>Total other comprehensive income for the period</b>                          | 17         | <b>73,731,424</b> | <b>0</b>         | <b>13,216,449</b> |
| <b>Total comprehensive income for the period</b>                                |            | <b>77,898,613</b> | <b>8,029,071</b> | <b>15,346,124</b> |

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

**SHIRE OF DARDANUP**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

|                                      | NOTE  | 2022<br>\$         | 2021<br>\$         |
|--------------------------------------|-------|--------------------|--------------------|
| <b>CURRENT ASSETS</b>                |       |                    |                    |
| Cash and cash equivalents            | 3     | 15,051,169         | 14,443,059         |
| Trade and other receivables          | 5     | 1,257,406          | 1,047,165          |
| Other financial assets               | 4(a)  | 7,114,531          | 12,600,296         |
| Inventories                          | 6     | 14,282             | 12,160             |
| Other assets                         | 7     | 286,634            | 160,131            |
| <b>TOTAL CURRENT ASSETS</b>          |       | <b>23,724,022</b>  | <b>28,262,811</b>  |
| <b>NON-CURRENT ASSETS</b>            |       |                    |                    |
| Trade and other receivables          | 5     | 143,597            | 134,563            |
| Other financial assets               | 4(b)  | 77,804             | 73,807             |
| Property, plant and equipment        | 8     | 45,324,462         | 42,018,867         |
| Infrastructure                       | 9     | 222,583,638        | 146,530,101        |
| Right-of-use assets                  | 11(a) | 447,313            | 533,672            |
| <b>TOTAL NON-CURRENT ASSETS</b>      |       | <b>268,576,814</b> | <b>189,291,010</b> |
| <b>TOTAL ASSETS</b>                  |       | <b>292,300,836</b> | <b>217,553,821</b> |
| <b>CURRENT LIABILITIES</b>           |       |                    |                    |
| Trade and other payables             | 12    | 2,831,190          | 3,741,597          |
| Other liabilities                    | 13    | 877,449            | 2,472,214          |
| Lease liabilities                    | 11(b) | 194,754            | 167,440            |
| Borrowings                           | 14    | 392,533            | 333,977            |
| Employee related provisions          | 15    | 1,636,069          | 1,693,712          |
| <b>TOTAL CURRENT LIABILITIES</b>     |       | <b>5,931,995</b>   | <b>8,408,940</b>   |
| <b>NON-CURRENT LIABILITIES</b>       |       |                    |                    |
| Other liabilities                    | 13    | 261,660            | 778,423            |
| Lease liabilities                    | 11(b) | 260,327            | 372,271            |
| Borrowings                           | 14    | 2,056,490          | 2,129,023          |
| Employee related provisions          | 15    | 271,516            | 244,930            |
| Other provisions                     | 16    | 83,833             | 83,833             |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |       | <b>2,933,826</b>   | <b>3,608,480</b>   |
| <b>TOTAL LIABILITIES</b>             |       | <b>8,865,821</b>   | <b>12,017,420</b>  |
| <b>NET ASSETS</b>                    |       | <b>283,435,015</b> | <b>205,536,402</b> |
| <b>EQUITY</b>                        |       |                    |                    |
| Retained surplus                     |       | 58,694,264         | 51,740,275         |
| Reserve accounts                     | 29    | 19,052,092         | 21,838,892         |
| Revaluation surplus                  | 17    | 205,688,659        | 131,957,235        |
| <b>TOTAL EQUITY</b>                  |       | <b>283,435,015</b> | <b>205,536,402</b> |

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

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

|   | NOTE | RETAINED<br>SURPLUS<br>\$ | RESERVE<br>ACCOUNTS<br>\$ | REVALUATION<br>SURPLUS<br>\$ | TOTAL<br>EQUITY<br>\$ |
|---|------|---------------------------|---------------------------|------------------------------|-----------------------|
| <b>Balance as at 1 July 2020</b>          |      | <b>49,244,076</b>         | <b>22,205,416</b>         | <b>118,740,786</b>           | <b>190,190,278</b>    |
| Comprehensive income for the period       |      |                           |                           |                              |                       |
| Net result for the period                 |      | 2,129,675                 | 0                         | 0                            | 2,129,675             |
| Other comprehensive income for the period | 17   | 0                         | 0                         | 13,216,449                   | 13,216,449            |
| Total comprehensive income for the period |      | 2,129,675                 | 0                         | 13,216,449                   | 15,346,124            |
| Transfers from reserves                   | 29   | 7,607,708                 | (7,607,708)               | 0                            | 0                     |
| Transfers to reserves                     | 29   | (7,241,185)               | 7,241,185                 | 0                            | 0                     |
| <b>Balance as at 30 June 2021</b>         |      | <b>51,740,275</b>         | <b>21,838,892</b>         | <b>131,957,235</b>           | <b>205,536,402</b>    |
| Comprehensive income for the period       |      |                           |                           |                              |                       |
| Net result for the period                 |      | 4,167,189                 | 0                         | 0                            | 4,167,189             |
| Other comprehensive income for the period | 17   | 0                         | 0                         | 73,731,424                   | 73,731,424            |
| Total comprehensive income for the period |      | 4,167,189                 | 0                         | 73,731,424                   | 77,898,613            |
| Transfers from reserves                   | 29   | 13,956,121                | (13,956,121)              | 0                            | 0                     |
| Transfers to reserves                     | 29   | (11,169,321)              | 11,169,321                | 0                            | 0                     |
| <b>Balance as at 30 June 2022</b>         |      | <b>58,694,264</b>         | <b>19,052,092</b>         | <b>205,688,659</b>           | <b>283,435,015</b>    |

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

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

|  | NOTE  | 2022<br>Actual<br>\$ | 2022<br>Budget<br>\$ | 2021<br>Actual<br>\$ |
|--|-------|----------------------|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                |       |                      |                      |                      |
| <b>Receipts</b>  |       |                      |                      |                      |
| Rates  |       | 14,245,005           | 14,311,406           | 14,016,550           |
| Operating grants, subsidies and contributions              |       | 2,631,115            | 2,656,447            | 3,084,938            |
| Fees and charges   |       | 3,573,290            | 3,110,375            | 3,181,452            |
| Interest received  |       | 190,871              | 196,149              | 212,518              |
| Goods and services tax received                            |       | 2,429,607            | 0                    | 782,390              |
| Other revenue  |       | 19,439               | 28,652               | 28,096               |
|  |       | 23,089,327           | 20,303,029           | 21,305,944           |
| <b>Payments</b>  |       |                      |                      |                      |
| Employee costs   |       | (10,735,655)         | (10,840,096)         | (10,660,067)         |
| Materials and contracts                                    |       | (7,551,093)          | (5,791,985)          | (3,532,992)          |
| Utility charges  |       | (573,880)            | (563,170)            | (589,476)            |
| Finance costs  |       | (110,003)            | (123,418)            | (109,543)            |
| Insurance paid   |       | (318,720)            | (337,242)            | (310,162)            |
| Goods and services tax paid                                |       | (2,290,922)          | 0                    | (1,022,021)          |
| Other expenditure  |       | (416,236)            | (426,355)            | (420,346)            |
|  |       | (21,996,509)         | (18,082,266)         | (16,644,607)         |
| <b>Net cash provided by (used in) operating activities</b> | 18(b) | 1,092,818            | 2,220,763            | 4,661,337            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                |       |                      |                      |                      |
| Payments for financial assets at amortised cost            |       | 0                    | 0                    | (4,200,296)          |
| Payments for purchase of property, plant & equipment       | 8(a)  | (6,621,731)          | (12,458,735)         | (2,633,891)          |
| Payments for construction of infrastructure                | 9(a)  | (4,714,844)          | (6,884,503)          | (4,353,160)          |
| Non-operating grants, subsidies and contributions          |       | 5,325,508            | 4,751,820            | 3,160,370            |
| Proceeds from financial assets at amortised cost           |       | 5,485,765            | 0                    | 0                    |
| Proceeds from sale of property, plant & equipment          | 10(b) | 243,274              | 5,170,384            | 229,045              |
| Proceeds from sale of infrastructure                       |       | 0                    | 0                    | 0                    |
| <b>Net cash provided by (used in) investing activities</b> |       | (282,028)            | (9,421,034)          | (7,797,932)          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                |       |                      |                      |                      |
| Repayment of borrowings                                    | 28(a) | (333,977)            | (349,517)            | (250,116)            |
| Payments for principal portion of lease liabilities        | 28(d) | (188,703)            | (334,246)            | (165,751)            |
| Proceeds from new borrowings                               | 28(a) | 320,000              | 320,000              | 750,000              |
| <b>Net cash provided by (used in) financing activities</b> |       | (202,680)            | (363,763)            | 334,133              |
| <b>Net increase (decrease) in cash held</b>                |       | 608,110              | (7,564,034)          | (2,802,462)          |
| Cash at beginning of year                                  |       | 14,443,061           | 22,628,253           | 17,245,523           |
| <b>Cash and cash equivalents at the end of the year</b>    | 18(a) | 15,051,169           | 15,064,219           | 14,443,061           |

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

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

|   | NOTE  | 2022<br>Actual<br>\$ | 2022<br>Budget<br>\$ | 2021<br>Actual<br>\$ |
|---|-------|----------------------|----------------------|----------------------|
| <b>NET CURRENT ASSETS - At start of financial year - surplus/(deficit)</b>      | 27(c) | 961,190              | 169,557              | 474,501              |
| <b>OPERATING ACTIVITIES</b>   |       |                      |                      |                      |
| <b>Revenue from operating activities (excluding general rate)</b>               |       |                      |                      |                      |
| Rates (excluding general rate)  | 26(b) | 354,525              | 354,601              | 350,178              |
| Operating grants, subsidies and contributions                                   |       | 2,984,793            | 2,656,447            | 2,507,208            |
| Fees and charges  |       | 3,409,896            | 3,110,375            | 3,237,538            |
| Interest earnings   |       | 190,871              | 196,149              | 212,518              |
| Other revenue   |       | 19,439               | 28,652               | 28,096               |
| Profit on asset disposals   | 10(b) | 36,297               | 3,648,330            | 18,861               |
| Fair value adjustments to financial assets at fair value through profit or loss |       | 3,997                | 0                    | 2,587                |
|   |       | 6,999,818            | 9,994,554            | 6,356,986            |
| <b>Expenditure from operating activities</b>                                    |       |                      |                      |                      |
| Employee costs  |       | (10,564,137)         | (10,840,096)         | (10,661,612)         |
| Materials and contracts   |       | (6,550,689)          | (5,791,985)          | (4,278,695)          |
| Utility charges   |       | (573,880)            | (563,170)            | (589,476)            |
| Depreciation  |       | (5,619,217)          | (5,635,083)          | (5,270,048)          |
| Finance costs   |       | (108,244)            | (123,418)            | (106,470)            |
| Insurance   |       | (318,720)            | (337,242)            | (310,162)            |
| Other expenditure   |       | (416,236)            | (426,355)            | (420,346)            |
| Loss on asset disposals   | 10(b) | (73,533)             | (10,534)             | (1,322,374)          |
|   |       | (24,224,656)         | (23,727,883)         | (22,959,183)         |
| Non-cash amounts excluded from operating activities                             | 27(a) | 5,670,008            | 1,818,942            | 4,249,214            |
| <b>Amount attributable to operating activities</b>                              |       | (11,554,830)         | (11,914,387)         | (12,352,983)         |
| <b>INVESTING ACTIVITIES</b>   |       |                      |                      |                      |
| Non-operating grants, subsidies and contributions                               |       | 7,438,890            | 7,805,595            | 5,269,566            |
| Proceeds from disposal of assets  | 10(b) | 243,274              | 5,170,384            | 229,045              |
| Purchase of property, plant and equipment                                       | 8(a)  | (6,621,731)          | (12,458,735)         | (2,633,891)          |
| Purchase and construction of infrastructure                                     | 9(a)  | (4,714,844)          | (6,884,503)          | (4,353,160)          |
|   |       | (3,654,411)          | (6,367,259)          | (1,488,440)          |
| Non-cash amounts excluded from investing activities                             | 27(b) | (2,113,811)          | (2,875,832)          | 165,151              |
| <b>Amount attributable to investing activities</b>                              |       | (5,768,222)          | (9,243,091)          | (1,323,289)          |
| <b>FINANCING ACTIVITIES</b>   |       |                      |                      |                      |
| Repayment of borrowings   | 28(a) | (333,977)            | (349,517)            | (250,116)            |
| Proceeds from borrowings  | 28(a) | 320,000              | 320,000              | 750,000              |
| Payments for principal portion of lease liabilities                             | 28(d) | (188,703)            | (334,246)            | (165,751)            |
| Transfers to reserves (restricted assets)                                       | 29    | (11,169,321)         | (10,526,326)         | (7,241,185)          |
| Transfers from reserves (restricted assets)                                     | 29    | 13,956,121           | 17,937,755           | 7,607,708            |
| <b>Amount attributable to financing activities</b>                              |       | 2,584,119            | 7,047,666            | 700,656              |
| <b>Surplus/(deficit) before imposition of general rates</b>                     |       | (13,777,746)         | (13,940,255)         | (12,501,115)         |
| <b>Total amount raised from general rates</b>                                   | 26(a) | 13,953,139           | 13,956,805           | 13,462,306           |
| <b>Surplus/(deficit) after imposition of general rates</b>                      | 27(c) | <b>175,393</b>       | <b>16,552</b>        | <b>961,190</b>       |

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



**SHIRE OF DARDANUP**  
**FOR THE YEAR ENDED 30 JUNE 2022**  
**INDEX OF NOTES TO THE FINANCIAL REPORT**

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

**1. BASIS OF PREPARATION**

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

**Local Government Act 1995 requirements**

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

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

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

**The local government reporting entity**

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

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

**Judgements and estimates**

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

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

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation uncertainties made in relation to lease accounting
- estimation of useful lives of non-current assets

## 2. REVENUE AND EXPENSES

### (a) Revenue

#### Contracts with customers

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

| Revenue Category  | Nature of goods and services   | When obligations typically satisfied | Payment terms  | Returns/Refunds/Warranties                  | Timing of revenue recognition   |
|---|--|--------------------------------------|--|---|---|
| Rates   | General Rates  | Over time                            | Payment dates adopted by Council during the year                         | None  | Adopted by council annually   |
| 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   |
| 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   |
| 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 by mutual agreement with the customer                                   |
| 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 by mutual agreement with the customer                                   |
| Grants with no contractual commitments  | General appropriations and contributions with no specific contractual commitments                                | No obligations                       | Not applicable   | Not applicable                              | Cash received   |
| 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 |
| Pool inspections  | Compliance safety check  | Single point in time                 | Equal proportion based on an equal annually fee                          | None  | Set by State legislation  |
| 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 |
| Waste management collections  | Kerbside collection service  | Over time                            | Payment on an annual basis in advance                                    | None  | Adopted by council annually   |
| 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   |
| Airport landing charges   | Permission to use facilities and runway  | Single point in time                 | Monthly in arrears   | None  | Adopted by council annually   |
| 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   |
| Memberships   | Gym and pool membership  | Over time                            | Payment in full in advance   | Refund for unused portion on application    | Adopted by council annually   |
| 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   |
| Sale of stock   | Aviation fuel, kiosk and visitor centre stock  | Single point in time                 | In full in advance, on 15 day credit                                     | Refund for faulty goods                     | Adopted by council annually, set by mutual agreement                        |
| Commissions   | Commissions on licencing and ticket sales  | Over time                            | Payment in full on sale  | None  | Set by mutual agreement with the customer                                   |
| Reimbursements  | Insurance claims   | Single point in time                 | Payment in arrears for claimable event                                   | None  | Set by mutual agreement with the customer                                   |

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

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

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

**(a) Revenue Recognition**

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

**For the year ended 30 June 2022**

| Nature or type                                    | Contracts with customers | Capital grant/contributions | Statutory Requirements | Other            | Total             |
|---|--------------------------|-----------------------------|------------------------|------------------|-------------------|
|   | \$                       | \$                          | \$                     | \$               | \$                |
| Rates   | 0                        | 0                           | 13,953,139             | 354,525          | 14,307,664        |
| Operating grants, subsidies and contributions     | 2,984,793                | 0                           | 0                      | 0                | 2,984,793         |
| Fees and charges                                  | 0                        | 0                           | 200,425                | 3,209,471        | 3,409,896         |
| Interest earnings                                 | 0                        | 0                           | 110,658                | 80,213           | 190,871           |
| Other revenue                                     | 19,439                   | 0                           | 0                      | 0                | 19,439            |
| Non-operating grants, subsidies and contributions | 0                        | 7,438,890                   | 0                      | 0                | 7,438,890         |
| <b>Total</b>                                      | <b>3,004,232</b>         | <b>7,438,890</b>            | <b>14,264,222</b>      | <b>3,644,209</b> | <b>28,351,553</b> |

**For the year ended 30 June 2021**

| Nature or type                                    | Contracts with customers | Capital grant/contributions | Statutory Requirements | Other            | Total             |
|---|--------------------------|-----------------------------|------------------------|------------------|-------------------|
|   | \$                       | \$                          | \$                     | \$               | \$                |
| Rates   | 0                        | 0                           | 13,462,306             | 350,178          | 13,812,484        |
| Operating grants, subsidies and contributions     | 2,507,208                | 0                           | 0                      | 0                | 2,507,208         |
| Fees and charges                                  | 0                        | 0                           | 214,549                | 3,022,989        | 3,237,538         |
| Interest earnings                                 | 0                        | 0                           | 51,650                 | 160,868          | 212,518           |
| Other revenue                                     | 28,096                   | 0                           | 0                      | 0                | 28,096            |
| Non-operating grants, subsidies and contributions | 0                        | 5,269,566                   | 0                      | 0                | 5,269,566         |
| <b>Total</b>                                      | <b>2,535,304</b>         | <b>5,269,566</b>            | <b>13,728,505</b>      | <b>3,534,035</b> | <b>25,067,410</b> |

**Interest earnings**

| Note   | 2022 Actual    | 2022 Budget    | 2021 Actual    |
|--|----------------|----------------|----------------|
| Interest on reserve funds                                | 67,300         | 54,883         | 132,565        |
| Interest on other funds                                  | 11,354         | 27,090         | 27,052         |
| Rates instalment and penalty interest (refer Note 26(e)) | 110,658        | 112,915        | 51,650         |
| Other interest earnings                                  | 1,559          | 1,261          | 1,251          |
|  | <b>190,871</b> | <b>196,149</b> | <b>212,518</b> |

**(b) Expenses**

**Auditors remuneration**

|  |               |               |               |
|--|---------------|---------------|---------------|
| - Audit of the Annual Financial Report         | 36,600        | 22,427        | 22,130        |
| - Other services (Commonwealth certifications) | 14,010        | 13,000        | 800           |
|  | <b>50,610</b> | <b>35,427</b> | <b>22,930</b> |

**Finance costs**

|                   |       |                |                |                |
|-------------------|-------|----------------|----------------|----------------|
| Borrowings        | 28(a) | 97,541         | 116,967        | 95,322         |
| Lease liabilities | 28(d) | 10,703         | 6,451          | 11,148         |
|                   |       | <b>108,244</b> | <b>123,418</b> | <b>106,470</b> |

**Other expenditure**

|                 |  |                |                |                |
|-----------------|--|----------------|----------------|----------------|
| Sundry expenses |  | 416,236        | 426,355        | 420,346        |
|                 |  | <b>416,236</b> | <b>426,355</b> | <b>420,346</b> |

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

**3. CASH AND CASH EQUIVALENTS**

Cash at bank and on hand  
Term deposits  
**Total cash and cash equivalents**

Held as  
- Unrestricted cash and cash equivalents  
- Restricted cash and cash equivalents

| Note  | 2022       | 2021       |
|-------|------------|------------|
|       | \$         | \$         |
|       | 15,051,169 | 11,431,690 |
|       | 0          | 3,011,369  |
| 18(a) | 15,051,169 | 14,443,059 |
|       | 3,113,608  | 5,204,463  |
| 18(a) | 11,937,561 | 9,238,596  |
|       | 15,051,169 | 14,443,059 |

**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.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

**Restricted financial assets**

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

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

**4. OTHER FINANCIAL ASSETS**

**(a) Current assets**

Financial assets at amortised cost

**Other financial assets at amortised cost**

Term deposits

Held as  
- Restricted other financial assets at amortised cost

**(b) Non-current assets**

Financial assets at fair value through profit and loss

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

Units in Local Government House Trust

|       | 2022      | 2021       |
|-------|-----------|------------|
|       | \$        | \$         |
|       | 7,114,531 | 12,600,296 |
|       | 7,114,531 | 12,600,296 |
|       | 7,114,531 | 12,600,296 |
|       | 7,114,531 | 12,600,296 |
| 18(a) | 7,114,531 | 12,600,296 |
|       | 7,114,531 | 12,600,296 |
|       | 77,804    | 73,807     |
|       | 77,804    | 73,807     |
|       | 77,804    | 73,807     |
|       | 77,804    | 73,807     |

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 24 (i)) due to the observable market rates.

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

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

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

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

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 22.



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

**5. TRADE AND OTHER RECEIVABLES**

**Current**

|  |       |
|--|-------|
| Rates receivable   |       |
| Trade and other receivables                                |       |
| GST receivable   |       |
| Allowance for credit losses of trade and other receivables | 22(b) |
| Fuel tax credits   |       |
| Pensioner rates rebate                                     |       |

| Note | 2022      | 2021      |
|------|-----------|-----------|
|      | \$        | \$        |
|      | 465,832   | 309,045   |
|      | 399,598   | 170,111   |
|      | 376,511   | 515,195   |
|      | (5,543)   | 0         |
|      | 1,904     | 6,439     |
|      | 19,104    | 46,375    |
|      | 1,257,406 | 1,047,165 |
|      | 143,597   | 134,563   |
|      | 143,597   | 134,563   |

**Non-current**

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other receivables**

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

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

**Impairment and risk exposure**

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 22.

**Classification and subsequent measurement**

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

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

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

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

**6. INVENTORIES**

**Current**

| Note                                    | 2022   | 2021   |
|---|--------|--------|
|   | \$     | \$     |
| Materials - depot                       | 7,122  | 6,318  |
| Trading stock - Eaton Recreation Centre | 7,159  | 5,842  |
| Land held for resale                    |        |        |
| Cost of acquisition                     | 1      | 0      |
|   | 14,282 | 12,160 |

The following movements in inventories occurred during the year:

|                                      |          |         |
|--------------------------------------|----------|---------|
| Balance at beginning of year         | 12,160   | 19,227  |
| Inventories expensed during the year | (11,598) | (7,067) |
| Additions to inventory               | 13,720   | 0       |
| Balance at end of year               | 14,282   | 12,160  |

**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.

**Land held for resale**

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

**Land held for resale (Continued)**

Borrowing costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed onto the buyer at this point.

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

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

**7. OTHER ASSETS**

**Other assets - current**

Prepayments  
 Accrued income

| 2022    | 2021    |
|---------|---------|
| \$      | \$      |
| 41,896  | 40,180  |
| 244,738 | 119,951 |
| 286,634 | 160,131 |

**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.

**Accrued Income**

Accrued income includes interest accrued on term deposits and revenue or contributions expected to be earned but has yet to be received by year end.

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

**8. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in Balances**

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

| Note   | Land      | Buildings - non-specialised | Total land and buildings | Furniture and equipment | Plant and equipment | Motor vehicles | Work in progress | Total property, plant and equipment |
|--|-----------|-----------------------------|--------------------------|-------------------------|---------------------|----------------|------------------|-------------------------------------|
|  | \$        | \$                          | \$                       | \$                      | \$                  | \$             | \$               | \$                                  |
| <b>Balance at 1 July 2020</b>  | 6,401,394 | 21,984,886                  | 28,386,280               | 357,255                 | 94,629              | 2,161,807      | 539,935          | 31,539,905                          |
| Additions  | 7,500     | 11,941                      | 19,441                   | 24,754                  | 0                   | 531,430        | 2,058,267        | 2,633,891                           |
| Disposals  | (107,150) | (445,316)                   | (552,466)                | 0                       | (900)               | (214,567)      | (481,722)        | (1,249,655)                         |
| Revaluation increments / (decrements) transferred to revaluation surplus | 858,256   | 9,475,764                   | 10,334,020               | 0                       | 0                   | 0              | 0                | 10,334,020                          |
| Depreciation   | 0         | (809,126)                   | (809,126)                | (95,188)                | (11,515)            | (323,467)      | 0                | (1,239,294)                         |
| <b>Balance at 30 June 2021</b>   | 7,160,000 | 30,218,149                  | 37,378,149               | 286,821                 | 82,214              | 2,155,203      | 2,116,480        | 42,018,867                          |
| <b>Comprises:</b>  |           |                             |                          |                         |                     |                |                  |                                     |
| Gross balance amount at 30 June 2021                                     | 7,160,000 | 51,436,550                  | 58,596,550               | 1,576,266               | 188,776             | 4,779,642      | 2,116,480        | 67,257,714                          |
| Accumulated depreciation at 30 June 2021                                 | 0         | (21,218,401)                | (21,218,401)             | (1,289,445)             | (106,562)           | (2,624,439)    | 0                | (25,238,847)                        |
| <b>Balance at 30 June 2021</b>   | 7,160,000 | 30,218,149                  | 37,378,149               | 286,821                 | 82,214              | 2,155,203      | 2,116,480        | 42,018,867                          |
| Additions  | 0         | 3,267,870                   | 3,267,870                | 58,484                  | 404,668             | 823,181        | 2,067,528        | 6,621,731                           |
| Disposals  | 0         | (70,235)                    | (70,235)                 | (3,288)                 | 0                   | (206,987)      | 0                | (280,510)                           |
| Depreciation   | 0         | (1,240,542)                 | (1,240,542)              | (76,057)                | (38,953)            | (310,832)      | 0                | (1,666,384)                         |
| Transfers  | 0         | 475,194                     | 475,194                  | 0                       | 0                   | 0              | (1,844,436)      | (1,369,242)                         |
| <b>Balance at 30 June 2022</b>   | 7,160,000 | 32,650,436                  | 39,810,436               | 265,960                 | 447,929             | 2,460,565      | 2,339,572        | 45,324,462                          |
| <b>Comprises:</b>  |           |                             |                          |                         |                     |                |                  |                                     |
| Gross balance amount at 30 June 2022                                     | 7,160,000 | 53,645,596                  | 60,805,596               | 1,628,841               | 593,444             | 5,075,767      | 2,339,572        | 70,443,220                          |
| Accumulated depreciation at 30 June 2022                                 | 0         | (20,995,160)                | (20,995,160)             | (1,362,881)             | (145,515)           | (2,615,202)    | 0                | (25,118,758)                        |
| <b>Balance at 30 June 2022</b>   | 7,160,000 | 32,650,436                  | 39,810,436               | 265,960                 | 447,929             | 2,460,565      | 2,339,572        | 45,324,462                          |

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

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

**(b) Carrying Value Measurements**

| <b>Asset Class</b>   | <b>Fair Value Hierarchy</b> | <b>Valuation Technique</b>   | <b>Basis of Valuation</b>     | <b>Date of Last Valuation</b> | <b>Inputs Used</b>   |
|--|-----------------------------|--|-------------------------------|-------------------------------|--|
| <b>(i) Fair Value</b>  |                             |  |                               |                               |  |
| <b>Land and buildings</b>  |                             |  |                               |                               |  |
| Land   | 2                           | Market approach using recent observable market data for similar properties | Independent registered valuer | June 2021                     | Price per hectare / market borrowing rate  |
| Buildings - non-specialised  | 3                           | Market approach using recent observable market data for properties         | Independent registered valuer | June 2021                     | Construction costs and current condition, residual values and remaining useful life assessments inputs |
| Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement. |                             |  |                               |                               |  |
| During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.  |                             |  |                               |                               |  |
| <b>(ii) Cost</b>   |                             |  |                               |                               |  |
| <b>Furniture and equipment</b>   |                             | N/A  | Cost                          | Not applicable                | N/A  |
| <b>Plant and equipment</b>   |                             | N/A  | Cost                          | Not applicable                | N/A  |
| <b>Motor vehicles</b>  |                             | N/A  | Cost                          | Not applicable                | N/A  |



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

**9. INFRASTRUCTURE**

**(a) Movements in Balances**

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

| Note   | Infrastructure - roads | Infrastructure - footpaths | Infrastructure - drainage | Infrastructure - parks and ovals | Infrastructure - bridges | Infrastructure - car parks | Infrastructure - lighting | Total Infrastructure |
|--|------------------------|----------------------------|---------------------------|----------------------------------|--------------------------|----------------------------|---------------------------|----------------------|
|  | \$                     | \$                         | \$                        | \$                               | \$                       | \$                         | \$                        | \$                   |
| <b>Balance at 1 July 2020</b>  | 91,654,243             | 7,040,159                  | 16,893,286                | 6,015,002                        | 21,836,680               | 0                          | 0                         | 143,439,370          |
| Additions  | 3,061,885              | 566,218                    | 0                         | 363,538                          | 361,520                  | 0                          | 0                         | 4,353,160            |
| (Disposals)  | 0                      | 0                          | 0                         | 0                                | (282,903)                | 0                          | 0                         | (282,903)            |
| Revaluation increments / (decrements) transferred to revaluation surplus | 0                      | 0                          | 0                         | 0                                | 2,882,429                | 0                          | 0                         | 2,882,429            |
| Depreciation   | (2,530,303)            | (207,947)                  | (333,136)                 | (192,844)                        | (597,726)                | 0                          | 0                         | (3,861,955)          |
| <b>Balance at 30 June 2021</b>   | 92,185,825             | 7,398,430                  | 16,560,150                | 6,185,696                        | 24,200,000               | 0                          | 0                         | 146,530,101          |
| <b>Comprises:</b>  |                        |                            |                           |                                  |                          |                            |                           |                      |
| Gross balance at 30 June 2021  | 136,455,726            | 10,963,561                 | 25,047,817                | 10,005,718                       | 38,959,000               | 0                          | 0                         | 221,431,822          |
| Accumulated depreciation at 30 June 2021                                 | (44,269,901)           | (3,565,131)                | (8,487,667)               | (3,820,022)                      | (14,759,000)             | 0                          | 0                         | (74,901,721)         |
| <b>Balance at 30 June 2021</b>   | 92,185,825             | 7,398,430                  | 16,560,150                | 6,185,696                        | 24,200,000               | 0                          | 0                         | 146,530,101          |
| Additions  | 2,331,674              | 623,164                    | 0                         | 1,611,603                        | 0                        | 58,333                     | 90,070                    | 4,714,844            |
| (Disposals)  | 0                      | 0                          | 0                         | 0                                | 0                        | 0                          | 0                         | 0                    |
| Revaluation increments / (decrements) transferred to revaluation surplus | 50,847,232             | 6,007,356                  | 5,988,057                 | 7,471,741                        | 0                        | 1,289,053                  | 2,127,985                 | 73,731,424           |
| Depreciation   | (2,579,905)            | (219,271)                  | (333,136)                 | (200,114)                        | (429,549)                | 0                          | 0                         | (3,761,975)          |
| Transfers  | 0                      | 0                          | 0                         | 713,019                          | 0                        | 656,225                    | 0                         | 1,369,244            |
| <b>Balance at 30 June 2022</b>   | 142,784,826            | 13,809,679                 | 22,215,071                | 15,781,945                       | 23,770,451               | 2,003,611                  | 2,218,055                 | 222,583,638          |
| <b>Comprises:</b>  |                        |                            |                           |                                  |                          |                            |                           |                      |
| Gross balance at 30 June 2022  | 164,384,485            | 19,118,187                 | 30,919,477                | 24,136,700                       | 38,959,000               | 3,910,819                  | 2,841,328                 | 284,269,996          |
| Accumulated depreciation at 30 June 2022                                 | (21,599,659)           | (5,308,508)                | (8,704,406)               | (8,354,755)                      | (15,188,549)             | (1,907,208)                | (623,273)                 | (61,686,358)         |
| <b>Balance at 30 June 2022</b>   | 142,784,826            | 13,809,679                 | 22,215,071                | 15,781,945                       | 23,770,451               | 2,003,611                  | 2,218,055                 | 222,583,638          |

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

**9. INFRASTRUCTURE (Continued)**

**(b) Carrying Value Measurements**

| <b>Asset Class</b>                      | <b>Fair Value Hierarchy</b> | <b>Valuation Technique</b>                   | <b>Basis of Valuation</b> | <b>Date of Last Valuation</b> | <b>Inputs Used</b>   |
|---|-----------------------------|--|---------------------------|-------------------------------|--|
| <b>(i) Fair Value</b>                   |                             |  |                           |                               |  |
| <b>Infrastructure - roads</b>           | 3                           | Cost approach using current replacement cost | Management valuation      | June 2022                     | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| <b>Infrastructure - footpaths</b>       | 3                           | Cost approach using current replacement cost | Management valuation      | June 2022                     | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| <b>Infrastructure - drainage</b>        | 3                           | Cost approach using current replacement cost | Management valuation      | June 2022                     | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| <b>Infrastructure - parks and ovals</b> | 3                           | Cost approach using current replacement cost | Management valuation      | June 2022                     | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| <b>Infrastructure - bridges</b>         | 3                           | Cost approach using current replacement cost | Independent valuation     | June 2021                     | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| <b>Infrastructure - car parks</b>       | 3                           | Cost approach using current replacement cost | Management valuation      | June 2022                     | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |
| <b>Infrastructure - lighting</b>        | 3                           | Cost approach using current replacement cost | Management valuation      | June 2022                     | Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs |

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

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



**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**10. FIXED ASSETS**

**(a) Depreciation**

|   | <b>Note</b> | <b>2022<br/>Actual</b> | <b>2022<br/>Budget</b> | <b>2021<br/>Actual</b> |
|---|-------------|------------------------|------------------------|------------------------|
|   |             | <b>\$</b>              | <b>\$</b>              | <b>\$</b>              |
| Buildings - non-specialised                   | 8(a)        | 1,240,542              | 1,348,098              | 809,126                |
| Furniture and equipment                       | 8(a)        | 76,057                 | 75,433                 | 95,188                 |
| Plant and equipment                           | 8(a)        | 38,953                 | 11,515                 | 11,515                 |
| Motor vehicles                                | 8(a)        | 310,832                | 345,731                | 323,467                |
| Infrastructure - roads                        | 9(a)        | 2,579,905              | 2,530,304              | 2,530,303              |
| Infrastructure - footpaths                    | 9(a)        | 219,271                | 256,546                | 207,947                |
| Infrastructure - drainage                     | 9(a)        | 333,136                | 333,135                | 333,136                |
| Infrastructure - parks and ovals              | 9(a)        | 200,114                | 192,843                | 192,844                |
| Infrastructure - bridges                      | 9(a)        | 429,549                | 429,550                | 597,726                |
| Right-of-use assets - land and buildings      | 11(a)       | 38,505                 | 21,509                 | 23,397                 |
| Right-of-use assets - furniture and equipment | 11(a)       | 150,821                | 90,419                 | 139,424                |
| Right-of-use assets - motor vehicles          | 11(a)       | 1,532                  | 0                      | 5,978                  |
|   |             | <b>5,619,217</b>       | <b>5,635,083</b>       | <b>5,270,048</b>       |

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

**10. FIXED ASSETS (Continued)**

**(a) Depreciation rates**

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

| <b>Asset Class</b>                    | <b>Useful life</b>           |
|---------------------------------------|------------------------------|
| Buildings - non-specialised           |                              |
| - sub-structure                       | 18 to 90 years               |
| - super-structure                     | 15 to 75 years               |
| - roof                                | 14 to 68 years               |
| - finishing & fittings                | 8 to 38 years                |
| - services                            | 11 to 53 years               |
| - site surround works                 | 30 years                     |
| Furniture and equipment               | 4 to 10 years                |
| Plant and equipment                   | 5 to 10 years                |
| Motor vehicles                        | 4 to 5 years                 |
| Work in progress                      | Not depreciated              |
| Infrastructure Assets - Roads         |                              |
| Sealed Roads and Streets              |                              |
| - formation                           | Not depreciated              |
| - pavement                            | 30 to 80 years               |
| - seal: bitumen                       | 20 years                     |
| - seal: asphalt                       | 40 years                     |
| - seal: brick paving                  | 40 years                     |
| - kerbing                             | 60 years                     |
| - drainage                            | 40 years                     |
| Gravel Roads                          |                              |
| - formation                           | Not depreciated              |
| - pavement                            | 10 to 20 years               |
| Infrastructure Assets - Pathways      |                              |
| - concrete                            | 50 years                     |
| - limestone                           | 15 years                     |
| - paving                              | 25 years                     |
| - asphalt                             | 20 years                     |
| - timber                              | 30 years                     |
| Infrastructure - Stormwater Drainage  | 50 to 75 years               |
| Infrastructure - Parks and Reserves   |                              |
| - playgrounds                         | 15 years                     |
| - furniture                           | 15 years                     |
| - turf                                | 20 years                     |
| - gardens                             | 15 years                     |
| - irrigation                          | 12 to 40 years               |
| - sporting infrastructure             | 15 to 25 years               |
| - rubbish bin enclosures              | 15 years                     |
| - marine structures                   | 20 years                     |
| - other structures                    | 15 to 80 years               |
| Infrastructure - Bridges              |                              |
| - timber                              | 80 years                     |
| - other                               | 100 years                    |
| Infrastructure - Car Parks            |                              |
| - formation                           | Not depreciated              |
| - pavement                            | 30 to 80 years               |
| - seal: bitumen                       | 20 years                     |
| - seal: asphalt                       | 40 years                     |
| - seal: brick paving                  | 40 years                     |
| - kerbing                             | 60 years                     |
| - drainage                            | 40 years                     |
| Infrastructure - Lighting             | 5 to 25 years                |
| Right of use - land                   | Based on the remaining lease |
| Right of use - buildings              | Based on the remaining lease |
| Right of use - plant and equipment    | Based on the remaining lease |
| Right of use - furniture and fittings | Based on the remaining lease |
| Right of use - motor vehicles         | Based on the remaining lease |

**SHIRE OF DARDANUP**  
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**10. FIXED ASSETS (Continued)**

**(b) Disposals of assets**

|                             | 2022<br>Actual<br>Net Book<br>Value | 2022<br>Actual<br>Sale<br>Proceeds | 2022<br>Actual<br>Profit | 2022<br>Actual<br>Loss | 2022<br>Budget<br>Net Book<br>Value | 2022<br>Budget<br>Sale<br>Proceeds | 2022<br>Budget<br>Profit | 2022<br>Budget<br>Loss | 2021<br>Actual<br>Net Book<br>Value | 2021<br>Actual<br>Sale<br>Proceeds | 2021<br>Actual<br>Profit | 2021<br>Actual<br>Loss |
|-----------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
|                             | \$                                  | \$                                 | \$                       | \$                     | \$                                  | \$                                 | \$                       | \$                     | \$                                  | \$                                 | \$                       | \$                     |
| Land - freehold land        | 0                                   | 0                                  | 0                        | 0                      | 1,351,670                           | 5,000,000                          | 3,648,330                | 0                      | 107,150                             | 0                                  | 0                        | (107,150)              |
| Buildings - non-specialised | 70,235                              | 0                                  | 0                        | (70,235)               | 0                                   | 0                                  | 0                        | 0                      | 445,316                             | 0                                  | 0                        | (445,316)              |
| Furniture and equipment     | 3,288                               | 0                                  | 0                        | (3,288)                | 0                                   | 0                                  | 0                        | 0                      | 0                                   | 0                                  | 0                        | 0                      |
| Plant and equipment         | 0                                   | 0                                  | 0                        | 0                      | 0                                   | 0                                  | 0                        | 0                      | 900                                 | 0                                  | 0                        | (900)                  |
| Motor vehicles              | 206,987                             | 243,274                            | 36,297                   | (10)                   | 180,918                             | 170,384                            | 0                        | (10,534)               | 214,567                             | 229,045                            | 18,861                   | (4,383)                |
| Work in progress            | 0                                   | 0                                  | 0                        | 0                      | 0                                   | 0                                  | 0                        | 0                      | 481,722                             | 0                                  | 0                        | (481,722)              |
| Infrastructure - bridges    | 0                                   | 0                                  | 0                        | 0                      | 0                                   | 0                                  | 0                        | 0                      | 282,903                             | 0                                  | 0                        | (282,903)              |
|                             | 280,510                             | 243,274                            | 36,297                   | (73,533)               | 1,532,588                           | 5,170,384                          | 3,648,330                | (10,534)               | 1,532,558                           | 229,045                            | 18,861                   | (1,322,374)            |

The following assets were disposed of during the year.

|                                    | 2022<br>Actual<br>Net Book<br>Value | 2022<br>Actual<br>Sale<br>Proceeds | 2022<br>Actual<br>Profit | 2022<br>Actual<br>Loss |
|------------------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| <b>Plant and Equipment</b>         |                                     |                                    |                          |                        |
| <b>Law, order, public safety</b>   |                                     |                                    |                          |                        |
| Bushfire Brigade Appliance         | 34,400                              | 48,182                             | 13,782                   | 0                      |
| Ranger Services Vehicle            | 14,203                              | 16,455                             | 2,252                    | 0                      |
| <b>Recreation and culture</b>      |                                     |                                    |                          |                        |
| Parks & Reserves Vehicle           | 19,312                              | 19,545                             | 233                      | 0                      |
| Parks & Reserves Vehicle           | 13,866                              | 15,989                             | 2,123                    | 0                      |
| Parks & Reserves Vehicle           | 19,605                              | 22,818                             | 3,213                    | 0                      |
| <b>Transport</b>                   |                                     |                                    |                          |                        |
| Transport Vehicle                  | 13,700                              | 15,989                             | 2,289                    | 0                      |
| Tip Truck                          | 47,000                              | 57,750                             | 10,750                   | 0                      |
| Cab Tractor                        | 28,175                              | 29,000                             | 825                      | 0                      |
| Trailer                            | 1,647                               | 1,637                              | 0                        | (10)                   |
| <b>Other property and services</b> |                                     |                                    |                          |                        |
| IT Vehicle                         | 15,079                              | 15,909                             | 830                      | 0                      |
|                                    | 206,987                             | 243,274                            | 36,297                   | (10)                   |
| <b>Furniture and equipment</b>     |                                     |                                    |                          |                        |
| <b>Recreation and culture</b>      |                                     |                                    |                          |                        |
| Coffee Machine                     | 3,288                               | 0                                  | 0                        | (3,288)                |
|                                    | 3,288                               | 0                                  | 0                        | (3,288)                |
| <b>Buildings</b>                   |                                     |                                    |                          |                        |
| <b>Law, order, public safety</b>   |                                     |                                    |                          |                        |
| Bushfire Brigade Building          | 70,235                              | 0                                  | 0                        | (70,235)               |
|                                    | 70,235                              | 0                                  | 0                        | (70,235)               |
|                                    | 280,510                             | 243,274                            | 36,297                   | (73,533)               |



## 10. FIXED ASSETS (Continued)

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

#### Initial recognition and measurement for assets held at cost

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

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

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

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

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

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next revaluation 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 carrying amount for each asset class is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure and vested improvements to be shown at fair value.

#### Revaluation (continued)

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

#### Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

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

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

#### Depreciation on revaluation

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

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

#### Amortisation

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

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

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

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**11. LEASES**

**(a) Right-of-Use Assets**

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

| Note  | Right-of-use<br>assets - land<br>and buildings | Right-of-use<br>assets - furniture<br>and equipment | Right-of-use<br>assets - motor<br>vehicles | Right-of-use<br>assets<br>Total |
|---|--|---|--|---------------------------------|
|   | \$   | \$  | \$   | \$                              |
| Balance at 1 July 2020                                    | 100,704  | 404,586   | 603  | 505,893                         |
| Additions   | 0  | 171,395   | 12,213                                     | 183,608                         |
| Adjustment due to subsequent changes in lease liabilities | 11,132   | 2,442   | (604)                                      | 12,970                          |
| Depreciation  | (23,397)                                       | (139,424)   | (5,978)                                    | (168,799)                       |
| Balance at 30 June 2021                                   | 88,439   | 438,999   | 6,234                                      | 533,672                         |
| Additions   | 113,799  | 0   | 0  | 113,799                         |
| Gains/(losses) from sale and leaseback transactions       | (30,302)                                       | 25,704  | (4,702)                                    | (9,300)                         |
| Depreciation  | (38,505)                                       | (150,821)   | (1,532)                                    | (190,858)                       |
| Balance at 30 June 2022                                   | 133,431  | 313,882   | 0  | 447,313                         |

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

|  |       | 2022<br>Actual | 2021<br>Actual |
|--|-------|----------------|----------------|
|  |       | \$             | \$             |
| Depreciation on right-of-use assets                              | 10(a) | (190,858)      | (168,799)      |
| Interest expense on lease liabilities                            | 28(d) | (10,703)       | (11,148)       |
| Short-term lease payments recognised as expense                  |       | 0              | (39,150)       |
| Lease principal expense  |       | (188,703)      | (165,751)      |
| Total amount recognised in the statement of comprehensive income |       | (390,264)      | (384,848)      |
| Total cash outflow from leases                                   |       | (188,703)      | (178,852)      |
| (b) Lease Liabilities  |       |                |                |
| Current  |       | 194,754        | 167,440        |
| Non-current  |       | 260,327        | 372,271        |
|  | 28(d) | 455,081        | 539,711        |

**Secured liabilities and assets pledged as security**

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

**SIGNIFICANT ACCOUNTING POLICIES**

**Leases**

At inception of a contract, the Shire assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 28(d).

**Right-of-use assets - valuation measurement**

Right-of-use assets are measured at cost. This means that 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). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 under revaluation for details on the significant accounting policies applying to vested improvements.

**Right-of-use assets - depreciation**

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Shire anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

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

**12. TRADE AND OTHER PAYABLES**

**Current**

|  |  |
|--|--|
| Sundry creditors                         |  |
| Prepaid rates                            |  |
| Accrued payroll liabilities              |  |
| ATO liabilities                          |  |
| Bonds and deposits held                  |  |
| Accrued interest on long term borrowings |  |
| Accrued expenses                         |  |
| Prepaid revenue                          |  |

| 2022      | 2021      |
|-----------|-----------|
| \$        | \$        |
| 1,149,276 | 1,798,946 |
| 885,616   | 782,454   |
| 171,847   | 141,810   |
| 0         | 170,496   |
| 584,732   | 700,299   |
| 28,572    | 30,331    |
| 6,565     | 117,261   |
| 4,582     | 0         |
| 2,831,190 | 3,741,597 |

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Trade and other payables**

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

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

**Prepaid rates**

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

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

**13. OTHER LIABILITIES**

**Current**

Contract liabilities from contracts with customers - Grant Revenue  
 Capital grant/contributions liabilities - Developer Contributions  
 Other Liabilities from contracts with customers - Revenue

**Non-current**

Contract liabilities from contracts with customers - Grant Revenue  
 Capital grant/contributions liabilities - Developer Contributions

**Reconciliation of changes in contract liabilities - Grant Revenue**

Opening balance  
 Additions  
 Revenue from contracts with customers included as a contract liability at the start of the period

The Shire expects to satisfy the performance obligations from contracts with customers unsatisfied at the end of the reporting period to be satisfied within the next 12 months.

**Reconciliation of changes in capital grant/contribution liabilities - Developer Contributions**

Opening balance  
 Additions  
 Revenue from capital grant/contributions held as a liability at the start of the period

**Expected satisfaction of capital grant/contribution liabilities**

Less than 1 year  
 1 to 2 years  
 2 to 3 years  
 3 to 4 years  
 4 to 5 years  
 > 5 years

| 2022        | 2021        |
|-------------|-------------|
| \$          | \$          |
| 598,305     | 1,906,515   |
| 250,000     | 538,409     |
| 29,144      | 27,290      |
| 877,449     | 2,472,214   |
| 0           | 15,000      |
| 261,660     | 763,423     |
| 261,660     | 778,423     |
| 1,921,515   | 2,699,261   |
| 583,305     | 1,338,794   |
| (1,906,515) | (2,116,540) |
| 598,305     | 1,921,515   |
| 1,301,832   | 2,633,282   |
| 0           | 99,159      |
| (790,172)   | (1,430,609) |
| 511,660     | 1,301,832   |
| 598,305     | 1,933,805   |
| 0           | 0           |
| 0           | 15,000      |
| 0           | 0           |
| 0           | 0           |
| 0           | 0           |
| 598,305     | 1,948,805   |

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Contract liabilities**

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

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

**Capital grant/contribution liabilities**

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

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

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

**14. BORROWINGS**

|                                 | Note  | 2022    |             |           | 2021    |             |           |
|---------------------------------|-------|---------|-------------|-----------|---------|-------------|-----------|
|                                 |       | Current | Non-current | Total     | Current | Non-current | Total     |
| <b>Secured</b>                  |       | \$      | \$          | \$        | \$      | \$          | \$        |
| Debentures                      |       | 392,533 | 2,056,490   | 2,449,023 | 333,977 | 2,129,023   | 2,463,000 |
| <b>Total secured borrowings</b> | 28(a) | 392,533 | 2,056,490   | 2,449,023 | 333,977 | 2,129,023   | 2,463,000 |

**Secured liabilities and assets pledged as security**

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Borrowing costs**

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

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

**Risk**

Information regarding exposure to risk can be found at Note 22.

Details of individual borrowings required by regulations are provided at Note 28(a).

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

**15. EMPLOYEE RELATED PROVISIONS**

**Employee Related Provisions**

**Current provisions**

**Employee benefit provisions**

Annual Leave  
Long Service Leave  
Other employee provisions - rostered days off

**Non-current provisions**

Long Service Leave

|   | 2022      | 2021      |
|---|-----------|-----------|
|   | \$        | \$        |
| Annual Leave                                  | 833,762   | 852,083   |
| Long Service Leave                            | 732,123   | 786,010   |
| Other employee provisions - rostered days off | 70,184    | 55,619    |
|   | 1,636,069 | 1,693,712 |
| Long Service Leave                            | 271,516   | 244,930   |
|   | 271,516   | 244,930   |
|   | 1,907,585 | 1,938,642 |

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

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

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

Less than 12 months after the reporting date  
More than 12 months from reporting date

| Note   | 2022      | 2021      |
|--|-----------|-----------|
|  | \$        | \$        |
| Less than 12 months after the reporting date | 940,423   | 1,693,712 |
| More than 12 months from reporting date      | 967,162   | 244,930   |
|  | 1,907,585 | 1,938,642 |

**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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



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

**16. OTHER PROVISIONS**

|                                       | <b>Note</b> | <b>Provision for<br/>rehabilitation<br/>on leased<br/>land<br/>(Transfer<br/>Station)</b> | <b>Total</b> |
|---------------------------------------|-------------|---|--------------|
|                                       |             | <b>\$</b>   | <b>\$</b>    |
| <b>Opening balance at 1 July 2021</b> |             |   |              |
| Non-current provisions                |             | 83,833  | 83,833       |
|                                       |             | 83,833  | 83,833       |
| <b>Balance at 30 June 2022</b>        |             | 83,833  | 83,833       |
| <b>Comprises</b>                      |             |   |              |
| Non-current                           |             | 83,833  | 83,833       |
|                                       |             | 83,833  | 83,833       |

**Provision for remediation costs**

Council operates a waste transfer station on leased land at Banksia Road, Dardanup, which at the end of the lease will require rehabilitation on the site. A provision for such has been created and is based on usage of the site. The Provision for Rehabilitation on the leased site has been recorded using the Net Present Value method.

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

**17. REVALUATION SURPLUS**

|  | <b>2022<br/>Opening<br/>Balance</b> | <b>2022<br/>Revaluation<br/>Increment</b> | <b>2022<br/>Revaluation<br/>(Decrement)</b> | <b>Total<br/>Movement on<br/>Revaluation</b> | <b>2022<br/>Closing<br/>Balance</b> | <b>2021<br/>Opening<br/>Balance</b> | <b>2021<br/>Revaluation<br/>Increment</b> | <b>2021<br/>Revaluation<br/>(Decrement)</b> | <b>Total<br/>Movement on<br/>Revaluation</b> | <b>2021<br/>Closing<br/>Balance</b> |
|--|-------------------------------------|---|---|--|-------------------------------------|-------------------------------------|---|---|--|-------------------------------------|
|  | \$                                  | \$  | \$  | \$   | \$                                  | \$                                  | \$  | \$  | \$   | \$                                  |
| Revaluation surplus - Land - freehold land             | 5,876,608                           | 0   | 0   | 0  | 5,876,608                           | 5,018,352                           | 858,256                                   | 0   | 858,256                                      | 5,876,608                           |
| Revaluation surplus - Buildings - non-specialised      | 21,289,894                          | 0   | 0   | 0  | 21,289,894                          | 11,814,130                          | 9,475,764                                 | 0   | 9,475,764                                    | 21,289,894                          |
| Revaluation surplus - Furniture and equipment          | 141,852                             | 0   | 0   | 0  | 141,852                             | 141,852                             | 0   | 0   | 0  | 141,852                             |
| Revaluation surplus - Plant and equipment              | 61,467                              | 0   | 0   | 0  | 61,467                              | 61,467                              | 0   | 0   | 0  | 61,467                              |
| Revaluation surplus - Motor vehicles                   | 308,205                             | 0   | 0   | 0  | 308,205                             | 308,205                             | 0   | 0   | 0  | 308,205                             |
| Revaluation surplus - Infrastructure - roads           | 57,347,459                          | 50,847,232                                | 0   | 50,847,232                                   | 108,194,691                         | 57,347,459                          | 0   | 0   | 0  | 57,347,459                          |
| Revaluation surplus - Infrastructure - footpaths       | 6,425,473                           | 6,007,356                                 | 0   | 6,007,356                                    | 12,432,829                          | 6,425,473                           | 0   | 0   | 0  | 6,425,473                           |
| Revaluation surplus - Infrastructure - drainage        | 19,141,929                          | 5,988,057                                 | 0   | 5,988,057                                    | 25,129,986                          | 19,141,929                          | 0   | 0   | 0  | 19,141,929                          |
| Revaluation surplus - Infrastructure - parks and ovals | 2,216,465                           | 7,471,741                                 | 0   | 7,471,741                                    | 9,688,206                           | 2,216,465                           | 0   | 0   | 0  | 2,216,465                           |
| Revaluation surplus - Infrastructure - bridges         | 19,147,884                          | 0   | 0   | 0  | 19,147,884                          | 16,265,455                          | 2,882,429                                 | 0   | 2,882,429                                    | 19,147,884                          |
| Revaluation surplus - Infrastructure - car parks       | 0                                   | 1,289,053                                 | 0   | 1,289,053                                    | 1,289,053                           | 0                                   | 0   | 0   | 0  | 0                                   |
| Revaluation surplus - Infrastructure - lighting        | 0                                   | 2,127,985                                 | 0   | 2,127,985                                    | 2,127,985                           | 0                                   | 0   | 0   | 0  | 0                                   |
|  | 131,957,235                         | 73,731,424                                | 0   | 73,731,424                                   | 205,688,659                         | 118,740,787                         | 13,216,449                                | 0   | 13,216,449                                   | 131,957,235                         |

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

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

**18. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

|  | Note | 2022<br>Actual<br>\$ | 2022<br>Budget<br>\$ | 2021<br>Actual<br>\$ |
|--|------|----------------------|----------------------|----------------------|
| Cash and cash equivalents  | 3    | 15,051,169           | 15,064,219           | 14,443,059           |
| <b>Restrictions</b>  |      |                      |                      |                      |
| The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used: |      |                      |                      |                      |
| - Cash and cash equivalents  | 3    | 11,937,561           | (176,779)            | 9,238,596            |
| - Financial assets at amortised cost   | 4    | 7,114,531            | 12,600,296           | 12,600,296           |
|  |      | 19,052,092           | 12,423,517           | 21,838,892           |
| The restricted financial assets are a result of the following specific purposes to which the assets may be used:   |      |                      |                      |                      |
| Restricted reserve accounts  | 29   | 19,052,092           | 12,423,517           | 21,838,892           |
| <b>Total restricted financial assets</b>   |      | 19,052,092           | 12,423,517           | 21,838,892           |

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

|   |  |             |             |             |
|---|--|-------------|-------------|-------------|
| Net result  |  | 4,167,189   | 8,029,071   | 2,129,675   |
| Non-cash items:   |  |             |             |             |
| Adjustments to fair value of financial assets at fair value through profit and loss |  | (3,997)     | 0           | (2,587)     |
| Depreciation/amortisation   |  | 5,619,217   | 5,635,083   | 5,270,048   |
| (Profit)/loss on sale of asset  |  | 37,236      | (3,637,796) | 1,303,513   |
| Changes in assets and liabilities:  |  |             |             |             |
| (Increase)/decrease in trade and other receivables                                  |  | (219,274)   | 0           | 408,446     |
| (Increase)/decrease in other assets   |  | (126,503)   | 0           | (117,324)   |
| (Increase)/decrease in inventories  |  | (2,122)     | 0           | 7,067       |
| Increase/(decrease) in trade and other payables                                     |  | (910,835)   | 0           | 678,985     |
| Increase/(decrease) in employee related provisions                                  |  | (31,057)    | 0           | 225,791     |
| Non-operating grants, subsidies and contributions                                   |  | (5,325,508) | (4,751,820) | (5,269,566) |
| Net cash provided by/(used in) operating activities                                 |  | 1,092,818   | 2,220,763   | 4,661,337   |

**(c) Undrawn Borrowing Facilities  
Credit Standby Arrangements**

|                                      |        |        |
|--------------------------------------|--------|--------|
| Credit card limit                    | 15,000 | 15,000 |
| <b>Total amount of credit unused</b> | 15,000 | 15,000 |

**Loan facilities**

|  |           |           |
|--|-----------|-----------|
| Loan facilities - current                      | 392,533   | 333,977   |
| Loan facilities - non-current                  | 2,056,490 | 2,129,023 |
| <b>Total facilities in use at balance date</b> | 2,449,023 | 2,463,000 |

**Unused loan facilities at balance date**

Nil

Nil

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

**19. CONTINGENT LIABILITIES**

The Shire does not have any contingent liabilities at year end.

**20. CAPITAL COMMITMENTS**

|                                | <b>2022</b>    | <b>2021</b>      |
|--------------------------------|----------------|------------------|
|                                | <b>\$</b>      | <b>\$</b>        |
| Contracted for:                |                |                  |
| - capital expenditure projects | 115,236        | 1,208,345        |
|                                | 115,236        | 1,208,345        |
| Payable:                       |                |                  |
| - not later than one year      | 115,236        | 1,208,345        |
| <br>                           |                |                  |
| Eaton Skate Park               | 6,690          | 285,661          |
| Cadell Park Upgrade            | 21,273         | 0                |
| Cadell Park Renewal            | 46,364         | 0                |
| Lofthouse Park                 | 40,909         | 0                |
| Waterloo BFB Building          | 0              | 151,808          |
| Dard Central BFB Building      | 0              | 85,820           |
| Eaton Administration Building  | 0              | 162,450          |
| Eaton Bowling Club Building    | 0              | 522,606          |
|                                | <u>115,236</u> | <u>1,208,345</u> |

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

**(a) Elected Member Remuneration**

| Note   | 2022<br>Actual<br>\$ | 2022<br>Budget<br>\$ | 2021<br>Actual<br>\$ |
|--|----------------------|----------------------|----------------------|
| <b>Elected member - Shire President (1)</b>  |                      |                      |                      |
| President's annual allowance                 | 27,718               | 27,718               | 25,870               |
| Meeting attendance fees                      | 19,007               | 19,007               | 17,739               |
| Annual allowance for ICT expenses            | 2,625                | 2,625                | 2,450                |
| Travel and accommodation expenses            | 442                  | 889                  | 90                   |
|  | 49,792               | 50,239               | 46,149               |
| <b>Elected member - Deputy President (2)</b> |                      |                      |                      |
| Deputy President's annual allowance          | 6,929                | 6,929                | 6,467                |
| Meeting attendance fees                      | 12,275               | 12,275               | 11,457               |
| Annual allowance for ICT expenses            | 2,625                | 2,625                | 2,450                |
| Travel and accommodation expenses            | 0                    | 889                  | 2,640                |
|  | 21,829               | 22,718               | 23,014               |
| <b>Elected member (3)</b>                    |                      |                      |                      |
| Meeting attendance fees                      | 12,275               | 12,275               | 11,457               |
| Other expenses                               | 63                   | 0                    | 0                    |
| Annual allowance for ICT expenses            | 2,625                | 2,625                | 2,450                |
| Travel and accommodation expenses            | 1,352                | 889                  | 0                    |
|  | 16,315               | 15,789               | 13,907               |
| <b>Elected member (4)</b>                    |                      |                      |                      |
| Meeting attendance fees                      | 12,275               | 12,275               | 11,457               |
| Annual allowance for ICT expenses            | 2,625                | 2,625                | 2,450                |
| Travel and accommodation expenses            | 177                  | 889                  | 484                  |
|  | 15,077               | 15,789               | 14,391               |
| <b>Elected member (5)</b>                    |                      |                      |                      |
| Meeting attendance fees                      | 12,275               | 12,275               | 11,457               |
| Annual allowance for ICT expenses            | 2,625                | 2,625                | 2,450                |
| Travel and accommodation expenses            | 0                    | 889                  | 0                    |
|  | 14,900               | 15,789               | 13,907               |
| <b>Elected member (6)</b>                    |                      |                      |                      |
| Meeting attendance fees                      | 12,275               | 12,275               | 11,457               |
| Other expenses                               | 35                   | 0                    | 39                   |
| Annual allowance for ICT expenses            | 2,625                | 2,625                | 2,450                |
| Travel and accommodation expenses            | 0                    | 889                  | 0                    |
|  | 14,935               | 15,789               | 13,946               |
| <b>Elected member (7)</b>                    |                      |                      |                      |
| Meeting attendance fees                      | 12,275               | 12,275               | 11,457               |
| Annual allowance for ICT expenses            | 2,625                | 2,625                | 2,450                |
| Travel and accommodation expenses            | 0                    | 889                  | 0                    |
|  | 14,900               | 15,789               | 13,907               |
| <b>Elected member (8)</b>                    |                      |                      |                      |
| Meeting attendance fees                      | 12,275               | 12,275               | 11,457               |
| Child care expenses                          | 1,508                | 600                  | 1,860                |
| Other expenses                               | 0                    | 0                    | 100                  |
| Annual allowance for ICT expenses            | 2,625                | 2,625                | 2,450                |
| Travel and accommodation expenses            | 0                    | 889                  | 0                    |
|  | 16,408               | 16,389               | 15,867               |
| <b>Elected member (9)</b>                    |                      |                      |                      |
| Meeting attendance fees                      | 12,275               | 12,275               | 11,457               |
| Annual allowance for ICT expenses            | 2,625                | 2,625                | 2,450                |
| Travel and accommodation expenses            | 0                    | 889                  | 0                    |
|  | 14,900               | 15,789               | 13,907               |
|  | 179,056              | 184,080              | 168,995              |

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

**21. RELATED PARTY TRANSACTIONS (Continued)**

**(a) Elected Member Remuneration**

Fees, expenses and allowances to be paid or reimbursed to elected council members.

|                                     | 2022<br>Actual | 2022<br>Budget | 2021<br>Actual |
|-------------------------------------|----------------|----------------|----------------|
|                                     | \$             | \$             | \$             |
| President's annual allowance        | 27,718         | 27,718         | 25,870         |
| Deputy President's annual allowance | 6,929          | 6,929          | 6,467          |
| Meeting attendance fees             | 117,207        | 117,207        | 109,395        |
| Child care expenses                 | 1,508          | 600            | 1,860          |
| Other expenses                      | 98             | 0              | 139            |
| Annual allowance for ICT expenses   | 23,625         | 23,625         | 22,050         |
| Travel and accommodation expenses   | 1,971          | 8,001          | 3,214          |
| 21(b)                               | 179,056        | 184,080        | 168,995        |

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

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

|                                     | 2022<br>Actual | 2021<br>Actual |
|-------------------------------------|----------------|----------------|
|                                     | \$             | \$             |
| Short-term employee benefits        | 1,890,367      | 1,787,591      |
| Post-employment benefits            | 216,624        | 198,994        |
| Employee - other long-term benefits | 46,552         | 40,578         |
| Employee - termination benefits     | 147,760        | 19,085         |
| Council member costs                | 179,056        | 168,995        |
| 21(a)                               | 2,480,359      | 2,215,243      |

*Short-term employee benefits*

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

*Post-employment benefits*

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

*Other long-term benefits*

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

*Termination benefits*

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

*Council member costs*

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



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

**21. RELATED PARTY TRANSACTIONS (Continued)**

**(b) Transactions with related parties**

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

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

**(c) Related Parties**

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

*i. Key management personnel*

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

*ii. Other Related Parties*

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

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

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

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

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**22. 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.

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

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

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

**(a) Interest rate risk**

**Cash and cash equivalents**

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

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

|  | <b>Weighted<br/>Average<br/>Interest Rate</b> | <b>Carrying<br/>Amounts</b> | <b>Fixed<br/>Interest Rate</b> | <b>Variable<br/>Interest Rate</b> | <b>Non Interest<br/>Bearing</b> |
|--|---|-----------------------------|--------------------------------|-----------------------------------|---------------------------------|
|  | <b>%</b>                                      | <b>\$</b>                   | <b>\$</b>                      | <b>\$</b>                         | <b>\$</b>                       |
| <b>2022</b>  |   |                             |                                |                                   |                                 |
| Cash and cash equivalents                          | 0.50%   | 15,051,169                  | 0                              | 15,051,169                        | 0                               |
| Financial assets at amortised cost - term deposits | 0.50%   | 7,114,531                   | 7,114,531                      | 0                                 | 0                               |
| <b>2021</b>  |   |                             |                                |                                   |                                 |
| Cash and cash equivalents                          | 0.50%   | 14,443,059                  | 3,011,369                      | 11,431,690                        | 0                               |
| Financial assets at amortised cost - term deposits | 0.50%   | 12,600,296                  | 12,600,296                     | 0                                 | 0                               |

**Sensitivity**

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

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

\* Holding all other variables constant

| <b>2022</b> | <b>2021</b> |
|-------------|-------------|
| <b>\$</b>   | <b>\$</b>   |
| 150,512     | 114,317     |

**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 28(a).

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

**22. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit risk**

**Trade and Other Receivables**

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

|                       | Less than 1<br>year past due | More than 1<br>year past due | More than 2<br>years past due | More than 3<br>years past due | Total   | Note |
|-----------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|---------|------|
| <b>30 June 2022</b>   |                              |                              |                               |                               |         |      |
| Rates receivable      |                              |                              |                               |                               |         |      |
| Expected credit loss  | 0.00%                        | 0.00%                        | 0.00%                         | 0.00%                         |         |      |
| Gross carrying amount | 333,855                      | 69,377                       | 41,182                        | 21,418                        | 465,832 |      |
| <b>30 June 2021</b>   |                              |                              |                               |                               |         |      |
| Rates receivable      |                              |                              |                               |                               |         |      |
| Expected credit loss  | 0.00%                        | 0.00%                        | 0.00%                         | 0.00%                         |         |      |
| Gross carrying amount | 209,327                      | 55,221                       | 17,380                        | 27,117                        | 309,045 |      |

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

|                             | Less than 1<br>year past due | More than 30<br>days past due | More than 60<br>days past due | More than 90<br>days past due | Total   | Note |
|-----------------------------|------------------------------|-------------------------------|-------------------------------|-------------------------------|---------|------|
| <b>30 June 2022</b>         |                              |                               |                               |                               |         |      |
| Trade and other receivables |                              |                               |                               |                               |         |      |
| Expected credit loss        | 0.00%                        | 0.00%                         | 0.00%                         | 5.7%                          |         |      |
| Gross carrying amount       | 281,347                      | 235                           | 20,078                        | 97,938                        | 399,598 |      |
| Loss allowance              | 0                            | 0                             | 0                             | 5,543                         | 5,543   | 5    |
| <b>30 June 2021</b>         |                              |                               |                               |                               |         |      |
| Trade and other receivables |                              |                               |                               |                               |         |      |
| Expected credit loss        | 0.00%                        | 0.00%                         | 0.00%                         | 0.00%                         |         |      |
| Gross carrying amount       | 154,472                      | 4,120                         | 8,759                         | 2,760                         | 170,111 |      |
| Loss allowance              | 0                            | 0                             | 0                             | 0                             | 0       | 5    |

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**22. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit risk**

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

|                                     | Rates receivable |                | Trade and other receivables |                | Contract Assets |                |
|-------------------------------------|------------------|----------------|-----------------------------|----------------|-----------------|----------------|
|                                     | 2022<br>Actual   | 2021<br>Actual | 2022<br>Actual              | 2021<br>Actual | 2022<br>Actual  | 2021<br>Actual |
|                                     | \$               | \$             | \$                          | \$             | \$              | \$             |
| Opening loss allowance as at 1 July | 0                | 0              | 0                           | 0              | 0               | 0              |
| Unused amount reversed              | 0                | 0              | 5,543                       | 0              | 0               | 0              |
| Closing loss allowance at 30 June   | 0                | 0              | 5,543                       | 0              | 0               | 0              |

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

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

**Contract Assets**

The Shire's contract assets represent work completed, which have not been invoiced at year end. This is due to the Shire not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The Shire applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Shire has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**22. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Liquidity risk**

**Payables and borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 18(c).

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

|                          | <b>Due<br/>within<br/>1 year</b> | <b>Due<br/>between<br/>1 &amp; 5 years</b> | <b>Due<br/>after<br/>5 years</b> | <b>Total<br/>contractual<br/>cash flows</b> | <b>Carrying<br/>values</b> |
|--------------------------|----------------------------------|--|----------------------------------|---|----------------------------|
| <b>2022</b>              | <b>\$</b>                        | <b>\$</b>                                  | <b>\$</b>                        | <b>\$</b>                                   | <b>\$</b>                  |
| Trade and other payables | 1,940,992                        | 0  | 0                                | 1,940,992                                   | 1,940,992                  |
| Borrowings               | 474,600                          | 1,186,124                                  | 1,262,078                        | 2,922,802                                   | 2,449,023                  |
| Lease liabilities        | 202,596                          | 265,816                                    | 0                                | 468,412                                     | 455,081                    |
|                          | <b>2,618,188</b>                 | <b>1,451,940</b>                           | <b>1,262,078</b>                 | <b>5,332,206</b>                            | <b>4,845,096</b>           |
| <b>2021</b>              |                                  |  |                                  |   |                            |
| Trade and other payables | 1,798,946                        | 0  | 0                                | 1,798,946                                   | 3,741,597                  |
| Borrowings               | 333,977                          | 934,232                                    | 1,194,791                        | 2,463,000                                   | 2,463,000                  |
| Lease liabilities        | 167,440                          | 363,840                                    | 8,431                            | 539,711                                     | 539,711                    |
|                          | <b>2,300,363</b>                 | <b>1,298,072</b>                           | <b>1,203,222</b>                 | <b>4,801,657</b>                            | <b>6,744,308</b>           |

**23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

Events may occur between the end of the reporting period and the date when financial statements are verified by the Council. The Shire is not aware of, or in receipt of, any information or events that may impact or lead to any adjustment in the financial statements after the reporting period.

## 24. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

### b) Current and non-current classification

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

### c) Rounding off figures

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

### d) Comparative figures

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

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

### e) Budget comparative figures

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

### f) Superannuation

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

### g) Fair value of assets and liabilities

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

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

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

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

### h) Interest earnings

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

### i) Fair value hierarchy

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

#### Level 1

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

#### Level 2

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

#### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

### Valuation techniques

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

#### Market approach

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

#### Income approach

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

#### Cost approach

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

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

### j) Impairment of assets

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

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

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

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

### k) Initial application of accounting standards

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

### New accounting standards for application in future years

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

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-7 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

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



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

**25. FUNCTION AND ACTIVITY**

**(a) Service objectives and descriptions**

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

| Objective  | Description  |
|--|--|
| <b>Governance</b><br>To provide a decision making process for the efficient allocation of scarce resources.  | Includes the activities of members of Council and the administration support available to Council for the provision of governance of the District. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific Council services. |
| <b>General purpose funding</b><br>To collect revenue to allow for the provision of services.   | Rates, general purpose government grants and interest revenue.   |
| <b>Law, order, public safety</b><br>To provide services to help ensure a safer and environmentally conscious community.                              | Supervision and enforcement of various local-laws relating to the fire prevention, animal control and protection of the environment, and other aspects of public safety including emergency services.  |
| <b>Health</b><br>To provide services to achieve community and environmental health.  | Maternal and infant health facilities, immunisation, meat inspection services, inspection of food outlets, noise control and pest control services.  |
| <b>Education and welfare</b><br>To provide services to children, youth, the elderly and disadvantaged persons.                                       | Pre-school and other education services, child minding facilities, playgroups, senior citizens' centres, meals on wheels and home care services.   |
| <b>Housing</b><br>To provide and maintain staff housing and elderly residents' housing.  | Provision and maintenance of staff housing and elderly residents' housing.   |
| <b>Community amenities</b><br>To provide services required by the community.   | Rubbish collection services, operation of refuse site, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemeteries and public conveniences.  |
| <b>Recreation and culture</b><br>To establish and effectively manage infrastructure and resources which help the social well being of the community. | Maintenance of halls, civic buildings, river banks, recreation centre and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library and other cultural facilities.  |
| <b>Transport</b><br>To promote safe, effective and efficient transport services to the community.  | Construction and maintenance of streets, roads, bridges, footpaths, cycle ways, parking facilities, traffic control and depot. Cleaning of streets and maintenance of street trees, street lighting, etc.  |
| <b>Economic services</b><br>To help promote the shire and its economic wellbeing.  | Tourism and area promotion, building control, provision of rural services including weed control and vermin control, standpipes.   |
| <b>Other property and services</b><br>To monitor and control Council's overheads operating accounts.   | Private works operations, plant repairs and operations costs, engineering operation costs.   |

**SHIRE OF DARDANUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**25. FUNCTION AND ACTIVITY (Continued)**

**(b) Income and expenses**

**Income excluding non-operating grants, subsidies and contributions**

|                             | <b>2022<br/>Actual</b> | <b>2022<br/>Budget</b> | <b>2021<br/>Actual</b> |
|-----------------------------|------------------------|------------------------|------------------------|
|                             | \$                     | \$                     | \$                     |
| Governance                  | 4,282                  | 800                    | 23,980                 |
| General purpose funding     | 16,197,052             | 15,793,559             | 15,304,001             |
| Law, order, public safety   | 520,633                | 513,681                | 647,418                |
| Health                      | 23,504                 | 16,650                 | 5,489                  |
| Education and welfare       | 2,550                  | 6,000                  | 10,017                 |
| Community amenities         | 1,732,986              | 1,770,752              | 1,592,566              |
| Recreation and culture      | 1,854,949              | 1,687,284              | 1,638,555              |
| Transport                   | 224,112                | 157,524                | 156,737                |
| Economic services           | 169,233                | 189,980                | 167,042                |
| Other property and services | 223,656                | 3,815,130              | 273,487                |
|                             | 20,952,957             | 23,951,360             | 19,819,292             |

**Non-operating Grants, subsidies and contributions**

|                           |           |           |           |
|---------------------------|-----------|-----------|-----------|
| Law, order, public safety | 790,771   | 865,112   | 451,916   |
| Community amenities       | 182,246   | 0         | 0         |
| Recreation and culture    | 3,191,447 | 3,344,918 | 1,387,038 |
| Transport                 | 3,274,426 | 3,595,565 | 3,430,612 |
|                           | 7,438,890 | 7,805,595 | 5,269,566 |

**Total Income**

|  |            |            |            |
|--|------------|------------|------------|
|  | 28,391,847 | 31,756,955 | 25,088,858 |
|--|------------|------------|------------|

**Expenses**

|                             |             |             |             |
|-----------------------------|-------------|-------------|-------------|
| Governance                  | (1,387,717) | (1,272,496) | (1,084,777) |
| General purpose funding     | (532,978)   | (530,474)   | (342,959)   |
| Law, order, public safety   | (1,788,042) | (1,666,093) | (1,736,734) |
| Health                      | (531,650)   | (552,267)   | (508,635)   |
| Education and welfare       | (864,255)   | (878,754)   | (831,897)   |
| Community amenities         | (3,281,154) | (3,385,649) | (2,805,205) |
| Recreation and culture      | (8,152,069) | (8,026,956) | (8,090,255) |
| Transport                   | (6,746,659) | (6,443,340) | (6,356,082) |
| Economic services           | (526,260)   | (563,127)   | (489,366)   |
| Other property and services | (413,874)   | (408,728)   | (713,273)   |

**Total expenses**

|  |              |              |              |
|--|--------------|--------------|--------------|
|  | (24,224,658) | (23,727,884) | (22,959,183) |
|--|--------------|--------------|--------------|

**Net result for the period**

|  |           |           |           |
|--|-----------|-----------|-----------|
|  | 4,167,189 | 8,029,071 | 2,129,675 |
|--|-----------|-----------|-----------|

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

**25. FUNCTION AND ACTIVITY (Continued)**

**(c) Fees and Charges**

|                             | <b>2022<br/>Actual</b> | <b>2022<br/>Budget</b> | <b>2021<br/>Actual</b> |
|-----------------------------|------------------------|------------------------|------------------------|
|                             | \$                     | \$                     | \$                     |
| Governance                  | 104                    | 300                    | 205                    |
| General purpose funding     | 161,721                | 142,679                | 162,521                |
| Law, order, public safety   | 123,399                | 109,750                | 0                      |
| Health                      | 23,504                 | 16,600                 | 96,620                 |
| Education and welfare       | 0                      | 0                      | 5,171                  |
| Community amenities         | 1,514,465              | 1,433,155              | 1,468,810              |
| Recreation and culture      | 1,384,112              | 1,233,911              | 1,292,711              |
| Transport                   | 5,274                  | 2,900                  | 3,397                  |
| Economic services           | 141,486                | 134,480                | 155,847                |
| Other property and services | 55,831                 | 36,600                 | 52,256                 |
|                             | <b>3,409,896</b>       | <b>3,110,375</b>       | <b>3,237,538</b>       |

**(d) Total Assets**

|                             | <b>2022</b>        | <b>2021</b>        |
|-----------------------------|--------------------|--------------------|
|                             | \$                 | \$                 |
| Governance                  | 3,126              | 52,073             |
| General purpose funding     | 23,410,580         | 28,054,972         |
| Law, order, public safety   | 3,055,291          | 2,180,890          |
| Health                      | 20,144             | 26,653             |
| Education and welfare       | 1,827,826          | 1,917,982          |
| Community amenities         | 1,545,938          | 1,071,382          |
| Recreation and culture      | 43,624,550         | 32,868,012         |
| Transport                   | 214,139,330        | 147,282,481        |
| Economic services           | 113,839            | 106,471            |
| Other property and services | 4,773,132          | 3,992,905          |
|                             | <b>292,300,836</b> | <b>217,553,821</b> |

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

26. RATING INFORMATION

(a) General Rates

| RATE TYPE  |                        | Rate in  | Number of  | 2021/22 Actual Rateable Value * | 2021/22 Actual Rate Revenue | 2021/22 Actual Interim Rates | 2021/22 Actual Back Rates | 2021/22 Actual Total Revenue | 2021/22 Budget Rate Revenue | 2021/22 Budget Interim Rate | 2021/22 Budget Back Rate | 2021/22 Budget Total Revenue | 2020/21 Actual Total Revenue |
|--|------------------------|----------|------------|---------------------------------|-----------------------------|------------------------------|---------------------------|------------------------------|-----------------------------|-----------------------------|--------------------------|------------------------------|------------------------------|
| Rate Description   | Basis of valuation     | \$       | Properties | \$                              | \$                          | \$                           | \$                        | \$                           | \$                          | \$                          | \$                       | \$                           | \$                           |
| General Rates - GRV: Residential   | Gross rental valuation | 0.104016 | 3,452      | 61,450,720                      | 6,391,940                   | 15,822                       | 86                        | 6,407,848                    | 6,391,857                   | 92,600                      | 0                        | 6,484,457                    | 5,709,420                    |
| General Rates - GRV: Commercial  | Gross rental valuation | 0.104016 | 60         | 14,621,830                      | 1,523,068                   | 9,573                        | 0                         | 1,532,641                    | 1,520,904                   | 0                           | 0                        | 1,520,904                    | 1,464,509                    |
| General Rates - GRV: Industrial  | Gross rental valuation | 0.104016 | 73         | 7,983,546                       | 830,416                     | 14,613                       | 1,928                     | 846,957                      | 830,417                     | 0                           | 0                        | 830,417                      | 785,377                      |
| General Rates - GRV: Small Holding   | Gross rental valuation | 0.104016 | 348        | 7,859,124                       | 815,230                     | 16,480                       | 304                       | 832,014                      | 817,475                     | 0                           | 0                        | 817,475                      | 767,145                      |
| General Rates - UV: Broad Acre Rural   | Unimproved valuation   | 0.006468 | 474        | 259,287,000                     | 1,677,068                   | 5,208                        | 1,725                     | 1,684,001                    | 1,677,068                   | 0                           | 0                        | 1,677,068                    | 1,710,723                    |
| General Rates - UV: Mining   | Unimproved valuation   | 0.006468 | 0          | 0                               | 0                           | 0                            | 0                         | 0                            | 0                           | 0                           | 0                        | 0                            | 0                            |
| <b>Sub-Total</b>   |                        |          | 4,407      | 351,202,220                     | 11,237,722                  | 61,696                       | 4,043                     | 11,303,461                   | 11,237,721                  | 92,600                      | 0                        | 11,330,321                   | 10,437,174                   |
| <b>Minimum payment</b>   |                        |          |            |                                 |                             |                              |                           |                              |                             |                             |                          |                              |                              |
| General Rates - GRV: Residential   | Gross rental valuation | 1,547.50 | 1,446      | 17,681,212                      | 2,220,662                   | 8,111                        | 254                       | 2,229,027                    | 2,237,685                   | 0                           | 0                        | 2,237,685                    | 2,626,454                    |
| General Rates - GRV: Commercial  | Gross rental valuation | 1,547.50 | 7          | 61,400                          | 13,928                      | 0                            | 0                         | 13,928                       | 10,833                      | 0                           | 0                        | 10,833                       | 9,675                        |
| General Rates - GRV: Industrial  | Gross rental valuation | 1,547.50 | 44         | 542,200                         | 68,090                      | 0                            | 0                         | 68,090                       | 68,090                      | 0                           | 0                        | 68,090                       | 73,500                       |
| General Rates - GRV: Small Holding   | Gross rental valuation | 1,547.50 | 79         | 616,920                         | 136,180                     | 1,547                        | 127                       | 137,854                      | 122,253                     | 0                           | 0                        | 122,253                      | 138,224                      |
| General Rates - UV: Broad Acre Rural   | Unimproved valuation   | 1,547.50 | 126        | 17,828,600                      | 194,985                     | 16,955                       | 505                       | 212,445                      | 194,985                     | 0                           | 0                        | 194,985                      | 185,310                      |
| General Rates - UV: Mining   | Unimproved valuation   | 1,547.50 | 14         | 212,885                         | 21,665                      | 5,690                        | 153                       | 27,508                       | 21,665                      | 0                           | 0                        | 21,665                       | 19,451                       |
| <b>Sub-Total</b>   |                        |          | 1,716      | 36,943,217                      | 2,655,510                   | 32,303                       | 1,039                     | 2,688,852                    | 2,655,511                   | 0                           | 0                        | 2,655,511                    | 3,052,614                    |
|  |                        |          | 6,123      | 388,145,437                     | 13,893,232                  | 93,999                       | 5,082                     | 13,992,313                   | 13,893,232                  | 92,600                      | 0                        | 13,985,832                   | 13,489,788                   |
| Concessions on general rates (Refer note 26(d))                                      |                        |          |            |                                 |                             |                              |                           | (39,174)                     |                             |                             |                          | (29,027)                     | (27,482)                     |
| <b>Total amount raised from general rates</b>  |                        |          |            |                                 |                             |                              |                           | 13,953,139                   |                             |                             |                          | 13,956,805                   | 13,462,306                   |
| * Rateable value is based on the value of properties at the time the rate is raised. |                        |          |            |                                 |                             |                              |                           |                              |                             |                             |                          |                              |                              |
| <b>(b) Rates (excluding general rates)</b>   |                        |          |            |                                 |                             |                              |                           |                              |                             |                             |                          |                              |                              |
| <b>Specified Area Rates</b>  |                        |          |            |                                 |                             |                              |                           |                              |                             |                             |                          |                              |                              |
| Bulk Waste Collection  | Gross rental valuation | 0.001315 | 4,651      | 77,333,344                      | 101,693                     | 1,200                        | 0                         | 102,893                      | 101,693                     | 2,026                       | 0                        | 103,719                      | 101,301                      |
| Eaton Landscaping  | Gross rental valuation | 0.002925 | 4,459      | 85,360,954                      | 249,682                     | 1,950                        | 0                         | 251,632                      | 249,681                     | 1,201                       | 0                        | 250,882                      | 248,877                      |
| <b>Sub-Total</b>   |                        |          | 9,110      | 162,694,298                     | 351,375                     | 3,150                        | 0                         | 354,525                      | 351,374                     | 3,227                       | 0                        | 354,601                      | 350,178                      |
| <b>Total amount raised from rates (excluding general rates)</b>                      |                        |          |            |                                 |                             |                              |                           | 354,525                      |                             |                             |                          | 354,601                      | 350,178                      |
| <b>(c) Total Rates</b>   |                        |          |            |                                 |                             |                              |                           | 14,307,664                   |                             |                             |                          | 14,311,406                   | 13,812,484                   |

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

26. RATING INFORMATION (Continued)

(d) Specified Area Rate

| Specified Area Rate   | Purpose of the rate  | Area/properties<br>Rate Imposed            | 2021/22<br>Actual<br>Rate<br>Applied<br>to Costs | 2021/22<br>Actual<br>Rate<br>Set Aside<br>to Reserve | 2021/22<br>Actual<br>Reserve<br>Applied to<br>Costs | 2021/22<br>Budget<br>Rate<br>Applied<br>to Costs | 2021/22<br>Budget<br>Rate<br>Set Aside<br>to Reserve | 2021/22<br>Budget<br>Reserve<br>Applied<br>to Costs |
|-----------------------|--|--|--|--|---|--|--|---|
|                       |  |  | \$   | \$   | \$  | \$   | \$   | \$  |
| Bulk Waste Collection | Bulk residential green waste and hard waste collection in townsites. | Residential improved properties within the | 101,061  | 1,832  | 0   | 103,719  | 0  | 0   |
| Eaton Landscaping     | Maintenance of parks and reserves in Millbridge and                  | Properties within the townsite of Eaton.   | 251,632  | 0  | 0   | 159,406  | 91,476   | 0   |
|                       |  |  | 352,693  | 1,832  | 0   | 263,125  | 91,476   | 0   |

SHIRE OF DARDANUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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26. RATING INFORMATION (Continued)

Waivers or Concessions

| Rate or Fee and Charge to which the Waiver or Concession is Granted | Type | Waiver/Concession | Discount % | Discount \$ | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|---|------|-------------------|------------|-------------|----------------|----------------|----------------|
| General rates - change from UV to GRV valuation basis               | Rate | Concession        |            |             | 37,427         | 25,027         | 24,124         |
| General rates - interest and prior year errors                      | Rate | Waiver            |            |             | 1,747          | 4,000          | 3,358          |
|   |      |                   |            |             | 39,174         | 29,027         | 27,482         |
| Total discounts/concessions (Note 26)                               |      |                   |            |             | 39,174         | 29,027         | 27,482         |

| Rate or Fee and Charge to which the Waiver or Concession is Granted | Circumstances in which the Waiver or Concession is Granted and to whom it was available | Objects of the Waiver or Concession | Reasons for the Waiver or Concession                       |
|---|---|-------------------------------------|--|
| General rates - change from UV to GRV valuation basis               | Increased rates after Council implemented change of valuation basis.                    | Assist affected property owners     | Due to the immediate increased financial burden on owners. |



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

**26. RATING INFORMATION (Continued)**

**(e) Interest Charges & Instalments**

| <b>Instalment Options</b> | <b>Date Due</b> | <b>Instalment Plan Admin Charge</b> | <b>Instalment Plan Interest Rate</b> | <b>Unpaid Rates Interest Rate</b> |
|---------------------------|-----------------|-------------------------------------|--------------------------------------|-----------------------------------|
|                           |                 | <b>\$</b>                           | <b>%</b>                             | <b>%</b>                          |
| <b>Option One</b>         |                 |                                     |                                      |                                   |
| Single full payment       | 8/09/2021       | 0.00                                | 0.00%                                | 7.00%                             |
| <b>Option Two</b>         |                 |                                     |                                      |                                   |
| First instalment          | 8/09/2021       | 0.00                                | 0.00%                                | 7.00%                             |
| Second instalment         | 8/11/2021       | 13.00                               | 5.50%                                | 7.00%                             |
| Third instalment          | 10/01/2022      | 13.00                               | 5.50%                                | 7.00%                             |
| Fourth instalment         | 14/03/2022      | 13.00                               | 5.50%                                | 7.00%                             |

|                             | <b>2022 Actual</b> | <b>2022 Budget</b> | <b>2021 Actual</b> |
|-----------------------------|--------------------|--------------------|--------------------|
|                             | <b>\$</b>          | <b>\$</b>          | <b>\$</b>          |
| Interest on unpaid rates    | 48,784             | 42,790             | 17,738             |
| Interest on instalment plan | 61,874             | 70,125             | 33,912             |
| Charges on instalment plan  | 74,921             | 82,679             | 80,236             |
|                             | <b>185,579</b>     | <b>195,594</b>     | <b>131,886</b>     |

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

**27. RATE SETTING STATEMENT INFORMATION**

|  |   | 2021/22<br>Budget                    | 2021/22                             | 2020/21                              |
|--|---|--------------------------------------|-------------------------------------|--------------------------------------|
|  | 2021/22<br>(30 June 2022<br>Carried<br>Forward) | (30 June 2022<br>Carried<br>Forward) | (1 July 2021<br>Brought<br>Forward) | (30 June 2021<br>Carried<br>Forward) |
| Note   | \$  | \$                                   | \$                                  | \$                                   |
| <b>(a) Non-cash amounts excluded from operating activities</b>   |   |                                      |                                     |                                      |
| The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .   |   |                                      |                                     |                                      |
| <b>Adjustments to operating activities</b>   |   |                                      |                                     |                                      |
| Less: Profit on asset disposals  | 10(b)   | (36,297)                             | (3,648,330)                         | (18,861)                             |
| Less: Movement in liabilities associated with restricted cash  |   | 0                                    | (177,943)                           | (2,109,196)                          |
| Less: Fair value adjustments to financial assets at fair value through profit and loss   |   | (3,997)                              | 0                                   | (2,587)                              |
| Add: Loss on disposal of assets  | 10(b)   | 73,533                               | 10,534                              | 1,322,374                            |
| Add: Depreciation  | 10(a)   | 5,619,217                            | 5,635,083                           | 5,270,048                            |
| Non-cash movements in non-current assets and liabilities:  |   |                                      |                                     |                                      |
| Pensioner deferred rates   |   | (9,034)                              | 0                                   | (16,500)                             |
| Employee benefit provisions  |   | 26,586                               | (402)                               | (30,913)                             |
| Contract liabilities - grant revenue   |   | 0                                    | 0                                   | (165,151)                            |
| Contract liabilities - developer contributions   |   | 0                                    | 0                                   | 0                                    |
| <b>Non-cash amounts excluded from operating activities</b>   |   | 5,670,008                            | 1,818,942                           | 4,249,214                            |
| <b>(b) Non-cash amounts excluded from investing activities</b>   |   |                                      |                                     |                                      |
| The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .   |   |                                      |                                     |                                      |
| <b>Adjustments to investing activities</b>   |   |                                      |                                     |                                      |
| Movement in non-current capital grant/contribution liability   |   | (15,000)                             | 0                                   | 0                                    |
| Movement in non-current capital grant/contribution liability - developer contributions   |   | (501,763)                            | (350,466)                           | 0                                    |
| Movement in non current liability from transfers to acquire or construct non-financial assets to be controlled by the entity   |   | 0                                    | 0                                   | 165,151                              |
| Movement in non-current capital expenditure provisions   |   | (428)                                | 0                                   | 0                                    |
| Movement in current unspent non-operating grants associated with restricted cash   |   | (1,308,211)                          | (2,525,366)                         | 0                                    |
| Movement in current unspent non-operating developer contributions associated with restricted cash  |   | (288,409)                            | 0                                   | 0                                    |
| <b>Non-cash amounts excluded from investing activities</b>   |   | (2,113,811)                          | (2,875,832)                         | 165,151                              |
| <b>(c) Surplus/(deficit) after imposition of general rates</b>   |   |                                      |                                     |                                      |
| The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates. |   |                                      |                                     |                                      |
| <b>Adjustments to net current assets</b>   |   |                                      |                                     |                                      |
| Less: Reserve accounts   | 29  | (19,052,092)                         | (12,423,517)                        | (21,838,892)                         |
| Add: Current liabilities not expected to be cleared at end of year   |   |                                      |                                     |                                      |
| - Current portion of borrowings  | 14  | 392,533                              | 298,655                             | 333,977                              |
| - Current portion of contract liability held in reserve - developer contributions  |   | 250,000                              | 350,466                             | 538,409                              |
| - Current portion of contract liability held in reserve - non-operating grants held in reserve - gr  |   | 598,305                              | 71,477                              | 1,906,515                            |
| - Current portion of lease liabilities   | 11(b)   | 194,754                              | 180,000                             | 167,309                              |
| - Adjustment to Current portion of liabilities   |   | (133)                                | (402)                               | 0                                    |
| <b>Total adjustments to net current assets</b>   |   | (17,616,633)                         | (11,523,321)                        | (18,892,682)                         |
| <b>Net current assets used in the Rate Setting Statement</b>   |   |                                      |                                     |                                      |
| Total current assets   |   | 23,724,022                           | 17,030,216                          | 28,262,811                           |
| Less: Total current liabilities  |   | (5,931,995)                          | (5,490,346)                         | (8,408,940)                          |
| Less: Total adjustments to net current assets  |   | (17,616,634)                         | (11,523,321)                        | (18,892,682)                         |
| <b>Net current assets used in the Rate Setting Statement</b>   |   | 175,393                              | 16,552                              | 961,190                              |

## 28. BORROWING AND LEASE LIABILITIES

### (a) Borrowings

| Purpose   | Note | Loan Number | Actual                   |                          |                |                |                           | Budget                   |                          |                |                           |
|---|------|-------------|--------------------------|--------------------------|----------------|----------------|---------------------------|--------------------------|--------------------------|----------------|---------------------------|
|   |      |             | Principal                |                          | Repayments     |                | Principal at 30 June 2022 | Principal                |                          | Repayments     |                           |
|   |      |             | Principal at 1 July 2020 | New Loans During 2020-21 | During 2020-21 | During 2020-21 |                           | Principal at 1 July 2021 | New Loans During 2021-22 | During 2021-22 | Principal at 30 June 2022 |
|   |      |             | \$                       | \$                       | \$             | \$             | \$                        | \$                       | \$                       | \$             | \$                        |
| <b>Community amenities</b>                          |      |             |                          |                          |                |                |                           |                          |                          |                |                           |
| Wanju Developer Contribution Plan/Waterloo Ind Park | 70   |             | 0                        | 750,000                  | 0              |                | 750,000                   | 750,000                  | 0                        | (64,443)       | 685,557                   |
| Waste Bins (3 Bin System)                           | 71   |             | 0                        | 0                        | 0              |                | 0                         | 0                        | 320,000                  | (21,345)       | 298,655                   |
| <b>Recreation and culture</b>                       |      |             |                          |                          |                |                |                           |                          |                          |                |                           |
| Eaton Recreation Centre                             | 59   |             | 280,690                  | 0                        | (88,117)       |                | 192,573                   | 192,573                  | 0                        | (93,456)       | 99,117                    |
| Glen Huon Oval Club Rooms                           | 69   |             | 965,470                  | 0                        | (41,174)       |                | 924,296                   | 924,296                  | 0                        | (42,771)       | 881,525                   |
| <b>Transport</b>                                    |      |             |                          |                          |                |                |                           |                          |                          |                |                           |
| Depot Land  | 66   |             | 503,104                  | 0                        | (58,628)       |                | 444,476                   | 444,476                  | 0                        | (61,039)       | 383,437                   |
| <b>Economic services</b>                            |      |             |                          |                          |                |                |                           |                          |                          |                |                           |
| Gravel Pit Land - Panizza Road                      | 61   |             | 90,549                   | 0                        | (23,901)       |                | 66,648                    | 66,648                   | 0                        | (25,428)       | 41,220                    |
| <b>Other property and services</b>                  |      |             |                          |                          |                |                |                           |                          |                          |                |                           |
| Administration Building Extensions                  | 65   |             | 123,303                  | 0                        | (38,296)       |                | 85,007                    | 85,007                   | 0                        | (41,035)       | 43,972                    |
| <b>Total</b>  |      |             | 1,963,116                | 750,000                  | (250,116)      |                | 2,463,000                 | 2,463,000                | 320,000                  | (349,517)      | 2,433,483                 |

### Borrowing Interest Repayments

| Purpose   | Note | Function and activity       | Loan Number | Institution | Interest Rate | Actual for year ending 30 June 2022 | Budget for year ending 30 June 2022 | Actual for year ending 30 June 2021 |
|---|------|-----------------------------|-------------|-------------|---------------|-------------------------------------|-------------------------------------|-------------------------------------|
|   |      |                             |             |             |               | \$                                  | \$                                  | \$                                  |
| <b>Community amenities</b>                          |      |                             |             |             |               |                                     |                                     |                                     |
| Wanju Developer Contribution Plan/Waterloo Ind Park |      | Community amenities         | 70          | WATC        | 1.44%         | (15,555)                            | (29,743)                            | (1,317)                             |
| Waste Bins (3 Bin System)                           |      | Community amenities         | 71          | WATC        | 1.91%         | (3,384)                             | (4,467)                             | 0                                   |
| <b>Recreation and culture</b>                       |      |                             |             |             |               |                                     |                                     |                                     |
| Eaton Recreation Centre                             |      | Recreation and culture      | 59          | WATC        | 5.87%         | (9,664)                             | (10,983)                            | (15,626)                            |
| Glen Huon Oval Club Rooms                           |      | Recreation and culture      | 69          | WATC        | 3.84%         | (40,555)                            | (41,340)                            | (42,473)                            |
| <b>Transport</b>                                    |      |                             |             |             |               |                                     |                                     |                                     |
| Depot Land  |      | Transport                   | 66          | WATC        | 4.07%         | (19,368)                            | (20,396)                            | (22,171)                            |
| <b>Economic services</b>                            |      |                             |             |             |               |                                     |                                     |                                     |
| Gravel Pit Land - Panizza Road                      |      | Economic services           | 61          | WATC        | 6.19%         | (3,859)                             | (4,130)                             | (5,550)                             |
| <b>Other property and services</b>                  |      |                             |             |             |               |                                     |                                     |                                     |
| Administration Building Extensions                  |      | Other property and services | 65          | WATC        | 7.03%         | (5,156)                             | (5,908)                             | (8,185)                             |
| <b>Total</b>  |      |                             |             |             |               | (97,541)                            | (116,967)                           | (95,322)                            |
| <b>Total Interest Repayments</b>                    | 2(b) |                             |             |             |               | (97,541)                            | (116,967)                           | (95,322)                            |

28. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2021/22

| Particulars/Purpose       | Institution | Loan Number | Loan Type | Term Years | Interest Rate | Amount Borrowed |             | Amount (Used) |             | Total Interest & Charges | Actual Balance Unspent |
|---------------------------|-------------|-------------|-----------|------------|---------------|-----------------|-------------|---------------|-------------|--------------------------|------------------------|
|                           |             |             |           |            |               | 2022 Actual     | 2022 Budget | 2022 Actual   | 2022 Budget |                          |                        |
| Waste Bins (3 Bin System) | WATC        | 71          | Debenture | 7          | 1.91%         | \$ 320,000      | \$ 320,000  | \$ 320,000    | \$ 320,000  | \$ 30,868                | \$ 0                   |
|                           |             |             |           |            |               | 320,000         | 320,000     | 320,000       | 320,000     | 30,868                   | 0                      |

\* WA Treasury Corporation

(c) Unspent Borrowings

| Particulars   | Loan Number | Institution | Date Borrowed | Unspent Balance | Borrowed During Year | Expended During Year | Unspent Balance |
|---|-------------|-------------|---------------|-----------------|----------------------|----------------------|-----------------|
|   |             |             |               | 1 July 2021     |                      |                      | 30 June 2022    |
| Wanju Developer Contribution Plan/Waterloo Industrial I | 70          | WATC        | 1/06/2021     | \$ 750,000      | 0                    | (33,461)             | 716,539         |
|   |             |             |               | 750,000         | 0                    | (33,461)             | 716,539         |

\* WA Treasury Corporation

28. BORROWING AND LEASE LIABILITIES (Continued)

(d) Lease Liabilities

|                                       |       |              | Actual                   |                           |                                     |                     |                           |                           |                                     |                     | Budget                    |                          |                           |                                     |                           |
|---------------------------------------|-------|--------------|--------------------------|---------------------------|-------------------------------------|---------------------|---------------------------|---------------------------|-------------------------------------|---------------------|---------------------------|--------------------------|---------------------------|-------------------------------------|---------------------------|
|                                       |       |              | Principal at 1 July 2020 | New Leases During 2020-21 | Principal Repayments During 2020-21 | Adjustment to Lease | Principal at 30 June 2021 | New Leases During 2021-22 | Principal Repayments During 2021-22 | Adjustment to Lease | Principal at 30 June 2022 | Principal at 1 July 2021 | New Leases During 2021-22 | Principal Repayments During 2021-22 | Principal at 30 June 2022 |
| Purpose                               | Note  | Lease Number | \$                       | \$                        | \$                                  | \$                  | \$                        | \$                        | \$                                  | \$                  | \$                        | \$                       | \$                        | \$                                  | \$                        |
| Law, order, public safety             |       |              |                          |                           |                                     |                     |                           |                           |                                     |                     |                           |                          |                           |                                     |                           |
| Vehicle Lease                         |       | 17           | 600                      | 12,213                    | (6,126)                             | (600)               | 6,087                     | 0                         | (1,532)                             | (4,555)             | 0                         | 8,278                    | 0                         | (6,030)                             | 2,248                     |
| Community amenities                   |       |              |                          |                           |                                     |                     |                           |                           |                                     |                     |                           |                          |                           |                                     |                           |
| Lease of Land                         |       | 2            | 58,186                   | 0                         | (9,873)                             | 2,345               | 50,658                    | 0                         | (10,418)                            | 1,390               | 41,630                    | 46,990                   | 0                         | (11,361)                            | 35,629                    |
| Recreation and culture                |       |              |                          |                           |                                     |                     |                           |                           |                                     |                     |                           |                          |                           |                                     |                           |
| Photocopier/Scanner/Printer Lease     |       | 12           | 927                      | 0                         | (927)                               | 0                   | 0                         | 0                         | 0                                   | 0                   | 0                         | 0                        | 0                         | 0                                   | 0                         |
| Photocopier/Scanner/Printer Lease ERC |       | 26           | 0                        | 0                         | 0                                   | 0                   | 0                         | 0                         | 0                                   | 0                   | 0                         | 0                        | 24,000                    | (6,000)                             | 18,000                    |
| Photocopier/Scanner/Printer Lease ECL |       | 27           | 0                        | 0                         | (732)                               | 732                 | 0                         | 0                         | 0                                   | 0                   | 0                         | 0                        | 24,000                    | (6,000)                             | 18,000                    |
| Cardio Fitness Equipment Lease        |       | 18           | 199,457                  | 0                         | (38,185)                            | 0                   | 161,272                   | 0                         | (44,197)                            | 21,446              | 138,521                   | 154,397                  | 0                         | (46,784)                            | 107,613                   |
| Transport                             |       |              |                          |                           |                                     |                     |                           |                           |                                     |                     |                           |                          |                           |                                     |                           |
| Photocopier/Scanner/Printer Lease ECL |       | 28           | 0                        | 0                         | 0                                   | 0                   | 0                         | 0                         | 0                                   | 0                   | 0                         | 0                        | 24,000                    | (6,000)                             | 18,000                    |
| Other property and services           |       |              |                          |                           |                                     |                     |                           |                           |                                     |                     |                           |                          |                           |                                     |                           |
| Transportable Building Lease          |       | 1            | 43,779                   | 0                         | (12,692)                            | 8,925               | 40,012                    | 0                         | (7,410)                             | (32,602)            | 0                         | 29,272                   | 0                         | (13,495)                            | 15,777                    |
| IT Equipment Lease                    |       | 3            | 9,988                    | 0                         | (8,550)                             | 6                   | 1,444                     | 0                         | (1,444)                             | 0                   | 0                         | 1,651                    | 475                       | (2,126)                             | 0                         |
| IT Equipment Lease                    |       | 4            | 23,431                   | 0                         | (7,428)                             | 0                   | 16,003                    | 0                         | (7,591)                             | 0                   | 8,412                     | 15,402                   | 0                         | (7,707)                             | 7,695                     |
| IT Equipment Lease                    |       | 5            | 11,612                   | 0                         | (10,710)                            | 0                   | 902                       | 0                         | (7,337)                             | 6,435               | 0                         | 3,081                    | 0                         | (2,658)                             | 423                       |
| IT Equipment Lease                    |       | 6            | 10,238                   | 0                         | (12,243)                            | 3,037               | 1,032                     | 0                         | (283)                               | (749)               | 0                         | 41                       | 12,115                    | (12,156)                            | 0                         |
| IT Equipment Lease                    |       | 7            | 85,569                   | 0                         | (27,932)                            | 0                   | 57,637                    | 0                         | (28,519)                            | 0                   | 29,118                    | 58,252                   | 0                         | (28,859)                            | 29,393                    |
| Photocopier/Scanner/Printer Lease     |       | 8            | 1,804                    | 0                         | (1,804)                             | 0                   | 0                         | 0                         | 0                                   | 0                   | 0                         | 0                        | 0                         | 0                                   | 0                         |
| Photocopier/Scanner/Printer Lease     |       | 9            | 1,554                    | 0                         | (1,554)                             | 0                   | 0                         | 0                         | 0                                   | 0                   | 0                         | 0                        | 0                         | 0                                   | 0                         |
| Photocopier/Scanner/Printer Lease     |       | 10           | 732                      | 0                         | (732)                               | 0                   | 0                         | 0                         | 0                                   | 0                   | 0                         | 0                        | 0                         | 0                                   | 0                         |
| Photocopier/Scanner/Printer Lease     |       | 13           | 732                      | 0                         | (732)                               | 0                   | 0                         | 0                         | 0                                   | 0                   | 0                         | 0                        | 0                         | 0                                   | 0                         |
| Photocopier/Scanner/Printer Lease     |       | 14           | 732                      | 0                         | (732)                               | 0                   | 0                         | 0                         | 0                                   | 0                   | 0                         | 0                        | 0                         | 0                                   | 0                         |
| Photocopier/Scanner/Printer Lease     |       | 15           | 732                      | 0                         | (732)                               | 0                   | 0                         | 0                         | 0                                   | 0                   | 0                         | 0                        | 0                         | 0                                   | 0                         |
| Photocopier/Scanner/Printer Lease     |       | 16           | 0                        | 0                         | (732)                               | 732                 | 0                         | 0                         | 0                                   | 0                   | 0                         | 0                        | 0                         | 0                                   | 0                         |
| IT Equipment Lease                    |       | 19           | 36,876                   | 0                         | (6,366)                             | 0                   | 30,510                    | 0                         | (6,513)                             | 0                   | 23,997                    | 30,376                   | 0                         | (6,997)                             | 23,379                    |
| IT Equipment Lease                    |       | 20           | 21,804                   | 0                         | (5,112)                             | (2,076)             | 14,616                    | 0                         | (5,219)                             | 0                   | 9,397                     | 16,804                   | 0                         | (5,364)                             | 11,440                    |
| IT Equipment Lease                    |       | 21           | 0                        | 18,036                    | (1,087)                             | 0                   | 16,949                    | 0                         | (4,419)                             | (1,091)             | 11,439                    | 13,500                   | 0                         | (4,600)                             | 8,900                     |
| IT Equipment Lease                    |       | 22           | 0                        | 62,532                    | (3,769)                             | 0                   | 58,763                    | 0                         | (15,246)                            | 0                   | 43,517                    | 48,000                   | 0                         | (16,992)                            | 31,008                    |
| IT Equipment Lease                    |       | 23           | 0                        | 17,677                    | (1,065)                             | 0                   | 16,612                    | 0                         | (4,310)                             | 0                   | 12,302                    | 13,500                   | 0                         | (4,508)                             | 8,992                     |
| IT Equipment Lease                    |       | 24           | 0                        | 0                         | 0                                   | 0                   | 0                         | 0                         | 0                                   | 0                   | 0                         | 0                        | 168,000                   | (42,000)                            | 126,000                   |
| IT Equipment Lease                    |       | 25           | 0                        | 73,150                    | (5,936)                             | 0                   | 67,214                    | 0                         | (24,019)                            | 0                   | 43,195                    | 68,136                   | 36,473                    | (104,609)                           | 0                         |
| Transportable Building Lease          |       | 26           | 0                        | 0                         | 0                                   | 0                   | 0                         | 113,799                   | (20,246)                            | 0                   | 93,553                    | 0                        | 0                         | 0                                   | 0                         |
| Total Lease Liabilities               | 11(b) |              | 508,753                  | 183,608                   | (165,751)                           | 13,101              | 539,711                   | 113,799                   | (188,703)                           | (9,726)             | 455,081                   | 507,680                  | 289,063                   | (334,246)                           | 462,497                   |

28. BORROWING AND LEASE LIABILITIES (Continued)

Lease Interest Repayments

| Purpose                               | Note | Function and activity       | Lease Number | Institution     | Interest Rate | Actual for year ending 30 June 2022 | Budget for year ending 30 June 2022 | Actual for year ending 30 June 2021 | Lease Term |
|---------------------------------------|------|-----------------------------|--------------|-----------------|---------------|-------------------------------------|-------------------------------------|-------------------------------------|------------|
|                                       |      |                             |              |                 |               | \$                                  | \$                                  | \$                                  |            |
| <b>Law, order, public safety</b>      |      |                             |              |                 |               |                                     |                                     |                                     |            |
| Vehicle Lease                         |      | Law, order, public safety   | 17           | SG Fleet        | 2.00%         | (6)                                 | (123)                               | (175)                               | 24 months  |
| <b>Community amenities</b>            |      |                             |              |                 |               |                                     |                                     |                                     |            |
| Lease of Land                         |      | Community amenities         | 2            | Company         | 2.70%         | (1,262)                             | (232)                               | (1,495)                             | 54 months  |
| <b>Recreation and culture</b>         |      |                             |              |                 |               |                                     |                                     |                                     |            |
| Photocopier/Scanner/Printer Lease     |      | Recreation and culture      | 12           | N/A             | 2.10%         | 0                                   | 0                                   | 0                                   | N/A        |
| Photocopier/Scanner/Printer Lease ERC |      | Recreation and culture      | 26           | N/A             | 2.10%         | 0                                   | (101)                               | (2)                                 | N/A        |
| Photocopier/Scanner/Printer Lease ECL |      | Recreation and culture      | 27           | N/A             | 2.10%         | 0                                   | (101)                               | (2)                                 | N/A        |
| Cardio Fitness Equipment Lease        |      | Recreation and culture      | 18           | Maia Financial  | 2.20%         | (3,542)                             | (955)                               | (3,955)                             | 60 months  |
| <b>Transport</b>                      |      |                             |              |                 |               |                                     |                                     |                                     |            |
| Photocopier/Scanner/Printer Lease ECL |      | Transport                   | 28           | N/A             | 2.10%         | 0                                   | (101)                               | 0                                   | N/A        |
| <b>Other property and services</b>    |      |                             |              |                 |               |                                     |                                     |                                     |            |
| Transportable Building Lease          |      | Other property and services | 1            | Onsite Rental   | 2.50%         | (54)                                | (275)                               | (1,160)                             | 60 months  |
| IT Equipment Lease                    |      | Other property and services | 3            | Maia Financial  | 2.20%         | (4)                                 | (43)                                | (133)                               | 60 months  |
| IT Equipment Lease                    |      | Other property and services | 4            | Maia Financial  | 2.20%         | (274)                               | (157)                               | (437)                               | 60 months  |
| IT Equipment Lease                    |      | Other property and services | 5            | Dell Financial  | 2.10%         | (13)                                | (54)                                | (140)                               | 36 months  |
| IT Equipment Lease                    |      | Other property and services | 6            | Dell Financial  | 2.10%         | 0                                   | (248)                               | (160)                               | 36 months  |
| IT Equipment Lease                    |      | Other property and services | 7            | HP Financial    | 2.10%         | (929)                               | (589)                               | (1,516)                             | 48 months  |
| Photocopier/Scanner/Printer Lease     |      | Other property and services | 8            | N/A             | 2.10%         | 0                                   | 0                                   | (5)                                 | N/A        |
| Photocopier/Scanner/Printer Lease     |      | Other property and services | 9            | N/A             | 2.10%         | 0                                   | 0                                   | (4)                                 | N/A        |
| Photocopier/Scanner/Printer Lease     |      | Other property and services | 10           | N/A             | 2.10%         | 0                                   | 0                                   | (2)                                 | N/A        |
| Photocopier/Scanner/Printer Lease     |      | Other property and services | 13           | N/A             | 2.10%         | 0                                   | 0                                   | (2)                                 | N/A        |
| Photocopier/Scanner/Printer Lease     |      | Other property and services | 14           | N/A             | 2.10%         | 0                                   | 0                                   | (2)                                 | N/A        |
| Photocopier/Scanner/Printer Lease     |      | Other property and services | 15           | N/A             | 2.10%         | 0                                   | 0                                   | (2)                                 | N/A        |
| Photocopier/Scanner/Printer Lease     |      | Other property and services | 16           | N/A             | 2.10%         | 0                                   | 0                                   | (2)                                 | N/A        |
| IT Equipment Lease                    |      | Other property and services | 19           | HP Financial    | 2.30%         | (627)                               | (143)                               | (774)                               | 72 months  |
| IT Equipment Lease                    |      | Other property and services | 20           | Vestone Capital | 2.10%         | (255)                               | (109)                               | (362)                               | 48 months  |
| IT Equipment Lease                    |      | Other property and services | 21           | Dell Financial  | 2.00%         | (275)                               | (94)                                | (86)                                | 48 months  |
| IT Equipment Lease                    |      | Other property and services | 22           | Dell Financial  | 2.00%         | (1,027)                             | (347)                               | (299)                               | 48 months  |
| IT Equipment Lease                    |      | Other property and services | 23           | Dell Financial  | 2.00%         | (290)                               | (92)                                | (85)                                | 48 months  |
| IT Equipment Lease                    |      | Other property and services | 24           | N/A             | 2.10%         | 0                                   | (1,012)                             | 0                                   | N/A        |
| IT Equipment Lease                    |      | Other property and services | 25           | Maia Financial  | 2.00%         | (1,116)                             | (1,675)                             | (348)                               | 36 months  |
| Transportable Building Lease          |      | Other property and services | 26           | Onsite Rental   | 2.00%         | (1,029)                             | 0                                   | 0                                   | 36 months  |
| <b>Total Interest Repayments</b>      | 2(b) |                             |              |                 |               | (10,703)                            | (6,451)                             | (11,148)                            |            |

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

**29. RESERVE ACCOUNTS**

|  | 2022<br>Actual<br>Opening<br>Balance | 2022<br>Actual<br>Transfer to | 2022<br>Actual<br>Transfer<br>(from) | 2022<br>Actual<br>Closing<br>Balance | 2022<br>Budget<br>Opening<br>Balance | 2022<br>Budget<br>Transfer to | 2022<br>Budget<br>Transfer<br>(from) | 2022<br>Budget<br>Closing<br>Balance | 2021<br>Actual<br>Opening<br>Balance | 2021<br>Actual<br>Transfer to | 2021<br>Actual<br>Transfer<br>(from) | 2021<br>Actual<br>Closing<br>Balance |
|--|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|
|  | \$                                   | \$                            | \$                                   | \$                                   | \$                                   | \$                            | \$                                   | \$                                   | \$                                   | \$                            | \$                                   | \$                                   |
| <b>Restricted by council</b>                                     |                                      |                               |                                      |                                      |                                      |                               |                                      |                                      |                                      |                               |                                      |                                      |
| (a) Information Technology Reserve                               | 667,852                              | 401,394                       | (369,789)                            | 699,457                              | 544,950                              | 400,818                       | (504,778)                            | 440,990                              | 504,179                              | 401,482                       | (237,809)                            | 667,852                              |
| (b) Road Safety Programs Reserve                                 | 26,723                               | 56                            | 0                                    | 26,779                               | 26,735                               | 40                            | 0                                    | 26,775                               | 26,645                               | 78                            | 0                                    | 26,723                               |
| (c) Tourism Reserve  | 11,753                               | 24                            | 0                                    | 11,777                               | 11,758                               | 18                            | 0                                    | 11,776                               | 11,718                               | 35                            | 0                                    | 11,753                               |
| (d) Executive & Compliance Vehicle Reserve                       | 202,280                              | 56,331                        | (34,708)                             | 223,903                              | 154,041                              | 40,231                        | (45,704)                             | 148,568                              | 243,184                              | 715                           | (41,619)                             | 202,280                              |
| (e) Employee Relief Reserve                                      | 265,073                              | 553                           | 0                                    | 265,626                              | 265,175                              | 398                           | 0                                    | 265,573                              | 234,384                              | 30,689                        | 0                                    | 265,073                              |
| (f) Employee Leave Entitlements Reserve                          | 37,706                               | 11,050                        | 0                                    | 48,756                               | 37,715                               | 11,028                        | 0                                    | 48,743                               | 21,187                               | 16,519                        | 0                                    | 37,706                               |
| (g) Refuse Site Environmental Works Reserve                      | 84,080                               | 175                           | 0                                    | 84,255                               | 84,117                               | 126                           | 0                                    | 84,243                               | 83,834                               | 246                           | 0                                    | 84,080                               |
| (h) Recycling Education Reserve                                  | 39,130                               | 5,081                         | 0                                    | 44,211                               | 39,157                               | 5,059                         | (22,684)                             | 21,532                               | 61,265                               | 180                           | (22,315)                             | 39,130                               |
| (i) Eaton Recreation Centre - Equipment Reserve                  | 276,753                              | 80,578                        | (53,681)                             | 303,650                              | 276,876                              | 80,461                        | (53,681)                             | 303,656                              | 280,102                              | 110,823                       | (114,172)                            | 276,753                              |
| (j) Council Land Development Reserve                             | 22,634                               | 47                            | 0                                    | 22,681                               | 21,129                               | 32                            | (5,000)                              | 16,161                               | 21,058                               | 5,062                         | (3,486)                              | 22,634                               |
| (k) Sale of Land Reserve   | 4,579,909                            | 9,558                         | (2,247,800)                          | 2,341,667                            | 4,581,912                            | 6,877                         | (2,000,000)                          | 2,588,789                            | 4,566,488                            | 13,421                        | 0                                    | 4,579,909                            |
| (l) Accrued Salaries Reserve                                     | 499,626                              | 1,043                         | 0                                    | 500,669                              | 499,816                              | 750                           | 0                                    | 500,566                              | 433,352                              | 66,274                        | 0                                    | 499,626                              |
| (m) Carried Forward Projects Reserve                             | 3,532,649                            | 1,796,345                     | (2,093,480)                          | 3,235,514                            | 2,370,259                            | 3,564                         | (1,828,749)                          | 545,074                              | 3,291,190                            | 946,143                       | (704,684)                            | 3,532,649                            |
| (n) Strategic Planning Studies Reserve                           | 116,764                              | 5,244                         | (12,500)                             | 109,508                              | 116,820                              | 5,175                         | (31,500)                             | 90,495                               | 128,885                              | 379                           | (12,500)                             | 116,764                              |
| (o) Town Planning Consultancy Reserve                            | 37,993                               | 20,079                        | (30,000)                             | 28,072                               | 38,036                               | 20,057                        | (30,000)                             | 28,093                               | 97,706                               | 5,287                         | (65,000)                             | 37,993                               |
| (p) Parks & Reserves Upgrades Reserve                            | 608,348                              | 41,269                        | (503,763)                            | 145,854                              | 528,044                              | 40,792                        | (447,867)                            | 120,969                              | 676,805                              | 151,989                       | (220,446)                            | 608,348                              |
| (q) Election Expenses Reserve                                    | 32,038                               | 25,067                        | (45,454)                             | 11,651                               | 32,041                               | 25,048                        | (45,454)                             | 11,635                               | 7,017                                | 25,021                        | 0                                    | 32,038                               |
| (r) Pathways Reserve   | 308,066                              | 643                           | (134,511)                            | 174,198                              | 129,531                              | 194                           | (95,920)                             | 33,805                               | 315,889                              | 180,064                       | (187,887)                            | 308,066                              |
| (s) Asset / Rates Revaluation Reserve                            | 284,307                              | 95,594                        | (195,090)                            | 184,811                              | 284,451                              | 95,427                        | (220,476)                            | 159,402                              | 328,666                              | 966                           | (45,325)                             | 284,307                              |
| (t) Refuse & Recycling Bin Replacement Reserve                   | 54,805                               | 5,115                         | 0                                    | 59,920                               | 54,829                               | 5,082                         | (55,000)                             | 4,911                                | 54,643                               | 162                           | 0                                    | 54,805                               |
| (u) Storm Water Reserve  | 158,312                              | 25,330                        | 0                                    | 183,642                              | 158,381                              | 25,238                        | 0                                    | 183,619                              | 157,848                              | 464                           | 0                                    | 158,312                              |
| (v) Fire Control Reserve   | 11,569                               | 25                            | 0                                    | 11,594                               | 11,574                               | 17                            | 0                                    | 11,591                               | 11,535                               | 34                            | 0                                    | 11,569                               |
| (w) Collie River (Eaton Drive) Bridge Construction Reserve       | 1,290,500                            | 2,716                         | (778,840)                            | 514,376                              | 635,952                              | 585                           | (352,369)                            | 284,168                              | 1,564,304                            | 20,037                        | (293,841)                            | 1,290,500                            |
| (x) Eaton Drive - Access Construction Reserve                    | 0                                    | 0                             | 0                                    | 0                                    | 152,718                              | 229                           | (2,630)                              | 150,317                              | 154,825                              | 43,426                        | (198,251)                            | 0                                    |
| (y) Eaton Drive - Scheme Construction Reserve                    | 11,332                               | 0                             | (11,332)                             | 0                                    | 336,539                              | 505                           | (183,810)                            | 153,234                              | 914,153                              | 35,696                        | (938,517)                            | 11,332                               |
| (z) Contribution to Works Reserve                                | 756,143                              | 165,664                       | 0                                    | 921,807                              | 672,908                              | 1,010                         | 0                                    | 673,918                              | 670,642                              | 85,501                        | 0                                    | 756,143                              |
| (aa) Unspent Grants Reserve                                      | 3,161,706                            | 3,324,519                     | (3,648,586)                          | 2,837,639                            | 3,856,639                            | 753,761                       | (3,769,267)                          | 841,133                              | 3,795,446                            | 2,087,360                     | (2,721,101)                          | 3,161,706                            |
| (ab) Swimming Pool Inspection Reserve                            | 4,501                                | 9                             | 0                                    | 4,509                                | 4,503                                | 7                             | 0                                    | 4,510                                | 4,488                                | 13                            | 0                                    | 4,501                                |
| (ac) Unspent Specified Area Rate - Bulk Waste Collection Reserve | 87,647                               | 2,015                         | 0                                    | 89,662                               | 80,882                               | 121                           | 0                                    | 81,003                               | 80,610                               | 7,037                         | 0                                    | 87,647                               |
| (ad) Unspent Specified Area Rate - Eaton Landscaping Reserve     | 140,766                              | 98,799                        | 0                                    | 239,565                              | 140,822                              | 91,687                        | 0                                    | 232,509                              | 127,172                              | 13,594                        | 0                                    | 140,766                              |
| (ae) Plant & Engineering Equipment Reserve                       | 871,487                              | 104,569                       | (390,409)                            | 585,647                              | 351,863                              | 103,273                       | (403,966)                            | 51,170                               | 924,036                              | 208,216                       | (260,765)                            | 871,487                              |
| (af) Road Construction and Major Maintenance Reserve             | 1,133,128                            | 795,365                       | (1,127,209)                          | 801,284                              | 774,413                              | 794,162                       | (1,256,365)                          | 312,210                              | 587,711                              | 1,600,411                     | (1,054,994)                          | 1,133,128                            |
| (ag) Building Maintenance Reserve                                | 1,659,484                            | 4,093,263                     | (2,202,529)                          | 3,550,218                            | 930,321                              | 8,013,396                     | (5,923,839)                          | 3,019,878                            | 1,783,239                            | 361,241                       | (484,996)                            | 1,659,484                            |
| (ah) Dardanup Expansion Developer Contribution Plan Reserve      | 41,328                               | 86                            | (41,414)                             | 0                                    | 31,346                               | 47                            | (41,000)                             | (9,607)                              | 41,207                               | 121                           | 0                                    | 41,328                               |
| (ai) Wanju Developer Contribution Plan - Unspent Loan Reserve    | 750,000                              | 1,565                         | (35,026)                             | 716,539                              | 740,000                              | 1,111                         | (360,000)                            | 381,111                              | 0                                    | 750,000                       | 0                                    | 750,000                              |
| (aj) Car Park Reserve  | 0                                    | 0                             | 0                                    | 0                                    | 0                                    | 0                             | 0                                    | 0                                    | 0                                    | 0                             | 0                                    | 0                                    |
| (ak) Lighting Reserve  | 0                                    | 0                             | 0                                    | 0                                    | 0                                    | 0                             | 0                                    | 0                                    | 0                                    | 0                             | 0                                    | 0                                    |
| (al) Eaton Public Open Space Reserve                             | 0                                    | 0                             | 0                                    | 0                                    | 411,961                              | 0                             | (257,696)                            | 154,265                              | 0                                    | 0                             | 0                                    | 0                                    |
| (am) Dardanup Public Open Space Reserve                          | 0                                    | 0                             | 0                                    | 0                                    | 97,544                               | 0                             | 0                                    | 97,544                               | 0                                    | 0                             | 0                                    | 0                                    |
| (an) Burekup Public Open Space Reserve                           | 72,500                               | 151                           | 0                                    | 72,651                               | 349,188                              | 0                             | 0                                    | 349,188                              | 0                                    | 72,500                        | 0                                    | 72,500                               |
|  | 21,838,892                           | 11,169,321                    | (13,956,121)                         | 19,052,092                           | 19,834,946                           | 10,526,326                    | (17,937,755)                         | 12,423,517                           | 22,205,416                           | 7,241,185                     | (7,607,708)                          | 21,838,892                           |

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



## 29. RESERVE ACCOUNTS (Continued)

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) Information Technology Reserve                               | As scheduled in Council's Asset Management Plan.                                      | Established for the acquisition or lease of software and computer equipment.   |
| (b) Road Safety Programs Reserve                                 | As funds become available for suitable projects.                                      | Established to hold contributions from road transport permits which are to be used for general road safety programs in the Shire.  |
| (c) Tourism Reserve  | As funds become available for suitable projects.                                      | Established to fund the development of tourism projects including the implementation of works associated with the Gnomesville Master Plan.   |
| (d) Executive & Compliance Vehicle Reserve                       | As scheduled in Council's Asset Management Plan.                                      | To fund the purchase, replacement or lease of Council's executive and compliance vehicles.   |
| (e) Employee Relief Reserve                                      | As required.  | To provide funds for employee related entitlements and relief staff for prolonged employee leave.  |
| (f) Employee Leave Entitlements Reserve                          | As required.  | To provide funds for employee purchased leave entitlements under Policy.   |
| (g) Refuse Site Environmental Works Reserve                      | As required.  | Established to provide funds for environmental works at the Banksia Road Refuse Site.  |
| (h) Recycling Education Reserve                                  | As funds become available for suitable projects.                                      | Unspent recycling education funds for use in special education programs and as a contribution toward the shared Waste Education Officer's salary.  |
| (i) Eaton Recreation Centre - Equipment Reserve                  | As scheduled in Council's Asset Management Plan.                                      | Established for the acquisition, replacement or lease of furniture, fittings, plant or gym equipment at the Eaton Recreation Centre.   |
| (j) Council Land Development Reserve                             | As required.  | Established for funding the acquisition or development of Council land for resale.   |
| (k) Sale of Land Reserve   | As suitable projects are identified.  | Established to hold funds from the sale of Council land.   |
| (l) Accrued Salaries Reserve                                     | As required.  | This fund consists of cash backed salaries and wages allocation paid annually into this reserve over a period of 10 financial years to meet the additional cash flow in each eleventh year when 274 pay periods occur (all other years have 26 pay periods). |
| (m) Carried Forward Projects Reserve                             | As projects are completed.  | Established to hold unspent project funds to be carried forward into future financial years. Project funds that are not expended within 2 financial years of their initial allocation to this reserve are to be reallocated to the Municipal Fund.           |
| (n) Strategic Planning Studies Reserve                           | As required.  | Established for funding strategic studies.   |
| (o) Town Planning Consultancy Reserve                            | As funds become available for suitable projects.                                      | Established to fund the engagement of consultants to undertake Town Planning Studies.  |
| (p) Parks & Reserves Upgrades Reserve                            | As scheduled in Council's Asset Management Plan.                                      | Established to fund the development of Parks and Reserves.   |
| (q) Election Expenses Reserve                                    | Council election year.  | Established to fund Council elections.   |
| (r) Pathways Reserve   | As scheduled in Council's Asset Management Plan.                                      | Established to provide funds for the creation, upgrade and renewal of the Shire's pathway infrastructure.  |
| (s) Asset / Rates Revaluation Reserve                            | As required.  | Established to provide funds for asset and rating revaluations.  |
| (t) Refuse & Recycling Bin Replacement Reserve                   | As required.  | Established to provide funds for replacement of refuse and recycling bins.   |
| (u) Storm Water Reserve  | As scheduled in Council's Asset Management Plan.                                      | Established to ensure preservation of Council's transport storm water infrastructure network independent of grants and contributions.  |
| (v) Fire Control Reserve   | As funds become available for suitable projects.                                      | For the purchase, construction and development of fire fighting equipment and buildings.   |
| (w) Collie River (Eaton Drive) Bridge Construction Reserve       | As the necessary funds are raised.  | Established for the future construction of a bridge over the Collie River and extend Eaton Drive.  |
| (x) Eaton Drive - Access Construction Reserve                    | As the growth in Eaton townsite necessitates development.                             | Established for the construction of Eaton Drive Access Road from developer contributions.  |
| (y) Eaton Drive - Scheme Construction Reserve                    | As the growth in Eaton townsite necessitates development.                             | Established for the future construction of Eaton Drive from developer contributions.   |
| (z) Contribution to Works Reserve                                | Year of budgeted works.   | Established to account for contributions and donations received from external sources.   |
| (aa) Unspent Grants Reserve                                      | Year of budgeted works.   | Established to identify unexpended grants and special projects funding.  |
| (ab) Swimming Pool Inspection Reserve                            | On payment of swimming pool inspections every 3 years.                                | Established to account for unspent Swimming Pool Inspection Levy.  |
| (ac) Unspent Specified Area Rate - Bulk Waste Collection Reserve | Next financial year.  | Established to hold unspent specified area rates for bulk waste collection.  |
| (ad) Unspent Specified Area Rate - Eaton Landscaping Reserve     | Next financial year.  | Established to hold unspent specified area rates for Eaton landscaping.  |
| (ae) Plant & Engineering Equipment Reserve                       | As scheduled in Council's Asset Management Plan.                                      | To fund the purchase, replacement or lease of Council's heavy plant and engineering equipment.   |
| (af) Road Construction and Major Maintenance Reserve             | Funds are not expected to be used within a set period but on a budgetary needs basis. | Established to provide funds for the upgrade and renewal of the Council's transport infrastructure.  |
| (ag) Building Maintenance Reserve                                | As scheduled in Council's Asset Management Plan.                                      | For the purchase, construction and maintenance of Council buildings.   |
| (ah) Dardanup Expansion Developer Contribution Plan Reserve      | As required.  | Established to hold funds for the design and construction of community facilities in Dardanup associated with the implementation of DCA2 – Dardanup Expansion Area Developer Contribution Plan.  |
| (ai) Wanju Developer Contribution Plan - Unspent Loan Reserve    | As required.  | Established to hold unspent loan funds raised for the Wanju Developer Contribution Plan planning and development costs.  |
| (aj) Car Park Reserve  | As required.  | Established to provide funds for the upgrade and renewal of the Council's car parking infrastructure.  |
| (ak) Lighting Reserve  | As required.  | Established to provide funds for the upgrade and renewal of the Council's lighting infrastructure.   |
| (al) Eaton Public Open Space Reserve                             | As required.  | Established to account for cash-in-lieu of Public Open Space contributions in Eaton in accordance with the Planning and Development Act 1995.  |
| (am) Dardanup Public Open Space Reserve                          | As required.  | Established to account for cash-in-lieu of Public Open Space contributions in Dardanup in accordance with the Planning and Development Act 1995.   |
| (an) Burekup Public Open Space Reserve                           | As required.  | Established to account for cash-in-lieu of Public Open Space contributions in Burekup in accordance with the Planning and Development Act 1995.  |

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

**30. TRUST FUNDS**

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

|                                      | <b>1 July 2021</b> | <b>Amounts Received</b> | <b>Amounts Paid</b> | <b>30 June 2022</b> |
|--------------------------------------|--------------------|-------------------------|---------------------|---------------------|
|                                      | <b>\$</b>          | <b>\$</b>               | <b>\$</b>           | <b>\$</b>           |
| Eaton POS                            | 398,305            | 32                      | (245,089)           | 153,248             |
| Dardanup POS                         | 97,566             | 8                       | 0                   | 97,574              |
| Burekup POS                          | 276,752            | 22                      | 0                   | 276,774             |
| Tourism WA - Ferguson Valley Project | 90,188             | 0                       | (90,188)            | 0                   |
| Trust Funds for Land Transaction     | 40,000             | 3                       | 0                   | 40,003              |
| Auspicing Grant                      | 0                  | 25,000                  | 0                   | 25,000              |
|                                      | <b>902,811</b>     | <b>25,065</b>           | <b>(335,277)</b>    | <b>592,599</b>      |

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

**31. MAJOR LAND TRANSACTIONS**

Council did not undertake any Major Land Transactions during the 2021/22 financial year.

**32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the 2021/22 financial year.

**33. CORRECTION OF ERROR**

Council did not have any correction of prior period errors for the year ended 30 June 2022.



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

2022

Shire of Dardanup

To the Councillors of the Shire of Dardanup

#### Opinion

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

- the Statement of Financial Position at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, and Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

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

#### Basis for opinion

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

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

#### Other information

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

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

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to



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

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

The Chief Executive Officer of the Shire is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

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

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

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

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

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

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

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

This auditor's report relates to the financial report of the Shire of Dardanup for the year ended 30 June 2022 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.



Patrick Arulsingham  
Senior Director Financial Audit  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
9 December 2022