



Corporate & Governance
Directorate

APPENDICES

Items 12.4.1 – 12.4.5

ORDINARY COUNCIL MEETING

To Be Held

Wednesday, 15th of December 2021

Commencing at 5.00pm

At

Shire of Dardanup
ADMINISTRATION CENTRE EATON
1 Council Drive - EATON

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Upon request



Fleet Advisory

Fleet Review – Consulting Report

Prepared for:



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Project Background

During the unprecedented mining boom from 2005 there was a competitive employment market that made attracting and retaining qualified and experienced staff a challenge that local government had never before experienced. It was during this period that the provision of motor vehicles as an employee benefit became the norm rather than the exception. Higher salaries with private use of a motor vehicle became the carrot to attract people into the industry.

As the Shire of Dardanup has grown in staff numbers, the costs associated with the provision of motor vehicles have also grown. Council currently has 21 Compliance and Executive vehicles and 9 Engineering and works vehicles. The budget impact of employee costs along with major infrastructure already built and more planned demands a close look at where budget savings can be made in motor vehicle and fleet costs, together with optimising the provision of a vehicle as an employee benefit. A Motor Vehicle Policy review was conducted in 2017, with changes implemented as a result. An updated review of the Motor Vehicle Policies and Fleet Review is now required.

Project Scope of Work

Review the Shire of Dardanup Motor Vehicle Use Policies with the objective being to:

- Reduce the Shire of Dardanup Fringe Benefit Tax (FBT) obligations
- Align the motor vehicle benefit with the seniority of staffing
- Consider alternatives to the provision of a Council motor vehicle i.e.: Novated leases, motor vehicle allowance, etc.
- Reduce motor vehicle operational and capital replacement costs
- Review the motor vehicle needs in terms of the requirements of the job
- Reduce the number of motor vehicles owned and operated by the Shire
- Recommend optimal motor vehicle and fleet replacement cycles i.e. 3 years / 80,000km
- Recommend 3 x Executive and Compliance vehicle styles (i.e.: 4 cyl sedan) and makes/models (i.e. Toyota Prado GXL)
- Recommend 3 x Engineering & Works vehicle styles (i.e. diesel dual cab ute) and types/models (i.e. Mitsubishi Triton).
- Consider the introduction of electric vehicles into Council's fleet.

Executive Summary

This Consulting Report has been formulated following a desktop review of the Shire of Dardanup (the Shire) fleet operation.

It should be noted that the observations made in this report are reliant on the availability, depth and accuracy of the information provided.

We understand that a previous fleet review was carried out in 2017 and this led to an improvement in some aspects of the fleet operation, including a reduction in FBT liability.

This report is structured in line with the Fleet Review Services & Framework designed by Fleet Advisory. Our framework incorporates the following main categories:

- Strategy & Planning
- Risk Management & Compliance
- Cost Reduction & Management
- Operating Procedures & Effectiveness
- Technology & Information Systems
- Training & Ongoing Support

In this case, in line with the requirements of the Project Scope issued by the Shire, our observations only relate to Strategy & Planning, Risk Management & Compliance and Cost Reduction & Management.

Based on the information made available, the combined fleet costs average approximately \$395,000 annually, when accounting for both the running costs and FBT liability being borne by the Shire.

Of this, we note that approximately 68% of the costs are related to the provision of the 18 'benefit' vehicles to Compliance/Executive staff.

We have identified areas for improvement in the cost management of the 13 'job required' vehicles and also aspects of vehicle safety.

This report has been formulated to detail our observations and relevant commentary relating to the 'current state' of fleet operations, highlighting specific areas of concern and/or opportunities for improvement.

A separate *Strategic Solutions Report* has been compiled to encompass our recommendations for a proposed 'future state', detailing considerations for the Shire to review, consider, and implement to move fleet operations towards 'best practice'.

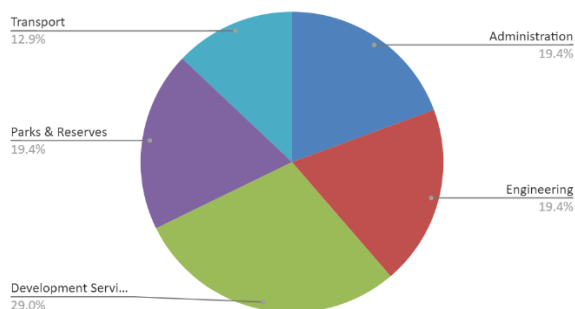
Strategy & Planning

Fleet Portfolio

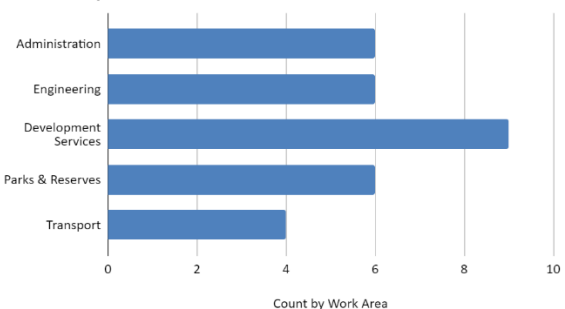
We refer to the following graphs and note the following:

- Total fleet - 31 vehicles:
 - 17 Passenger vehicles (i.e. 55%)
 - 14 Light Commercial vehicles (Utilities) i.e. 45%
- Vehicles allocated amongst 5 different work areas
- There are 18 vehicles (i.e. 58%) in the fleet that provide an employee 'benefit', the remaining 13 (i.e. 42%) are deemed 'job required' with some commuting use allowed)

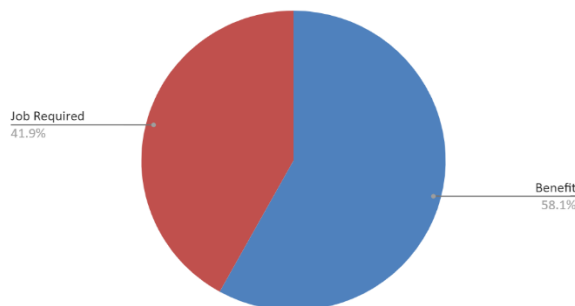
Work Area Allocation



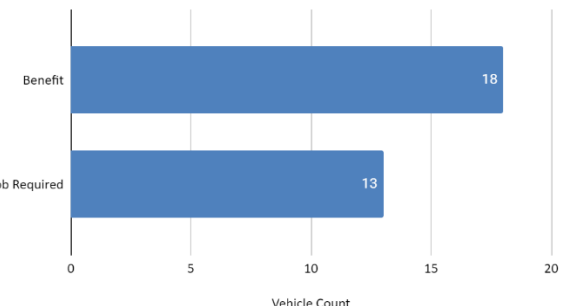
Work Area Split



Vehicle Usage Split



Vehicle Usage Split



Further detail on the current fleet is provided in attached spreadsheet titled "Shire of Dardanup – Fleet Review Analysis" – Portfolio tab.

Fleet Management Planning

We understand there is currently no formal Fleet Management Plan in place, which is common amongst small to medium size fleets.

A Fleet Management Plan is a critical strategic asset management plan that outlines how fleet assets align to the achievement of an organisation's objectives. Further, it should set out how the assets are to be acquired, how they will be funded, managed throughout their lifecycle, and ultimately disposed of.

In the current environment, it is important to consider Sustainability planning and aligning the strategy with any stated objectives regarding a reduction in carbon emissions.

Importantly, any such plan should establish the relevant strategies to be employed to move fleet management in the organisation towards 'best practice'.

The lack of a documented plan may be considered secondary where sound fleet management practices are evident. This review identified areas for improvement which suggest the Shire would benefit from an increased focus on fleet planning and the adoption of improved fleet management disciplines across the fleet, areas of concern include:

- The age and odometer readings of some of the job required vehicles are considered excessive and resulting in additional maintenance costs
- Older vehicles with lesser safety ratings are being retained while younger vehicles with better safety ratings are replaced
- Vehicle purchasing decisions being made on purchase price instead of 'Whole Of Life Cost'

Environment

We understand that the Shire wishes to consider the introduction of Battery Electric Vehicles (BEVs) into the fleet in the future as part of a Sustainability Policy, this is to be commended.

Further, we believe that the construction of a new Administration Building in the next 2–3 years will incorporate planning of the necessary vehicle charging infrastructure. This is a vital first step in planning for the introduction of BEVs, given the considerable electricity demands for vehicle charging and the associated infrastructure costs.

While the pricing differential on BEVs in comparison to Internal Combustion Engines (ICEs) is significant at this time, it is perceived that over the next three years an increase in BEV manufacture, gains in battery technology, increased support from Australian Governments and the gradual rollout of necessary charging infrastructure will vastly improve the economic proposition.

In the meantime, the introduction of Hybrid vehicles can form part of a transition strategy to full electric vehicles, and this has been considered throughout this review.

It should also be noted that while suitable zero emission vehicles are currently not available in the Light Commercial Utility category, there are strategies which may be employed immediately to reduce carbon emissions, including:

- Maximising vehicle utilisation to enable a reduction in overall vehicles
- Replacing older vehicles and plant/equipment assets with higher carbon emissions with new more efficient assets with lower carbon emissions

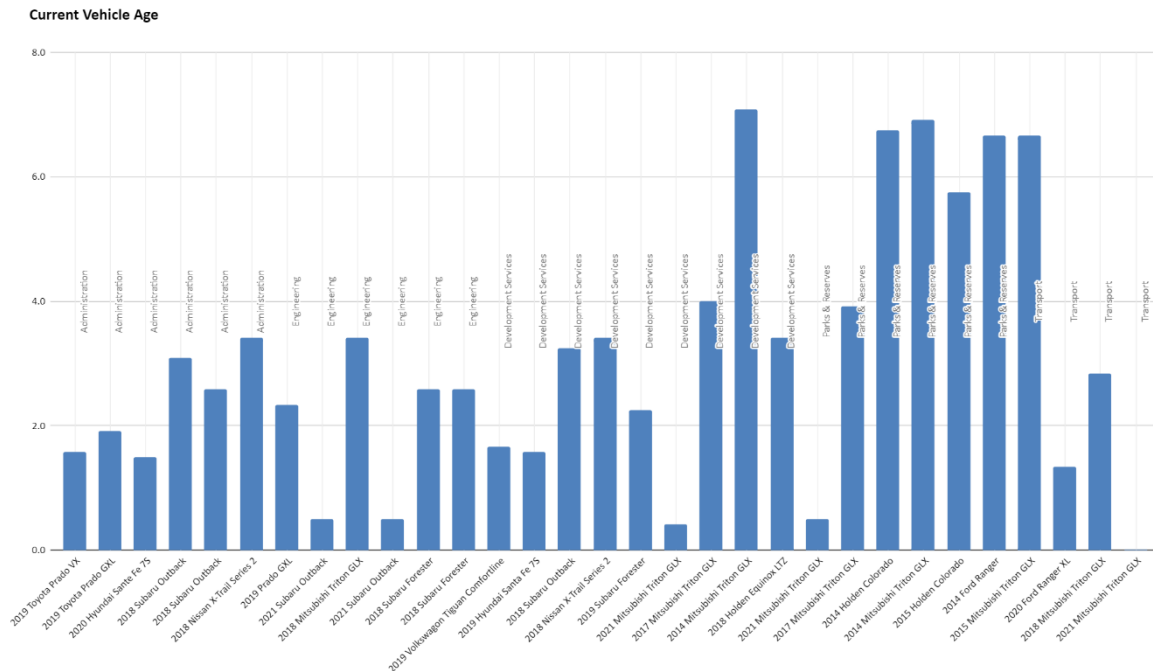
Accordingly, we have incorporated information on CO2 emissions with each of the vehicles that we have conducted Whole Of Life Costing analysis on during this review.

[Appendix ORD: 12.4.1A]

Fleet Age

We refer to the following graph and our analysis and note the following:

- There are 6 vehicles (all Light Commercial) more than 5 years old i.e. 19%
- There are 8 vehicles between 3 and 4 years old i.e. 26%
- There are 17 vehicles up to 3 years old i.e. 55%



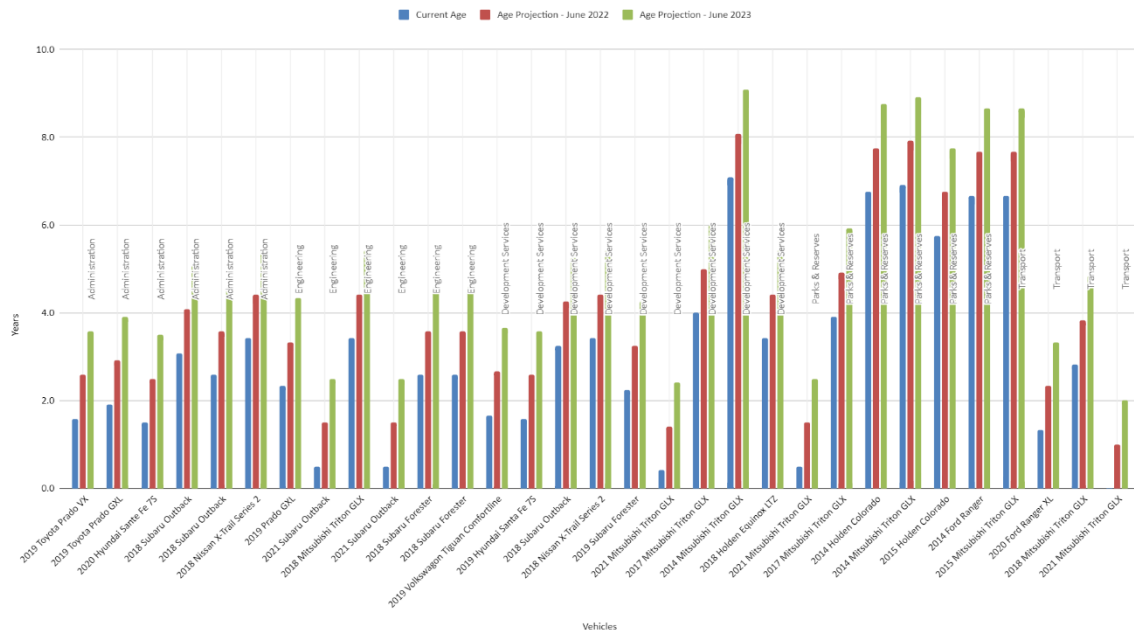
As we understand that the Shire has recently imposed a moratorium on the purchase of vehicles for the next two years, we have calculated the Projected Age for each vehicle as at 30 June 2022 and 30 June 2023 – see following graph.

This has been done to understand the potential impacts on vehicle reliability and ongoing running costs that may result from an ageing fleet.

In general terms, we have concerns relating to both the safety and increased running costs relating to vehicles retained beyond a 5-year period.

Further detail on the current fleet is provided in the attached spreadsheet titled “Shire of Dardanup – Fleet Review Analysis” – Age tab. This includes a Table with vehicles of concern highlighted.

Current & Projected Age



Novated Leasing

We note that no arrangements are currently in place to offer employees Novated Leases in lieu of a vehicle being supplied by the Shire. Yet we understand that this option was raised in the 2017 fleet review.

Based on our review of the fleet and discussions relating to the levels of business use for most 'benefit' vehicles allocated to Principal Officers, Managers and Directors, we believe there is a strong case for the Shire to consider offering these employees the option of a Novated Lease going forward.

A Novated Lease is a three way agreement between an Employer, Employee and Lessor. The Employer effectively agrees to deduct the cost of the lease payments as part of their salary packaging arrangements, while employment is maintained.

Once employment is terminated (by either party) the lease becomes the responsibility of the employee as Lessee and therefore the employer does not have ongoing liability for the vehicle.

The employee is able to purchase the type of vehicle they want, choose a suitable lease term, negotiate their own purchase, and take advantage of the salary packaging benefits associated with the use of pre-tax dollars.

Fleet Database

We note that in requesting information relating to the fleet as part of our initial analysis, the current spreadsheet records provided did not include information that we deem to critical in effectively managing the fleet and reducing costs. These included Build Plate Dates, Model Variant details, Body Style details, Odometer Readings etc.

Accordingly, recommendations for improved database management and improved management reporting will be incorporated into the Strategic Solutions Report.

Grey Fleet

Although not part of the scope of this review, we have provided the following **general commentary** relating to Grey Fleet that may be useful.

The term Grey Fleet has only come into the Australian lexicon in the last few years. The term refers to any vehicle used occasionally or regularly by employees for work purposes, including their own vehicles and hire cars.

Why is Grey Fleet important?

Under common law and in accordance with the Australian Work Health and Safety Act 2011, organisations have a legal responsibility to provide a safe working environment, and to ensure that the public at large is not put at risk from the organisation's transportation activities. The duties of employers to employees are to ensure that where employees work is safe and without risks (and by definition this includes vehicles and grey fleet vehicles).

The Shire of Dardanup has a responsibility if you own the vehicle whether it is being used for business or private activities and where you 'own' the task, such as employees using their own vehicle – grey fleet. You may have outsourced the task but not your responsibility.

The obvious legal risks and associated potential fines, as well as the potential damage to the organisation's reputation – not to mention the catastrophe of a seriously injured or deceased employee in your workplace result in Grey Fleet being a great risk to any organisation and its office bearers.

The consequences of not managing your grey fleet appropriately are many. In the case of an offence, penalties start at \$300,000 or 5 years imprisonment or both for individuals, \$600,000 or 5 years imprisonment for a business or undertaking and up to \$3,000,000 for a body corporate.

Risk Mitigation:

You can exercise some control over grey fleet in several ways:

- *Limiting the age of your grey fleet vehicles for safety and environmental reasons*
- *Perhaps set a minimum ANCAP safety rating and/or set maximum Co2 emissions to prescribe or encourage newer vehicles*
- *Consider eliminating your grey fleet entirely and only run company owned vehicles – but this may be an expensive option, requiring additional company operated vehicles in your fleet*

[Appendix ORD: 12.4.1A]

- *Consider offering ‘pooled’ company cars to be utilised first, ahead of grey fleet vehicles*
- *Offer salary packaged cars to employees to be used for business purposes as well as personal*

You should treat grey fleet vehicles like your company cars and implement the same policies. You would need to make specific mention of them in your motor vehicle policy around their definition and any notable differences. For all your fleet, you can create a culture of safety and sustainability with your policy and procedures.

Importantly, staff need to be made aware of their responsibilities to comply with policy requirements for company and grey fleet vehicles. In some cases, it is advisable to develop a company and grey fleet policy declaration which must be signed by the driver to indicate that they have read and understood the policy. This will help to communicate the policy and to gather evidence that drivers have been made aware of their responsibilities.

Setting expectations is important, so staff who are authorised to use their own vehicles for work purposes should have a signed grey fleet agreement in place to confirm the employers’ expectations. It’s an ‘agreement for the use of grey fleet vehicles’ which covers all aspects of grey fleet management to maintain a safe work environment. If grey fleet is used outside the conditions of this agreement, it should become a disciplinary matter which may result in termination of employment.

Effective fleet management, including your grey fleet, ensures that all vehicles are fit for their intended purpose, and they are adequately serviced and maintained for their safety and environmental impact. All Motor Vehicles are to be maintained to be in a safe, reliable, and roadworthy condition. One of the grey fleet conditions should be that grey fleet drivers agree to: “maintain the vehicle in a roadworthy condition”.

You may need to consider ways in which inspections of these vehicles are carried out and evidence regularly supplied for compliance, such as an annual inspection report confirming that the vehicle is roadworthy and if this should change between inspections the employee must notify the employer immediately and cease using their private vehicle as a grey fleet vehicle until it is rectified as roadworthy.

Risk Management & Compliance

Motor Vehicle Policy

A Motor Vehicle Policy is an important document in managing all party's obligations when it comes to the operation of a motor vehicle fleet. The purpose of the policy is to provide a consistent approach to the allocation and administration of motor vehicles to staff and their use as part of their employment arrangements.

It also forms a critical component of managing risk and compliance for both the employer and employee.

We reviewed the individual position-based policies (e.g., CP008, CP122, AP009 etc) the Shire has issued. While we acknowledge these contain some aspects of a Motor Vehicle Policy, in terms of outlining employee responsibilities, they lack the comprehensive approach of a standardised Motor Vehicle Policy deemed appropriate in addressing the Shire's 'Duty of Care' obligations under the *Work Health & Safety Act 2011*.

How to write a good Motor Vehicle Policy requires a thorough understanding of numerous aspects of good fleet management practice. While this cannot be covered fully in this report, a basic guideline of main topics that should be covered follows:

- *Introduction – incorporating philosophy, policy ownership, structure, table of contents, version control and access*
- *Vehicle Eligibility*
 - *Job Required/Tool of Trade vehicles*
 - *Benefit vehicles*
- *Vehicle procurement*
 - *Job Required/Tool of Trade vehicles*
 - *Benefit vehicles*
- *Vehicle selection criteria*
- *Driver licence obligations*
- *Fringe Benefits Tax (FBT) treatment*
- *Employee responsibilities*
- *Vehicle & Driver Safety*
- *Mobility policy*
- *Employees Buy-Back option*
- *Driver contributions & Personal Use*
- *Fuel, Tolls, Infringements*
- *Other Expenses*
- *Service and Maintenance*
- *Comprehensive Insurance*
- *Accident management*
- *Compliance*
- *Who can drive the vehicle?*
- *Pool cars or shared fleet*
- *Vehicle returns & handover*
- ***Driver acknowledgement of policy***

Drivers Licences

We understand that Human Resources has a system in place to record details of employee driver licences (for those employees with access to a Shire vehicle). This is an important step in managing risk and meeting obligations to the *Work Health & Safety Act 2011*.

This does not mitigate the circumstance where an employee may lose their licence and not notify the Shire. It should be noted that with most state-based road authorities there are systems in place to facilitate integrated reporting of infringements and licence status.

While employee permission would be necessary to meet *Privacy Act 1988* obligations, this should be considered.

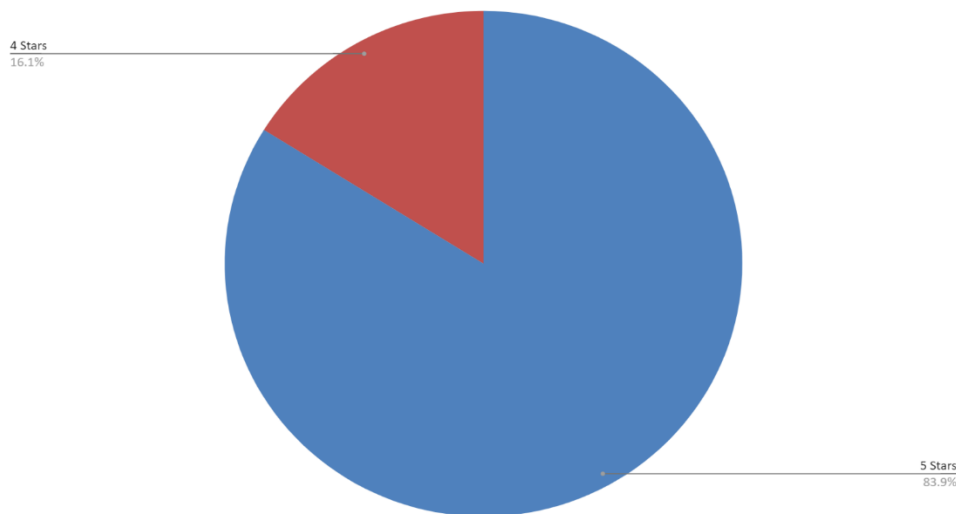
Vehicle Safety

We undertook a review of the fleet to determine the applicable ANCAP Safety Ratings - see following graph.

We note most existing vehicles have a maximum 5-star Safety Rating, which we understand would be in line with standard Local Government policy.

However, there are 5 vehicles (all Light Commercials) in the fleet that only have a 4-star Safety Rating. These are the older Utilities which according to the policy guidelines we believe are in place, should have been replaced.

ANCAP Safety Rating



Information relating to the specific vehicles discussed is provided in the accompanying spreadsheet, titled 'Shire of Dardanup – Fleet Review Analysis' – Safety tab. This includes a Table with vehicles of concern highlighted.

Further information on ANCAP Safety Ratings is provided below or click on this link to go to the website - [Car Safety Ratings](#) | [Car Safety](#) | [Crash Test Results](#) | [ANCAP](#)

ANCAP Safety Ratings

ANCAP is the Australasian New Car Assessment Program - a car safety performance assessment programme based in Australia and founded in 1993. ANCAP specialises in the crash testing of automobiles sold in Australia and the publishing of these results for the benefit of consumers.

Accordingly, it sets the industry standard for vehicle safety ratings.

ANCAP star ratings indicate the level of safety a vehicle provides for occupants and pedestrians in the event of a crash, as well as its ability — through technology — to avoid or minimise the effects of a crash. These independent safety ratings are used to compare the relative safety between vehicles of similar mass.

ANCAP safety ratings are determined based on a series of internationally recognised, independent crash tests and safety assessments – involving a range of destructive physical crash tests, an assessment of on-board safety features and equipment, and performance testing of active collision avoidance technologies.

Vehicles are evaluated against four key areas:

- *Adult Occupant Protection (AOP)*
- *Child Occupant Protection (COP)*
- *Vulnerable Road User Protection (VRU)*
- *Safety Assist (SA)*

A range of tests and assessments are conducted within each area, with vehicles required to meet minimum score thresholds for each star rating level. The overall star rating of a vehicle is limited by its lowest performing area of assessment.

Cost Reduction & Management

Vehicle Selection

Vehicle selection is critical to effective fleet management and has wide ranging impacts on cost effectiveness (including FBT), risk management, driver safety, administration workload and driver satisfaction.

We understand that the vehicles currently purchased by the Shire represent the same type and style of vehicles that have been purchased previously and may have been chosen based on Purchase Price. This is common practice amongst small to medium size organisations.

‘Best practice’ encompasses two key methodologies – 1) Fit for Purpose considerations and 2) Whole Of Life Cost (WOLC)/Total Cost of Ownership (TCO).

1. Fit for Purpose considerations:

Fit for Purpose describes the essential need for fleet assets to be suitable for their corporate and operational requirements, whilst meeting health, safety, and legislative standards. This is the first and most fundamental consideration for a business, ensuring that the asset meets the following criteria:

- *It is operationally capable*
- *It is the safest practical specification and meets organisational safety standards*
- *It is assessed as representing the best value for money solution*
- *It is the most (energy) efficient solution available*

2. Whole of Life Cost (WOLC)/Total Cost of Ownership (TCO):

Determining WOLC/TCO is one of the most important steps of the vehicle selection process, regardless of how an organisation chooses to obtain its vehicles. The term ‘whole of life’ refers to the end-to-end total cost of ownership of a fleet asset from acquisition, throughout its operational life and finally to its decommissioning and disposal.

Operationally, this is the embodiment of fleet management, select the right assets, ensure they are operated in the most efficient manner possible, maximise sales proceeds or alternatively minimise the end-of-life costs. When making a whole of life calculation, there is a lot to consider including:

<i>Purchase price</i>	<i>Depreciation</i>	<i>Service costs</i>
<i>Unscheduled maintenance</i>	<i>Tyre costs</i>	<i>Fuel costs</i>
<i>Insurance</i>	<i>Accessories</i>	<i>Resale Value</i>
<i>Disposal costs</i>	<i>Opportunity cost</i>	<i>FBT</i>
<i>Registration & re-registration costs</i>		

[Appendix ORD: 12.4.1A]

As part of this review, we have undertaken WOLC analysis on 50+ scenarios specific to the Shire, which is provided separately.

Our general comments on some of the current vehicles purchased by the Shire follow:

1. Medium SUVs – Senior & Compliance Officers (Policy CP122)

The SUV market now dominates Australian new vehicle sales, in conjunction with Light Commercial Utilities. There is now a huge range of model variants and drive types in this category with most base models now 2WD rather than AWD/4WD.

Accordingly, we note that while the current policy lists RAV4 GX AWD as one of the vehicle choices, the only GX model is no longer available in a Petrol AWD.

Similarly, while the Nissan X-Trail ST comes in 4WD, the base vehicle is a 2WD.

We also note that the current policy lists the Subaru Forester 2.5i-L AWD. This is the mid spec model of this vehicle range and accordingly is more expensive and has a different level of features to the other vehicles.

2. Large SUVs – Managers (Policy AP009)

The Holden Equinox LTXZ EQ AWD is no longer available, following the withdrawal of Holden from the Australian market.

3. Light Commercial Utilities (Policy CP122)/Job Required Vehicles

The current fleet is represented by three different brands – Mitsubishi, Ford and Holden. There are a combination of Body Styles (Utility & Cab Chassis) and Cabin Styles (Dual Cab & Single Cab) which is to be expected.

Vehicle Utilisation

Maximising vehicle utilisation is a critical factor in driving cost effective fleet management. It is also central to the argument for utilising pool vehicles.

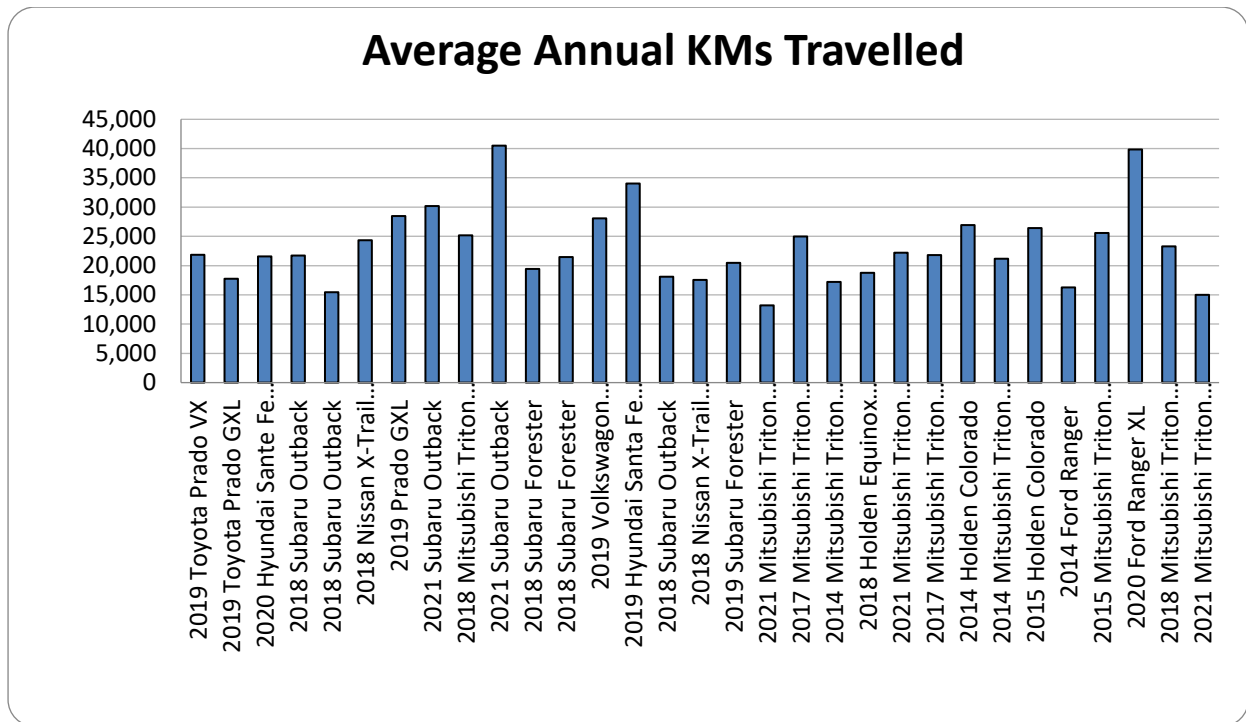
‘Fleet Optimisation’ is achieved through maximising fleet utilisation. In simple terms, there are three main areas of focus to achieving this:

- Fleet Size
- Fleet Use
- Fleet Mix

A link to an article recently written by Fleet Advisory on this topic follows: [Vehicle utilisation for fleet optimisation – the logical starting point - Intelematics](#)

It is difficult to provide an appropriate assessment of vehicle utilisation without a combination of comprehensive data and the necessary background relating to the need for the vehicle to be available.

However, the following graph has been prepared to demonstrate the average number of kilometres travelled by each vehicle.



Overall, we calculated average annual kms travelled @ 23,184 per vehicle.

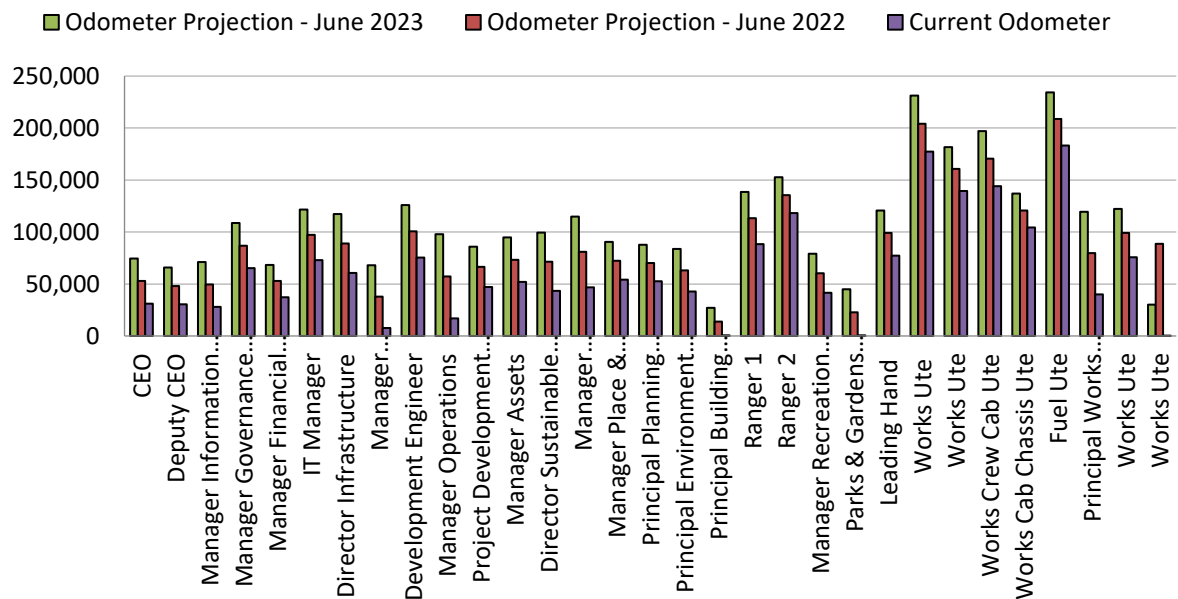
Further detail is provided in the attached spreadsheet titled "Shire of Dardanup – Fleet Review Analysis" – Usage tab.

As we understand that the Shire has recently imposed a moratorium on the purchase of vehicles for the next two years, we have calculated the Projected Odometer for each vehicle as at 30 June 2022 and 30 June 2023 – see following graph.

This has been done to understand the potential impacts on vehicle reliability and ongoing running costs that may result from vehicles with high odometers.

In general terms, we have concerns relating to the increased running costs and additional depreciation to vehicles retained beyond 150,000 kms.

Current Odometer & Projected Odometer



Further detail is provided in attached spreadsheet titled "Shire of Dardanup – Fleet Review Analysis" – Utilisation tab.

Vehicle Maintenance

We have reviewed the various spreadsheets of individual vehicle expenses and note that Vehicle Maintenance transactions are not coded separately in the accounting system.

It is therefore difficult to assess the viability of the older vehicles such as the Utilities with high odometer readings to determine the cost impacts of their prolonged use. In effect, the costs become hidden amongst fuel, depreciation, registration etc.

However, we scrutinised the expenses for each of these vehicles and noted circumstances of high maintenance costs. We then calculated an Operating Cost Per Km for each fleet vehicle, which reinforced that overall running costs of these vehicles are high, and we suggest this is a result of a combination of factors - their age, odometer readings and the nature of their operational use.

The vehicles of concern are:

- DA9287 2014 Mitsubishi Triton GLX *
- DA9279 2014 Holden Colorado *
- DA9406 2014 Mitsubishi Triton GLX *
- DA9136 2015 Holden Colorado *
- DA8200 2014 Mitsubishi Triton GLX *
- DA648 2014 Ford Ranger

NB: The vehicles with an * also have a 4-star ANCAP rating. Refer comments made in Vehicle Safety.

[Appendix ORD: 12.4.1A]

Further detail is provided in attached spreadsheet titled "Shire of Dardanup – Fleet Review Analysis" – Financial tab.

Vehicle Lifecycle Management

We understand the stated guidelines for vehicle turnover are as follows:

- Compliance/Executive Vehicles 36 months / 80,000kms
- Utilities 48 months / 120,000kms

Although it seems the majority of Compliance/Executive Vehicles are currently within these guidelines, there are 6 Utilities currently outside these guidelines by age and 4 of these also exceeding the kilometre limit.

When combined with concerns over the lower safety ratings and higher maintenance costs of these vehicles already made, this demonstrates a need for improved lifecycle management to most effectively manage both costs and driver safety.

Further detail is provided in attached spreadsheet titled "Shire of Dardanup – Fleet Review Analysis" – Age & Utilisation tabs.

Fuel Purchasing

We note that fuel purchasing arrangements are via AmpolCard with a Fuel Discount of 5 cents per litre (GST Exc) on all fuels and a Transaction Fee of 17 cents (GST Ex).

We reviewed fuel purchases for the 2020/2021 financial year and note the following:

- Total litres purchased: 160,816
- Total fuel cost: \$178,036 (GST Ex)
- Average fuel cost per litre: \$1.10 (GST Ex). NB: This reflects some bulk fuel purchase discounts on large individual transaction for plant/equipment fuel
- Although the fleet is made up of 65% Diesel & 35% Petrol vehicles - the fuel spend split is 88% Diesel & 12% Petrol. NB: This seems to reflect the addition of plant/equipment fuel purchases and the higher usage of some Job Required Diesel vehicles (Light Commercial Utilities).

In terms of the types of fuels purchased, we note the following:

- Diesel:
 - 69,714 litres (49%) – Premium
 - 71,274 litres (51%) – Standard

NB: We understand that the EG Fuel Station in Eaton which is extensively used only has one Diesel pump. This fuel is described as Premium Diesel on your reporting, but it appears the price is comparable to Standard Diesel.
- Petrol:
 - 16,754 litres (85%) – Unleaded
 - 2,758 litres (14%) – Premium 95. NB: 100% of purchases are for vehicles where the Manufacturer recommends Premium Unleaded.
 - 288 litres (1%) – Premium 98. NB: 100% of purchases are for vehicles where the Manufacturer recommends Premium Unleaded.

Operating Procedures & Effectiveness

We have not undertaken a review of operating procedures as part of the scope of this review.

Technology & Information Systems

We have not undertaken a review of systems in place as part of this review.

Training & Ongoing Support

We have not undertaken a review of the training systems in place as part of this review.

However,



Fleet Advisory

Fleet Review – Strategic Solutions Report

Prepared for:



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Executive Summary

This Strategic Solutions Report has been formulated following a desktop review of the Shire of Dardanup fleet operation.

While the *Consulting Report* provides a comprehensive assessment of the ‘current state’, this report outlines considerations and recommendations for implementing a ‘future state’.

In designing this ‘future state’, we believe that there are a combination of strategies and actions that should be undertaken to improve fleet operations and importantly, reduce costs.

The proposed plan is designed to assist the Shire evolve its fleet operations and move towards best practice.

Specifically, we aim to address matters pertaining to:

- ✓ Cost
- ✓ Compliance
- ✓ Risk Management

Scope Of Work – Summary of Recommendations

The following provides a summary of each of our recommendations, aligned to the requirements outlined in the Scope Of Work. These recommendations are detailed further in the following section – Strategic Solutions.

1. Reduce the Shire of Dardanup Fringe Benefit Tax (FBT) obligations

The following relates to 'Benefit' Vehicles only:

- Offer new employees Novated Leases in lieu of Shire supplied vehicle
- Introduce employee contributions for new employees entitled to Shire supplied vehicle
- Offer new employees a Car Allowance in lieu of Shire supplied vehicle
- Offer existing employees Novated Leases in lieu of Shire supplied vehicle
- Amend vehicle selection policy, as follows:
 - Officers:
 - Nissan X-Trail ST 2WD Auto Petrol Wagon
 - Toyota RAV4 GX 2WD Auto Petrol Wagon
 - Toyota RAV4 GX 2WD Auto Hybrid Wagon
 - Managers:
 - Subaru Outback AWD Auto Petrol Wagon
 - Hyundai Santa Fe 7S AWD Auto Diesel Wagon
 - Directors:
 - Volkswagen Tiguan Allspace 140TDi Comfortline AWD Auto Diesel Wagon
 - Toyota Kluger GXL AWD Auto Hybrid Wagon
 - Toyota Prado GXL 4WD Auto Diesel Wagon
 - CEO:
 - Toyota Prado VX 4WD Auto Diesel Wagon
 - Toyota Kluger Grande AWD Auto Hybrid Wagon

2. Align the motor vehicle benefit with the seniority of staffing

Vehicle selection policy recommendations aligned as follows:

- Officers:
 - FBT Base Value limit: \$36,000
 - Lifecycle Ownership Cost limit: \$58,000
- Managers:
 - FBT Base Value limit: \$45,000
 - Lifecycle Ownership Cost limit: \$72,000
- Directors:
 - FBT Base Value limit: \$61,000
 - Lifecycle Ownership Cost limit: \$91,000
- CEO:
 - FBT Base Value limit: \$71,000
 - Lifecycle Ownership Cost limit: \$103,000

3. Consider alternatives to the provision of a Council motor vehicle i.e.: Novated leases, motor vehicle allowance, etc.

Refer recommendations in Point 1. Information on Novated Leases has been provided in conjunction with this report.

4. Reduce motor vehicle operational and capital replacement costs

The following relates to 'Benefit' Vehicles:

- The Officer category was re-aligned to include 2WD vehicles given the increased cost of AWD vehicles
- The WOLC Analysis undertaken has reviewed existing vehicle selections and aligned only the most cost effective in each category going forward (refer vehicles included in Point 1 above). For example, this led to one of the current vehicle selections; Subaru Forester not being included as it ranked 6th in overall lifecycle costs
- The WOLC Analysis undertaken also identified reduced costs resulting from a longer retention period (refer Point 7 below)

The following relates to 'Job Required' Vehicles:

- Costing for 2WD vehicles with lower Purchase Price provided, recognising that 4WD vehicles are not always required
- The WOLC Analysis undertaken has reviewed existing vehicle selection and aligned only the most cost effective in each category going forward (refer vehicles included in Point 9 below)
- The WOLC Analysis undertaken also identified reduced costs resulting from a longer retention period (refer Point 7 below)
- We identified six vehicles which should be considered for replacement based on excessive age and/or kilometre usage with resultant increase in maintenance costs and depreciation. Full details are provided in Strategic Solution.

5. Review the motor vehicle needs in terms of the requirements of the job

- Refer to comments made in Point 4 above in relation to both Benefit and Job Required vehicle re-alignment. During the course of this review, we identified opportunities for the deployment of 2WD vehicles (where AWD/4WD is not required)
- We recommend the adoption of 'fit for purpose' criteria to ensure optimal vehicle alignment to operational requirements

6. Reduce the number of motor vehicles owned and operated by the Shire

- Refer recommendations made in Point 1

7. Recommend optimal motor vehicle and fleet replacement cycles i.e. 3 years / 80,000km

- Passenger Vehicles: 48 months / 100,000kms
- Light Commercial Vehicles: 60 months / 125,000kms

8. Recommend 3 x Executive and Compliance vehicle styles (i.e.: 4 cyl sedan) and makes/models (i.e. Toyota Prado GXL)

- Refer recommendations in 1 (above).

9. Recommend 3 x Engineering & Works vehicle styles (i.e. diesel dual cab ute) and types/models (i.e. Mitsubishi Triton).

Our recommendations include 10 different model variants which provided an appropriate selection of different Drive Types (4WD & 2WD), and Body Styles (Utility & Cab Chassis) and Cabins (Dual Cab & Single Cab). This was deemed appropriate due to the need to align 'fit for purpose' vehicle specifications and Whole Of Life Costing that provides the Shire with suitable information for decision making.

- Single Cab 2WDs:
 - Isuzu D-Max SX High Ride Auto Diesel Cab Chassis
 - Mitsubishi Triton GLX Auto Diesel Cab Chassis
- Single Cab 4WDs:

- Isuzu D-Max SX High Ride Auto Diesel Cab Chassis
 - Mitsubishi Triton GLX Auto Diesel Cab Chassis
- Dual Cab 2WDs:
 - Toyota Hilux Workmate Hi-Rider Auto Diesel Utility
 - Isuzu D-Max SX High Ride Auto Diesel Utility
 - Isuzu D-Max SX High Ride Auto Diesel Cab Chassis
- Dual Cab 4WDs:
 - Isuzu D-Max SX High Ride Auto Diesel Utility
 - Mitsubishi Triton GLX Auto Diesel Utility
 - Isuzu D-Max SX High Ride Auto Diesel Cab Chassis

10. Consider the introduction of electric vehicles into Council's fleet.

- We recommend that the Shire plan for the installation of the necessary charging infrastructure for Battery Electric Vehicles (BEVs) in the new Administration building as a priority
- The introduction of cost-effective Hybrid vehicles has been incorporated into the WOLC Analysis and vehicle recommendations as an effective transition strategy to electric vehicles
- As available vehicle options and price positioning improves over the next 2-3 years and in line with the development of key infrastructure, we recommend the introduction of electric vehicles be reviewed

Strategic Solutions

No.	Proposed Solution	Explanation and Rationale
1	Offer Novated Leases to new employees in lieu of 'benefit' vehicle	<p>Our review has determined that most 'benefit' vehicles have a high % of personal use and low % of business use.</p> <p>Accordingly, we recommend that the Shire consider introducing a policy of offering new employees (who would be entitled to such a benefit) a Novated Lease using a salary sacrifice arrangement.</p> <p>This would reduce a combination of vehicle operating costs, FBT liability and the administrative effort involved in fleet management.</p> <p>The Shire would need to determine the relevant salary adjustment to be applied. To assist with this, the Whole Of Life Cost (WOLC) analysis we have provided can be used for comparative cost modelling.</p> <p>Sample Novated Lease quotes have also been provided for the Officer, Manager, Director and CEO categories for this purpose.</p> <p>We understand that this will be subject to the challenge of recruitment for talent but recognise that salary packaging arrangements are now increasingly common, and importantly provide the employee with vehicle choice.</p> <p><i># 1: The Shire must maintain its 'Duty of Care' obligations under the Work Health & Safety Act 2011</i></p>
2	Introduce employee contributions for new employees entitled to a 'benefit' vehicle	<p>In collaboration with Point 1. Where it is deemed necessary to provide a new employee with a vehicle, we recommend the Shire consider the introduction of a suitable employee contribution (deducted from Payroll) towards the private use of the vehicle.</p> <p>This will reduce the overall costs of the Shire providing the vehicle.</p> <p>This is relatively common practice in local government, not for profit organisation and commercial businesses.</p> <p>The Shire may wish to consider the estimated business versus private usage and consider the outcomes of the WOLC analysis to determine the appropriate employee contribution.</p>

[Appendix ORD: 12.4.1B]

3	Offer Novated Leases to existing employees in lieu of 'benefit' vehicle	<p>Similar to Point 1. We note that under current vehicle replacement guidelines there are 'benefit' vehicles overdue/due for replacement.</p> <p>We recommend that the Shire consider introducing a policy of offering existing employees the choice of a Novated Lease using a salary sacrifice arrangement.</p> <p>Once again, the Shire would need to determine the relevant salary adjustment to be applied.</p> <p>We understand that this could be met with some resistance but on the basis that it is an option for employees it may suit some, particularly if they wish to have vehicle choice.</p> <p><i># 1: The Shire must maintain its 'Duty of Care' obligations under the Work Health & Safety Act 2011</i></p>
4	Offer a Car Allowance to new and existing employees in lieu of 'benefit' vehicle	<p>As an alternative to offering Novated Leasing, the Shire may wish to consider introducing a policy of offering new employees (who would be entitled to such a benefit) a Car Allowance</p> <p>This would reduce a combination of vehicle operating costs, FBT liability and the administrative effort involved in fleet management.</p> <p>The Shire would need to determine the relevant amount and administrative process to be applied. To assist with this, the Whole Of Life Cost (WOLC) analysis we have provided can be used for comparative cost modelling.</p> <p><i># 1: The Shire must maintain its 'Duty of Care' obligations under the Work Health & Safety Act 2011</i></p>
5	Amend vehicle changeover policy	<p>We refer to the following WOLC Analysis. Based on the Average Annual Kms calculated (refer Fleet Analysis spreadsheet) of 25,000 kms we have determined that the most cost-effective changeover period for Shire vehicles in these circumstances is:</p> <ul style="list-style-type: none"> ➤ Passenger Vehicles - 48 months ➤ Light Commercial Vehicles – 60 months

		<p>While recognising that the Shire has already placed a moratorium on new vehicle purchases, we recommend consideration be given to formally amending the vehicle changeover policy to 48 months.</p> <p>We consider that this policy should still apply to vehicles travelling up to say 30,000 kms annually. Should the usage be greater, the Shire may wish to consider replacement at say 120,000kms for Passenger and 150,000 kms for Light Commercial vehicles, regardless of the period.</p> <p><i>#1: The WOLC Analysis table provided in this report is only a summary version designed to fit this report. The full version is available in the spreadsheet titled "Shire of Dardanup – Fleet Review Analysis" – WOLC – Pass & WOLC – LC tabs.</i></p>
6	Amend vehicle selection policy	<p>We refer to the following WOLC Analysis. We have reviewed each vehicle category based on the current nominated vehicle selections and provided appropriate recommendations on revised vehicle selection and costs for Shire to consider relevant policy amendments.</p> <p>It should be noted that the WOLC Analysis includes the following:</p> <ul style="list-style-type: none"> • Purchase Price - based on Shire discount entitlements (quotes obtained from local Dealers) • Predicted Resale Value - based on total term/kms, using Red Book predictions • Maintenance costs - using Manufacturer scheduling servicing costs & RACV running costs data • Tyre costs - based on RACV running costs data • Fuel costs - \$1.40 per litre for Petrol, \$1.45 per litre for Diesel and using Manufacturer consumption figures • Estimated Registration & Insurance costs - matched to current expenses • Opportunity cost/Interest on investment funds - 1% pa (as agreed with Deputy CEO) • Fringe Benefits Tax - Statutory Method with Type 2 Gross-Up Rate (Passenger Vehicles only) <p><i>#1: Comprehensive Insurance costs have not been included</i></p> <p><i>#2: The WOLC Analysis table provided in this report is only a summary version designed to fit this report. The full version is available in the spreadsheet titled "Shire of Dardanup – Fleet Review Analysis" – WOLC Pass & WOLC LC tabs.</i></p>

7	Ensure vehicles are 'fit for purpose', matched with operational requirements	<p>We note that all Light Commercial vehicles are currently 4WD, there is a combination of body styles (Ute & cab chassis) and cabin types (dual cab & single cab). This is to be expected given the different types of work being carried about by the various work areas.</p> <p>However, we note the Manager Operations comments suggesting that 4WD is not required for all vehicles and that different body styles suit different applications.</p> <p>It is important to ensure that vehicle types are selected on a 'fit for purpose' basis.</p> <p>We have provided WOLC analysis on various combinations of Light Commercial vehicle types. This will provide improved cost transparency of vehicle types.</p>
8	Dispose of/replace specific vehicles	<p>We have identified 6 Light Commercial vehicles that we recommend be replaced, where possible. Our recommendations are made on a combination of safety, maintenance cost and age factors and are provided in order of priority for disposal/replacements:</p> <ol style="list-style-type: none"> 1. DA8200 2015 Mitsubishi Triton GLX 2. DA9279 2014 Holden Colorado 3. DA9136 2015 Holden Colorado 4. DA9406 2014 Mitsubishi Triton GLX 5. DA9287 2014 Mitsubishi Triton GLX 6. DA648 2014 Ford Ranger <p><i># 1: The first 5 vehicles listed have a 4-star ANCAP rating</i></p> <p><i># 2: There are concerns relating to the availability of parts for Holden Colorado's, following the withdrawal of Holden from the Aus market</i></p> <p><i># 3: Used Vehicle prices are currently at an unprecedented high which favours the disposal of these vehicles # 4: Lead times of 6-9 months for new vehicles are common for Light Commercial vehicles due to current supply chain issues making forward planning critical</i></p>

[Appendix ORD: 12.4.1B]

9	Formulate and implement new policies	<p>Once the Shire has an opportunity to review the proposed Strategic Solutions and determine aspects of change to be implemented, we recommend the introduction of a comprehensive and relevant Motor Vehicle Policy for rollout to all employees having access to a Shire supplied vehicle.</p> <p>Additionally, we recommend the formulation of a Fleet Management Plan to outline the planned strategic management of the fleet.</p> <p>As part of these new policies, we recommend that the Shire commit to developing an improved 'safety first' culture – representing a fleet that is 100% 5-star ANCAP rated vehicles.</p>
10	Monitor utilisation and optimise fleet	<p>Maximising fleet utilisation is pivotal to achieving the highest possible Return On Investment (ROI). Options to reduce the fleet size should be considered.</p> <p>The introduction of pooled vehicles is often a very cost-effective strategy to reduce FBT liability and maximise vehicle use for primarily business purposes.</p>
11	Review database and management reporting	<p>We suggest the fleet listing is reviewed to ensure important vehicle information is captured, including:</p> <ul style="list-style-type: none"> • Model Variant details • Body Style • Cab (for Utilities) • Fuel Type • Transmission • Drive Type • Odometer reading • Odometer reading date
12	Develop Sustainability Plans	<p>We recognise that the Shire has stated its preference to transition to Battery Electric Vehicles (BEVs) and we fully support this objective.</p>

		<p>Currently, there is a very limited range of BEVs available in the Aus market and none comparable with the vehicles currently deployed by the Shire. Further, there is currently a considerable price premium for BEVs that is not yet offset by improved resale values and lower maintenance costs. Therefore, while the implementation of BEVS has considerable environmental benefits they do not align with the Shire's current stated goals relating to cost reduction.</p> <p>We do expect this to change over the next 2-3 years as vehicle choice improves, battery technology is advanced, government policy is rolled out and infrastructure is built.</p> <p>We therefore recommend that the Shire continue to develop its Sustainability Plans with a view to re-assessing the BEV value proposition annually and planning for the inclusion of the necessary infrastructure into the new Administration Building.</p> <p>As part of the WOLC analysis we have been able to identify 3 Hybrid vehicles for inclusion in the Shire motor vehicle policy. Hybrid vehicles provide a sound transition to full BEVs and are important in familiarising drivers with the new technology.</p> <p>We would also suggest that the Shire consider calculating its CO2 emissions and set objectives for reductions. The replacement of older vehicles for more modern vehicles, improved fleet utilisation and an increase in Hybrid vehicles in the fleet will all contribute to emission reductions.</p>
13	Formulate and implement new policies	<p>Once the Shire has an opportunity to review the proposed Strategic Solutions and determine aspects of change to be implemented. We recommend the introduction of a comprehensive and relevant Motor Vehicle Policy for rollout to all employees having access to a Shire supplied vehicle.</p> <p>Additionally, we recommend the formulation of a Fleet Management Plan to outline the planned strategic management of the fleet.</p> <p>As part of these new policies, we recommend that the Shire commit to developing an improved 'safety first' culture – representing by a fleet that is 100% 5-star ANCAP rated vehicles.</p>
14	Review Driver Licence monitoring	<p>We recommend that the Shire consider opportunities to improve its capacity to monitor driver licence status and infringement notification with the WA road authority.</p>

15	Conduct more fleet reviews	<p>We recognise that it is not viable or warranted for local government entities of your size to employ staff with fleet management expertise.</p> <p>However, given the fast pace of change in the motor vehicle market and changing fleet solutions we recommend that the Shire consider reviewing the fleet arrangements on a more regular basis.</p> <p>Changes in vehicles models and pricing will impact the WOLC Analysis outcomes and should be reviewed to maintain focus on costs.</p> <p>Fleet Advisory has programs in place to provide ongoing support to organisation like the Shire, should you wish to discuss.</p>
16	Consider suitable driver and/or fleet management training/support	<p>As part of any commitment to a 'safety first' culture and as part of a risk management strategy, the Shire may wish to consider appropriate driver training. Driver training can contribute to a range of organisational benefits including better fuel consumption, improved driver behaviour, reduced accident rates and insurance claims etc.</p> <p>Additionally, we hope that this fleet review will provide some key learnings in fundamental fleet management concepts. Should the Shire consider that it would benefit from providing fleet management training or support to staff, please discuss options with Fleet Advisory.</p>

Vehicle Whole Of Life Cost (WOLC) Analysis

WOLC Analysis – Passenger Vehicles									
Vehicle Description	Body Style	Drive Type	Fuel Type	Purchase Price (GST Ex)	Purchase Price - FBT Base Value	Lifecycle Ownership Cost	Cents Per Km Cost	Lifecycle Ownership Cost	Cents Per Km Cost
				\$	\$	36 mths / 75,000kms	36 mths / 75,000kms	48 mths / 100,000kms	48 mths / 100,000kms
Medium SUV - Principal Officers (Policy CP122)									
1 Nissan X-Trail ST	Wagon	2WD	Petrol	\$27,152.27	\$29,867.50	\$43,037	\$0.57	\$53,836	\$0.54
2 Toyota RAV4 GX 2.0L	Wagon	2WD	Petrol	\$30,092.78	\$33,102.06	\$44,631	\$0.60	\$55,436	\$0.55
3 Toyota RAV4 GX Hybrid 2.5L	Wagon	2WD	Hybrid	\$32,057.55	\$35,263.31	\$44,535	\$0.59	\$57,940	\$0.58
Large SUV - Managers (Policy AP009)									
1 Subaru Outback 2.5i	Wagon	AWD	Petrol	\$35,940.91	\$39,535.00	\$51,878	\$0.69	\$66,797	\$0.67
2 Hyundai Santa Fe 7S	Wagon	AWD	Diesel	\$40,100.09	\$44,110.10	\$55,560	\$0.74	\$71,120	\$0.71
Directors									
1 Volkswagen Tiguan Allspace	Wagon	AWD	Diesel	\$48,283.18	\$53,133.50	\$72,121	\$0.96	\$89,231	\$0.89
2 Toyota Kluger GXL Hybrid	Wagon	AWD	Hybrid	\$53,806.62	\$59,186.82	\$69,896	\$0.93	\$89,919	\$0.90
3 Toyota Prado GXL	Wagon	4WD	Diesel	\$54,722.17	\$60,194.39	\$72,808	\$0.97	\$90,397	\$0.90
CEO									
1 Toyota Prado VX	Wagon	4WD	Diesel	\$60,875.21	\$66,962.73	\$76,685	\$1.02	\$99,005	\$0.99
2 Toyota Kluger Grande Hybrid	Wagon	AWD	Hybrid	\$64,136.36	\$70,550.00	\$80,613	\$1.07	\$102,553	\$1.03

WOLC Analysis – Light Commercial Vehicles								
Vehicle Description	Body Style	Drive Type	Fuel Type	Purchase Price (GST Ex)	Lifecycle Ownership Cost	Cents Per Km Cost	Lifecycle Ownership Cost	Cents Per Km Cost
				\$	48 mths / 100,000kms	48 mths / 100,000kms	60 mths / 125,000kms	60 mths / 125,000kms
Light Commercial Vehicles - Single Cab 2WD								
1 Isuzu D-Max SX High Ride 3.0L	Cab Chassis	2WD	Diesel	\$30,725.00	\$37,263.00	\$0.37	\$44,979.00	\$0.36
2 Mitsubishi Triton GLX 2.4L	Cab Chassis	2WD	Diesel	\$27,981.39	\$40,167.00	\$0.40	\$45,435.00	\$0.36
Light Commercial Vehicles - Single Cab 4WD								
1 Isuzu D-Max SX High Ride 3.0L	Cab Chassis	4WD	Diesel	\$36,833.00	\$39,506.00	\$0.40	\$47,844.00	\$0.38
2 Mitsubishi Triton GLX 2.4L	Cab Chassis	4WD	Diesel	\$33,012.76	\$44,672.00	\$0.45	\$50,724.00	\$0.41
Light Commercial Vehicles - Dual Cab 2WD								
1 Toyota Hilux Workmate Hi-Rider 2.4L	Utility	2WD	Diesel	\$33,272.85	\$37,517.00	\$0.38	\$42,505.00	\$0.34
2 Isuzu D-Max SX High Ride 3.0L	Utility	2WD	Diesel	\$33,332.73	\$35,216.00	\$0.35	\$43,852.00	\$0.35
3 Isuzu D-Max SX High Ride 3.0L	Cab Chassis	2WD	Diesel	\$34,931.28	\$38,128.00	\$0.38	\$43,495.00	\$0.35
Light Commercial Vehicles - Dual Cab 4WD								
1 Isuzu D-Max SX High Ride 3.0L	Utility	4WD	Diesel	\$38,579.63	\$37,257.00	\$0.37	\$43,261.00	\$0.35
2 Mitsubishi Triton GLX 2.4L	Utility	4WD	Diesel	\$33,668.39	\$39,799.00	\$0.40	\$43,694.00	\$0.35
3 Isuzu D-Max SX High Ride 3.0L	Cab Chassis	4WD	Diesel	\$40,188.28	\$39,748.00	\$0.40	\$45,721.00	\$0.37



POLICY NO:-

Exec CP008 – PRIVATE USE OF COUNCIL'S MOTOR VEHICLE BY THE CEO**GOVERNANCE INFORMATION**

Procedure Link:	NA	Administrative Policy Link:	NA
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ADMINISTRATION INFORMATION

History:	1	EXEC13	OCM	15/05/13	Res: 130/13	Synopsis:	Policy created.
Version:	2	CP008	OCM	31/08/16	Res: 225/16	Synopsis:	New Council Policy Document endorsed
Version:	3		SCM	26/07/18	Res: 251-18	Synopsis:	Reviewed and Adopted by Council
Version	4	Exec CP008	OCM	30/09/20	Res: 270-20	Synopsis	Reviewed and Adopted by Council

1. RESPONSIBLE DIRECTORATE

Executive

2. PURPOSE OR OBJECTIVE

As a part of the CEO Contract of Employment a motor vehicle is provided for unlimited private use except for the exceptions listed below in this policy.

To make clear the use rights of the CEO's use of the Shire vehicle.

3. REFERENCE DOCUMENTS

Local Government Act 1995 5.39

4. POLICY

In accordance with Section 5.3 and the Schedule, forming part of the Employment Contract signed by Council and the Chief Executive Officer, a motor vehicle is provided for the private use of the Officer, additional to business use which includes access by other employees. The terms and conditions in relation to private use of the vehicle are as follows:

1. The vehicle is available to the CEO at all times during the term of the contract.
2. All Fuel purchased for the vehicle during any period of annual, long service, and other leave, and also for private weekend use is to be the Officer's responsibility. (The intent of the "weekend" condition is for fill-ups on long private weekend trips to be at the Officer's cost.)
3. Council accepts responsibility for all repairs and/or maintenance during the leave, with the exception that if there is an accident that is the employee's fault and Council's insurer does not cover expenses the employee is responsible for those repairs.
4. Prior approval from the Shire President in writing is required before the vehicle is taken outside the State, or north of the 26th parallel.
5. The vehicle is to be driven only by the officer, other Council employees or Council members unless with specific prior approval of the Shire President.
6. The Officer's spouse and family may drive the vehicle after work hours subject to the approval of the Officer.
7. The Officer's family members may drive the vehicle providing they are no longer probationary drivers, and the use is authorized by the Officer.



COUNCIL POLICY NO:-

Exec CP122 – PRIVATE USE OF MOTOR VEHICLES – PRINCIPAL COMPLIANCE OFFICERS**GOVERNANCE INFORMATION**

Procedure Link: NA

Administrative Policy Link: NA

ADMINISTRATION INFORMATION

History:	1	Version	OCM	15/05/13	Res:	130/13	Synopsis:	Policy created.
	2	AP008	OCM	23/11/16	Res:	297/16	Synopsis:	New Admin Policy Document endorsed
	3	CP122	OCM	30/05/18	Res:	177-18	Synopsis:	Council Policy – excludes commuting
Version:	2	Exec CP122	OCM	30/09/20	Res:	270-20	Synopsis:	Reviewed and Adopted by Council

1. RESPONSIBLE DIRECTORATE

Executive

2. PURPOSE OR OBJECTIVE

To establish the rules that apply to Senior and Compliance Officers in their use and care of Council vehicles.

3. REFERENCE DOCUMENTS

Local Government Act 1995 6.2, 6.5 Financial Regulations 1996.

4. POLICY

In circumstances where the Shire provides a vehicle for use by Officers, the following conditions apply;

- The Chief Executive Officer shall assign the vehicle to the officer of Council to care for the vehicle after hours (The Caretaker).
- The Caretaker is granted private use of the vehicle, including commuting rights.
- A maximum of 7,500 kilometres per Fringe Benefit Tax (FBT) reporting year applies to private use excluding commuting to and from work. Officers that exceed the 7,500 kilometre provision will be required to contribute to the operating costs of the vehicle via a fortnightly after tax contribution based on Australian Tax Office* rate of cents per kilometre of private use. Payments for fuel for private use is to be deducted from the employee's liability for exceeding the 7,500 kilometre private use limit.
** Reimbursement Rate for Private Vehicle Use – The Australian Taxation Office's 'cents per kilometre' method will be used to calculate vehicle reimbursement costs. For example, 0.72c per kilometre for all vehicles. The rates are available on the [Australian Taxation Office website](#).*
- The vehicle may be used during periods of annual leave and sick leave as a benefit and is considered private use.
- All fuel purchased for the vehicle during any period of annual, long service, and other leave, and also for private weekend use is to be the Caretakers responsibility. (The intent of the "weekend" condition is for fill-ups on long private weekend trips are to be at the Caretakers cost.)
- Council accepts responsibility for all repairs and/or maintenance during the leave, with the exception that if there is an accident that is the employee's fault and Council's insurer does not cover expenses the employee is responsible for those repairs.
- The Caretaker is not to take the vehicle outside of Western Australia or above the 26th parallel.
- The vehicle is only to be driven by the Caretaker, other Council employees or Council members unless with specific written approval of the Chief Executive Officer. The Caretakers partner or designated family member may drive the vehicle after work hours subject to the approval of the Caretaker and limited to a 200 kilometre radius of the Shire of Dardanup boundary.
- The Caretaker is responsible for the washing and cleaning of the vehicle, keeping the vehicle in a clean and tidy state as expected of an employee of Council having the privilege of use of a Shire vehicle.

10. The vehicle is to be available for use by other employees of Council during normal working hours. The vehicle may be required for use by other employees after hours and this may be arranged through mutual agreement between the officers involved.
11. When the vehicle is used by other Officers, the Caretaker is to ensure that the Vehicle Use Register is completed as required by the Road Traffic Act and the Shire's Governance policy.
12. The Caretaker is responsible for ensuring the vehicle is in a roadworthy condition, and will ensure the vehicle is serviced as required and the tyres are maintained in a roadworthy state.
13. The Caretaker is to comply with all laws and regulations pertaining to the use and operation of motor vehicles.
14. The Caretaker is to ensure that at all times the driver of the vehicle is known and identified. In the case that a traffic infringement has been issued and where the driver cannot be identified, the Caretaker takes full responsibility for any infringement relating to the vehicle.
15. Where a dispute arises with respect to use of the vehicle the Chief Executive Officer is to intervene and the Chief Executive Officer's decision is final.

5. VARIATION TO THIS POLICY

This policy may be cancelled or varied from time to time. All the Shire of Dardanup's employees will be notified of any variation to this policy by the normal communication method. Employee's directly affected by this Policy will be consulted prior to any changes being made.

6. NOTES

This policy should be read in conjunction with Parts 2 and 3 of Resolution 176-18 of the Ordinary Council Meeting held 30 May 2018.

Resolution 176-18 clarifies that CP122 is applicable only to existing employees [as at 30 May 2018] who are receiving the benefit of limited private use of the vehicle.

All employees in a position below manager level that are employed after 30 May 2018, or existing employees that move from their current position to a higher level position after 30 May 2018 and provided with a vehicle will not be eligible to have private use of the vehicle, but will have commuting use only.



ADMINISTRATION POLICY NO:-

AP007 – PAYMENT IN LIEU PROVISION OF MOTOR VEHICLES – COMPLIANCE OFFICER**GOVERNANCE INFORMATION**

Procedure Link:	PR007 PR007 - Use of Pool Vehicle	Council Policy Link:	NA
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ADMINISTRATION INFORMATION

Version:	1	EXEC12	15/05/13	Synopsis:	Policy created & endorsed by CEO
Version:	2	AP007	23/11/16	Synopsis:	New Council Policy Document endorsed

1. RESPONSIBLE DIRECTORATE

Executive Services

2. PURPOSE OR OBJECTIVE

Where in the opinion of the Chief Executive Officer, a compliance officer requires a motor vehicle for the efficient discharge of their duties, a suitable vehicle will be provided for that officer and its use shall be in accordance with Administrative Policy AP010 "Use of Pool Vehicles".

In those circumstances where, although the Chief Executive Officer is of the opinion that a motor vehicle is required, and no vehicle can be provided, the officer shall, at the discretion of the Chief Executive Officer, be subject to an over-award payment of up to \$7,500 by way of compensation.

3. POLICY

The Chief Executive Officer will determine the amount of the over-award payment but will not exceed the amount stated in the objective above.

Such over-award payment shall cease on a motor vehicle being provided.

The Chief Executive Officer will consider the necessity to provide compliance officers with vehicles or over award payments on a case by case basis.



ADMINISTRATION POLICY NO:-

AP009 – PRIVATE MOTOR VEHICLE USE - MANAGERS

GOVERNANCE INFORMATION			
Procedure Link:	PR006 PR006 - Private Motor Vehicle Use - Directors and Managers	Council Policy Link:	NA

ADMINISTRATION INFORMATION					
History:		EXEC14	OCM 15/05/13	Res: 130/13	Synopsis: Policy created.
	1	AP009	OCM 23/11/16	Res: 297/16	Synopsis: New Council Policy Document endorsed
	2	AP009	NA 12/06/18	N/A	Synopsis: Amended to Managers Policy Only by CEO

1. RESPONSIBLE DIRECTORATE

Executive Services

2. PURPOSE OR OBJECTIVE

Managers receive as a benefit the private use of a motor vehicle. To establish the rules that apply to the private use of the motor vehicle by Managers.

3. REFERENCE DOCUMENTS

Local Government Act 1995 6.2, 6.5 Financial Regulations 1996.

4. POLICY

Where a motor vehicle is provided to a Manager and the salary package negotiated includes the private use of a motor vehicle, the following conditions apply:

1. The vehicle is available to the Manager at all times during the period of employment.
2. All fuel purchased for the vehicle during any period of annual, long service, and other leave, and also for private weekend use is to be the Manager's responsibility. (The intent of the "weekend" condition is for fill-ups on long private weekend trips are to be at the Manager's cost.)
3. Council accepts responsibility for all repairs and/or maintenance during the leave, with the exception that if there is an accident that is the employee's fault and Council's insurer does not cover expenses the employee is responsible for those repairs.
4. Prior Chief Executive Officer approval in writing is required to take the vehicle outside of the state or north of the 26th parallel.
5. The vehicle is only to be driven by the Manager, other Council employees or Council members unless with specific written approval of the Chief Executive Officer. The Manager's partner or designated family member may drive the vehicle after work hours subject to the approval of the Manager and limited to a 200 kilometre radius of the Shire of Dardanup boundary.
6. The Manager is responsible for the washing and cleaning of the vehicle, keeping the vehicle in a clean and tidy state as expected of an employee of Council having the privilege of use of a Shire vehicle.

7. The vehicle is to be available for use by other employees of Council during normal working hours, such use is to be authorised by the Manager prior to use and will be approved unless the Manager has an immediate need for the vehicle.
8. When the vehicle is used by other Officers, the Manager is to ensure that the Vehicle Use Register is completed as required by the Road Traffic Act and the Shire's Governance policy.
9. The Manager is responsible for ensuring the vehicle is in a roadworthy condition, and will ensure the vehicle is serviced as required and the tyres are maintained in a roadworthy state.
10. The Manager is to comply with all laws and regulations pertaining to the use and operation of motor vehicles.
11. The Manager is to ensure that at all times the driver of the vehicle is known and identified. In the case that a traffic infringement has been issued and where the driver cannot be identified, the Manager takes full responsibility for any infringement relating to the vehicle.
12. Where a dispute arises with respect to use of the vehicle the Chief Executive Officer is to intervene and the Chief Executive Officer's decision is final.

5. VARIATION TO THIS POLICY

This policy may be cancelled or varied from time to time. All the Shire of Dardanup's employees will be notified of any variation to this policy by the normal communication method.



ADMINISTRATION POLICY NO:-

AP020 – LOSS OF DRIVERS LICENCE**GOVERNANCE INFORMATION**

Procedure Link:	PR029 - Loss of Drivers Licence	Council Policy Link:	NA
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ADMINISTRATION INFORMATION

History:		EXEC36	OCM: 13/08/08	Res: 244/08	Synopsis:	Policy created.
Version:	1	Reference:	OCM: 10/05/12	Res: 138/12	Synopsis:	Reviewed Policy Adopted
Version	2	AP020:	OCM: 25/01/17	Res: 02/17	Synopsis:	New Council Policy Document endorsed

1. RESPONSIBLE DIRECTORATE

Corporate & Governance Directorate

2. PURPOSE OR OBJECTIVE

It is essential that employees maintain certain skills and qualifications in order to satisfactorily undertake their duties.

The need for a valid Driver's Licence is one such qualification that is needed in many positions.

Should an employee lose their driver's licence, this may negatively impact on their ability to perform their duties.

To outline the possible outcomes if an employee loses their drivers licence or if their drivers licence was to lapse (or invalidated) and such licence is needed for them to satisfactorily perform their duties.

"Loss of licence" for the purpose of this policy shall include lapsed, cancelled, failure to renew, renewal not issued, suspension and cancellation.

3. POLICY

An employee is required to notify their supervisor/Director at the earliest opportunity when they lose their licence.

An employee who has lost their licence must not operate any Local Government vehicle. Any employee who does operate a vehicle whilst not in possession of a current drivers licence will face disciplinary action. Driving a Local Government Vehicle whilst not possessing a current drivers licence is violating the law and can potentially be invalidating the Local Government's vehicle insurance policy.



ADMINISTRATION POLICY NO:-

AP043 – FUEL CARDS**GOVERNANCE INFORMATION**

Procedure Link:	PR117 - Fuel Card Procedure.docx	Council Policy Link:	NA
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ADMINISTRATION INFORMATION

Version:	1	Created	13/06/2019	Synopsis:	Endorsed by EMT 01/07/2019
Version:	2			Synopsis:	

1. RESPONSIBLE DIRECTORATE

Directorate - Executive

2. PURPOSE OR OBJECTIVE

The purpose of this policy is to provide a consistent approach to the allocation and administration of fuel card's issued to Shire staff and members of local volunteer fire brigades. It also establishes a recorded chain of accountability and access for all fuel card holders

This maintains the compliance culture and promotes a sound internal control environment supported by the risk management framework for the Shire.

3. REFERENCE DOCUMENTS

AP009 – Private Motor Vehicle Use - Managers

CP122 – Private Usage of Motor Vehicles – Principal Compliance Officers

4. POLICY

The Shire of Dardanup operates a fleet of passenger, light and heavy vehicles, together with light and heavy vehicles for the local fire brigades.

Fuel cards are issued to staff and members of the local fire brigades and are utilised for the purchase of fuels and oils relating to Council business, with the exception of Emergency Services staff (e.g. Rangers). Emergency Services staff are permitted to purchase additional sundry items in the case of an emergency situation (e.g. natural or other disaster or emergency/injury or illness to any person).

Fuel cards must only be used for the vehicle it has been assigned to and must not be utilised to refuel another vehicle. Cards are obtained from suppliers who meet the Council's Procurement Policy and where possible are WALGA preferred suppliers.

Responsible officers assigned with Fuel Cards, will complete a Form 216 Approval Form – Use of Fuel Card acknowledging that they will agree to the guidelines and conditions set.

The Procurement Officer is responsible for issuing, recording and maintaining fuel cards and will manage the Fuel Card Register. This officer will also monitor and review the monthly fuel card report and invoice issued by the supplier.

Any discrepancies surrounding the misuse of the Fuel Card will be noted by the Procurement Officer and reported to the Officer in question and the relevant Manager and/or Director; and also the Deputy Chief Executive Officer.

Fuel cards and the fuel card register will be securely stored and guarded against improper use at all times.

5. VARIATION TO THIS POLICY

This policy may be cancelled or varied from time to time. All the Shire of Dardanup's employees will be notified of any variation to this policy by the normal communication method.



MOTOR VEHICLE USE AGREEMENT

TOOL OF TRADE

AGREEMENT:

This is an agreement between the Shire of Dardanup and the **Employee** recorded as signatory to the agreement.

This agreement is to establish the conditions that apply to the use of the motor vehicle as a **'tool of trade'**.

This agreement applies to operations staff (The Officer) as appointed from time to time.

Where a motor vehicle is assigned to an Officer as a **'tool of trade'** the **Employee** agrees to the following;

General Conditions

1. The Chief Executive Officer shall assign the vehicle to the Officer of Council as a **'tool of trade'** to care for the vehicle after hours.
2. The vehicle is available to the Officer for commuting rights only with reasonable (occasional) infrequent private use allowed.
3. Officers are not permitted to carry passengers in the vehicle other than persons directly involved with activities required by the Shire of Dardanup unless with specific written approval of the Chief Executive Officer.
4. The vehicle is only to be driven by the Officer, other Council employees or Council members unless with specific written approval of the Chief Executive Officer.
5. The vehicle is not available to the Officer during leave of any nature, inclusive of annual leave, sick leave, long service leave and other leave as prescribed in the Local Government Industry Award 2010 (LGIA), inclusive of Workers Compensation; where that leave is of a duration greater than 24 hours, in such circumstances the vehicle will be handed over to the Chief Executive Officer for continued use by Shire employees.
6. Where the Officer is on leave for any reason for duration greater than 24 hours the Chief Executive Officer shall assign the vehicle to another officer.
7. The Officer is not to take the vehicle outside of Western Australia or above the 26th parallel.
8. The Officer is responsible for the washing and cleaning of the vehicle, keeping the vehicle in a clean and tidy state as expected of an employee of Council having the privilege of use of a Shire vehicle.
9. The vehicle is to be available for use by other employees of Council during normal working hours.
10. When the vehicle is used by other Officers, the Officer is to ensure that the Vehicle Use Register (logbook) is completed as required by the Road Traffic Act and the Shire's Governance policy.
11. The Officer is responsible for ensuring the vehicle is in a roadworthy condition, and will ensure the vehicle is serviced as required and the tyres are maintained in a roadworthy state.
12. The Officer is to comply with all laws and regulations pertaining to the use and operation of motor vehicles.

13. The Officer is to ensure that at all times the driver of the vehicle is known and identified. In the case that a traffic infringement has been issued and where the driver cannot be identified, the Officer takes full responsibility for any infringement relating to the vehicle.
14. The type/standard of vehicle to be provided to be of the Make/Model/standard in accordance with the Shire of Dardanup provision of motor vehicle policy.
15. A lesser value/standard may be provided as agreed by the Officer and the Chief Executive Officer.

Fringe Benefits Tax

16. The Officer and other staff are to complete the Vehicle Use Register (logbook) to record on each occasion the business usage kilometres.

Replacement

17. The purchase and replacement/changeover of the vehicle will be administered in accordance with shire policy and coordinated through the Procurement Officer when appointed.

Security

18. Whenever the vehicle is at the Officer's home it should be parked on the property.
19. Whenever the Officer is absent interstate or on leave and the vehicle is required to remain with the Shire, it may be garaged at the Shire depot or elsewhere as determined by the Chief Executive Officer.
20. End of Contract - the vehicle is to be returned to the Shire when the Officer's employment contract ends.
21. Where a dispute arises with respect to use of the vehicle the Chief Executive Officer is to intervene and the Chief Executive Officer's decision is final.

Signatories

EXECUTED by the parties

Signed:

Employee:

MR ANDRÉ SCHÖNFELDT
Chief Executive Officer

Date: _____

Date: _____

RISK ASSESSMENT TOOL

OVERALL RISK EVENT: Light Vehicle Fleet Review

RISK THEME PROFILE:

1 - Asset Sustainability Practices

7 - Environment Management

3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)

RISK ASSESSMENT CONTEXT: Operational

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	Financial whole-of-life costs of fleet management exceeding expectations.	Moderate (3)	Unlikely (2)	Moderate (5 - 11)	Not required.	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Risk of Council breaching the Local Government Act 1995 – Breach of Procurement Policy.	Minor (2)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
REPUTATIONAL	Loss of reputation through non-compliance or mismanagement of funds	Minor (2)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	Move towards electric vehicles improving greenhouse gas emissions.	Minor (2)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.

RISK ASSESSMENT TOOL

OVERALL RISK EVENT: Property Manager

RISK THEME PROFILE:

1 - Asset Sustainability Practices

10 - Management of Facilities, Venues and Events

3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)

RISK ASSESSMENT CONTEXT: Operational

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	Financial whole-of-life costs of building and property management exceeding expectations.	Minor (2)	Unlikely (2)	Low (1 - 4)	Not required	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	Loss of access to facilities and buildings.	Moderate (3)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Risk of Council breaching lease and use conditions.	Minor (2)	Rare (1)	Low (1 - 4)	Not required	Not required.	Not required.	Not required.
REPUTATIONAL	Loss of reputation through non-compliance or mismanagement of facilities.	Minor (2)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.

RISK ASSESSMENT TOOL

OVERALL RISK EVENT: 2020/21 Annual Report

RISK THEME PROFILE:

3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)

4 - Document Management Processes

RISK ASSESSMENT CONTEXT: Operational

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Risk of Council breaching the Local Government Act 1995 – Risk that the 2018/19 Annual Report is not received by Council.	Minor (2)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
REPUTATIONAL	Loss of reputation through non-compliance or mismanagement of funds	Minor (2)	Rare (1)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.



Auditor General

INDEPENDENT AUDITOR'S REPORT 2021

Shire of Dardanup

To the Councillors of the Shire of Dardanup

Report on the audit of the annual financial report

Opinion

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

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

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

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

Basis for opinion

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

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

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

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

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

Auditor's responsibility for the audit of the financial report

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

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

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

Report on other legal and regulatory requirements

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

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

Other matter

The financial ratios for 2019 in Note 39 of the financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2019. The auditor expressed an unmodified opinion on the financial report for that year.

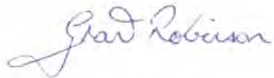
Other information

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

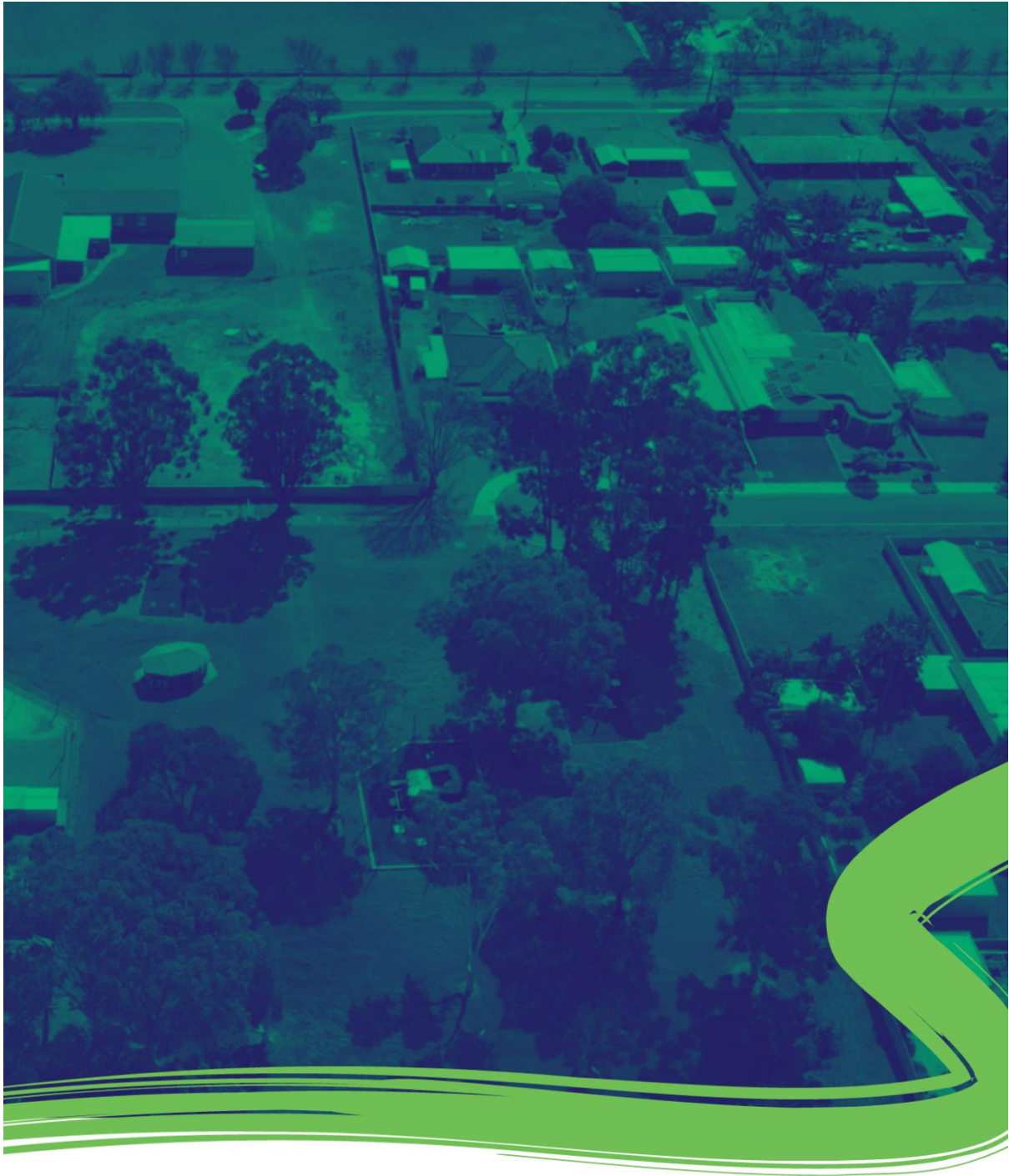
My opinion does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Dardanup for the year ended 30 June 2021 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
8 December 2021



ANNUAL REPORT

2020/21





OUR VISION

Provide effective leadership in encouraging balanced growth and development of the shire while recognising the diverse needs of the community.

Administration Centre, Eaton

1 Council Drive, Eaton, WA, 6232
(08) 9724 0000

Dardanup Office

3 Little Street, Dardanup, WA, 6236
(08) 9728 1422

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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 525.8 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

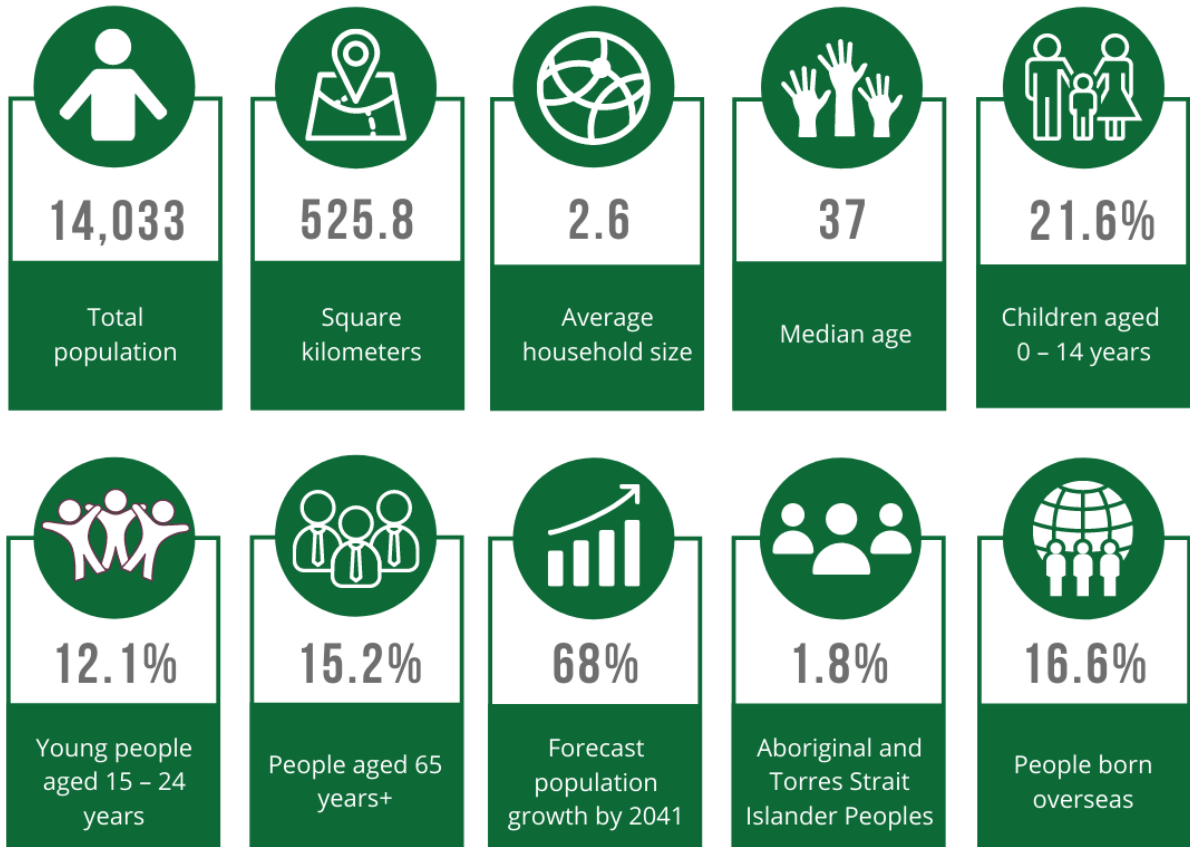
ABS Census Data suggests Millbridge and Burekup have the largest number of families with children given the higher number of people per household (3 and 2.9 respectively), lower median age (29 and 35 respectively), and highest percentage of children aged 0 – 14 years at over 28% of the total population 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 (68%) 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



INFOGRAPHIC: AUSTRALIAN BUREAU OF STATISTICS 2016 CENSUS OF POPULATION & HOUSING



COUNCILLORS



Cr Michael Bennett
Shire President



Cr Peter Robinson
Deputy Shire President



Cr Patricia Perks



Cr Carmel Boyce



Cr Tyrrell Gardiner



Cr Stacey Gillespie



Cr Luke Davies



Cr Mark Hutcinson



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

- Strong civic leadership representing the whole of the Shire which is supported by responsible and transparent corporate governance;
- Maintaining a balanced respect for our natural assets and built environment, while retaining our lifestyle values, community spirit and identity;
- A safe and vibrant community which is inclusive and welcoming for all ages and interests;
- To encourage a diverse and resilient economy that supports a range of local employment opportunities; and
- Provision and maintenance of facilities, infrastructure and services to promote the Shire as an attractive and desirable place to live.

Council’s Strategic Community Plan captures its vision, values, aspirations and objectives for the future of the Shire of Dardanup and is the foundation for Council corporate planning and resource allocation. The Strategic Community Plan (SCP) takes on a whole of community approach and is considered a shared vision of what the Shire of Dardanup community values and aspires to for the next 10 years.

Prepared by Council on behalf of the community, the SCP guides Council’s priority-setting and decision making process, setting out objectives and strategies that are translated into more detailed actions and tasks within the four year Corporate Business Plan and further into Annual Budgets.

This Annual Report presents like a scorecard on outcomes delivered during 2020/21.



SHIRE PRESIDENT MESSAGE

There's something really significant that stands out when I consider Council's activity and performance over the 2020/21 reporting period.

Community conversations.

Over the past 12 months, consultation with our community has occurred at a higher rate than any other time I can remember. From our new series of Place-based and Topic-based Advisory Groups meeting regularly throughout the year, to targeted workshops, surveys and use of our new cutting edge online consultation platform called Connect Dardanup via Social Pinpoint, making it easier and more convenient for residents to have their say, we've had a lot of conversations!



TOPICS WE COVERED:

- Community Satisfaction
- Burekup Community Facilities Plan
- Dardanup Community Facilities Plan
- Ferguson Valley & Surrounds Community Facilities Plan
- Eaton/Millbridge Community Facilities Plan
- Place & Community Plan
- Sport & Recreation Plan
- Health Plan
- Peninsula Lakes Master Plan
- Cadell and Lofthouse Playgrounds
- Youth

The best part of all this consultation is residents can see for themselves how their participation has guided and driven project outcomes. In this report you will read about Council's adoption of four Community Facilities Plans which set out short, medium and longer term priorities for our communities in Dardanup, Burekup, Eaton/Millbridge and Ferguson Valley & Surrounds.

These facilities plans were broadly advertised to the community seeking input on proposed projects and priorities. The plans now provide clarity for the future and listed priorities will be incorporated into detailed planning and programming of works for relevant Asset Management Plans and future Budgets.

To ensure youth in the Shire have an opportunity to share their ideas, skills, views and contributions to the community with Council, an active Youth Advisory Group was also formed involving local young people aged 12-24 years.



COMMUNITY PRIORITIES

Our Markyt Community Scorecard community survey undertaken in May identified these areas as priorities for residents:

- Safety and crime prevention;
- Youth services and facilities;
- Playgrounds, parks and reserves;
- Growth and development;
- Local roads;
- Seniors' services and care;
- Conservation and environment;
- Footpaths, trails and cycle ways;
- Lighting of streets, public places; and
- Sport and recreation.

There are already a number of projects underway and also about to be completed which will address some of these priority areas. I was heartened by the survey's 'Overall Performance Index Score' of 73 out of 100 which is presented as a combined measure of the Shire of Dardanup as a 'place to live' and as a 'governing organisation'. This was seven index points above the Industry Average and four below the Industry High.

Cognisant of our community's ongoing need for support, particularly as the economic impacts of COVID-19 continue to be felt, Council adjusted its Financial Hardship Policy to provide relief mechanisms for community members and ratepayers in need.

EVENTS POLICY

Encouraging more community-based activities and streamlining the process for grants applications was the aim of a new Events Policy adopted by Council. Our Events program was also reviewed in consultation with relevant groups including our Place-based Advisory Groups. Throughout the year we have had almost 12,000 people attend our program of community events.

Council reviewed its Community Grants & Events Policy and has awarded a total of \$72,677 during 2020/21 to a variety of community groups, clubs and organisations.

NEW COMMUNITY HUB, LIBRARY AND SHIRE ADMINISTRATION BUILDING

During 2020/21 progress continued towards developing this important new facility for our community. Lands Minister Ben Wyatt gave his approval for Council's purchase of Lot 601 Council Drive from the State Government for \$1 plus GST and it was officially transferred in freehold to the Shire of Dardanup in March 2021.



[Appendix ORD: 12.4.3C]

This allows Council to continue with its plans to sell the Lot to Citygate for \$5 million plus a parcel of land of over 3,000m², where our new building will be constructed. The sale also facilitates the future expansion of Eaton Fair Shopping Centre in accordance with the endorsed Eaton Activity Centre Plan.

THANK YOU!

Thank you to all those community members who took the time to participate in any of our various consultations. Your input ensures we continue to improve our planning and service delivery in a way that addresses community priorities which increases support and collaboration.

Cr Mick Bennett

SHIRE PRESIDENT



CEO MESSAGE

A look back at what has been achieved over the past 12 months fills me with pride and anticipation for the future here in our Shire. I am pleased to present the Shire of Dardanup 2020/21 Annual Report that outlines how we have delivered on the priorities set through the community consultation.



PLANNING FRAMEWORK

To streamline our Development Application processes and improve the planning framework, Council adopted a new Development Assessment Unit Policy and a Draft Local Planning Scheme No. 9. The Policy provides internal structure to processing applications and encourages quick decisions that provide for orderly and best practice planning. In the Markyt Community Scorecard Community Satisfaction Survey undertaken this year, the Shire of Dardanup placed second in this category across WA.

LPS No.9 has been forwarded to the Environmental Protection Authority (EPA) for consideration and staff has been working with the EPA to consider the various clauses. It's expected this will be progressed further in 2021/22.

In addition, Council adopted a Local Development Plan for Lot 2 Banksia Road, Dardanup (Cleanaway waste transfer site) to provide further guidance and clarity on future development of the site.

Council also continued to progress the Wanju and Waterloo Greater Bunbury Region Scheme Amendments which are expected to be gazetted early in 2021/22.

COUNCIL ADVISORY GROUPS

In line with the adopted Community Facilities Plans with input from our Place-based Community Advisory Groups, we commenced construction of three new buildings and a skatepark including:

1. Dardanup Centrals Volunteer Bushfire Brigade Building;
2. Waterloo Volunteer Bushfire Brigade;
3. Eaton Bowling Club & Senior Citizens Building; and
4. Eaton Skate Park.

All are due for completion in early 21/22.

I would like to acknowledge contributions to the Dardanup Centrals Volunteer Bushfire Brigade Building from the late Mr. Alexander Poad through the Dardanup Red Cross, along with stimulus funding received from the State Government for this new facility through DFES.



[Appendix ORD: 12.4.3C]

We also received almost \$1 million in Federal Government Stimulus funding through the Local Roads and Community Infrastructure Program. With this funding we also completed the following projects:

1. Collie River Heritage Trail – pathway, signage, seating;
2. Pathways along
 - Peppermint Way,
 - Clarke Street/Crampton Road,
 - Murdoch Cres/Margaret Circle;
3. Watson Reserve pathway improvements;
4. Drainage improvements parking bay, Russell Road, Burekup;
5. Gnomesville improvements – boardwalks, signage, toilet;
6. Toilet block, Charlotte Street, Dardanup; and
7. Millar's Creek Walkway, Millbridge lighting.

Our continuing program of public art transforming utilities boxes across the Shire achieved some bright new additions including the celebration of native flora and birdlife in Charlotte Street, Dardanup and Peninsula Lakes Park in Eaton.

INDUSTRY & ECONOMY

We experienced firsthand the impact on materials costs and labour availability of stimulus funding flowing into the local economy combined with big projects already underway such as next stages of the Bunbury Outer Ring Road when our ability to deliver some of our projects within expected timeframes was compromised. In particular, our Eaton Drive Duplication project experienced extended delays in completion. I would like to acknowledge the community's patience with us as we worked through the challenges experienced on this project.

To address recognised skills shortages being experienced across the Bunbury Geopraphe Region, particularly in the construction, manufacturing and hospitality industries, the Shire of Dardanup has taken a lead role in developing a Designated Area Migration Agreement that is currently being assessed by the Federal Government.

Acknowledging the tourism and hospitality industries have been particularly impacted by COVID containment measures, Council provided its support by sponsoring the new Lost and Found Festival and Bull and Barrel Festival. Council also continued to support tourism promotion through contributions to Ferguson Valley Marketing Inc and Bunbury Geopraphe Tourism Partnership.



SUSTAINABILITY

The Shire has continued to participate at a regional level with its neighbouring local governments in identifying and developing alternative waste solutions.

Adoption of an Environmental Management Plan and Policy includes strategies for vegetation management that mitigate potential bushfire risks.

Significant grant contributions from the State Government's Mitigation Activities Fund of \$209,615 has allowed us to improve community safety by undertaking various prescribed burns and fire mitigation activities to reduce fuel loads across the shire.

In addition, grants under the State Government's All West Australians Reducing Emergencies program allowed the Shire to organise and host a statewide Emergency Management Conference plus address animal welfare in emergencies by updating our Local Emergency Management Arrangements to ensure our pets, animals and livestock are taken care of in the event of an emergency.

SPORT & RECREATION

Management of our Eaton Recreation Centre underwent a restructure allowing for an expansion of services alongside an exciting complete refurbishment of the 24-hour gymnasium. A Master Plan has been prepared for renovations to occur at the ERC which includes a longer term option of expanding the number of courts, gym and group fitness areas. The works are expected to commence in 21/22.

A lot has been achieved but there is still a great deal of work to be done so I look forward to working with Council and our community over the next 12 months to ensure more of the priorities listed for attention are realised. I'd like to thank Shire Staff for continuing to deliver a high level of service to the community.

André Schönfeldt

CHIEF EXECUTIVE OFFICER



FINANCIAL SNAPSHOT

The following provides a snapshot of the Council's Operating Income for 2020/21. More detailed information can be found in the Financial Statements at the end of this Annual Report.

TOTAL OPERATING REVENUE

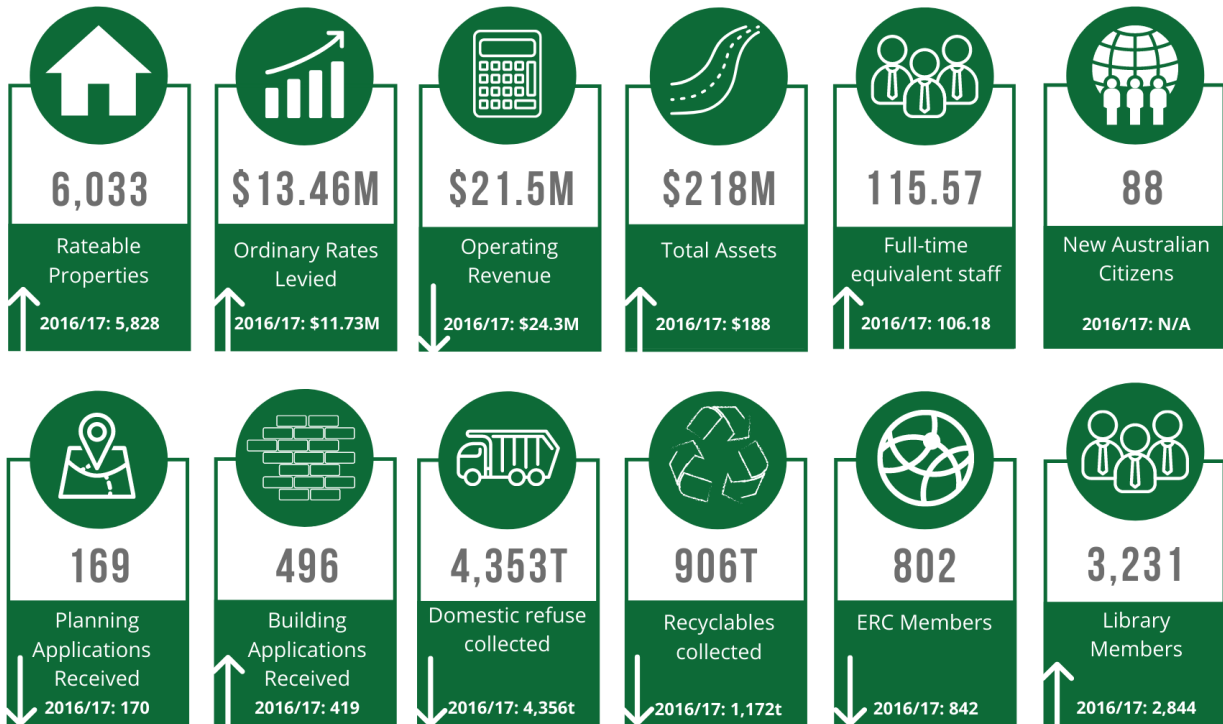
- Rates:
- Operating Grants & Contributions:
- Fees & Charges:
- Interest Earnings:
- Other Revenue:
- Profit on Assets Disposals:

TOTAL OPERATING EXPENDITURE

- Governance:
- General Purpose Funding:
- Law, Order & Public Safety:
- Health:
- Education & Welfare:
- Community Amenities:
- Recreation & Culture:
- Transport:
- Economic Services:
- Other Property & Services:
- Loss on Disposal of Assets:



STATISTICS SNAPSHOT



EVENTS

2020





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 - 2050 VISION LAUNCH

In February, 2021 the Shire of Dardanup provided a glimpse into what life might be like in the region 30 years from now with the unveiling of its 2050 Vision document.

In the 12 months prior Council embarked - with its community - on the biggest forward-thinking exercise it had ever undertaken.

Consultation involved group workshops, town meetings, a community summit, an online platform and input sought from experts on sustainable development from across Australia.

The 51-page document provides a concise, informative and easy to digest birds-eye view of where the Shire is now but most importantly, where it is going.

The document, which has been created through intense collaboration with the community, fortifies the message Council can now deliver to potential investors.

The 2050 Vision clearly defines what is important to the Shire of Dardanup community, via five aspirations and demonstrates how those ideals and values will be preserved for future generations.

It aims to make the ideas generated during the consultations realistic and achievable via listed objectives which provide a focus to advance key projects.

CHALLENGE

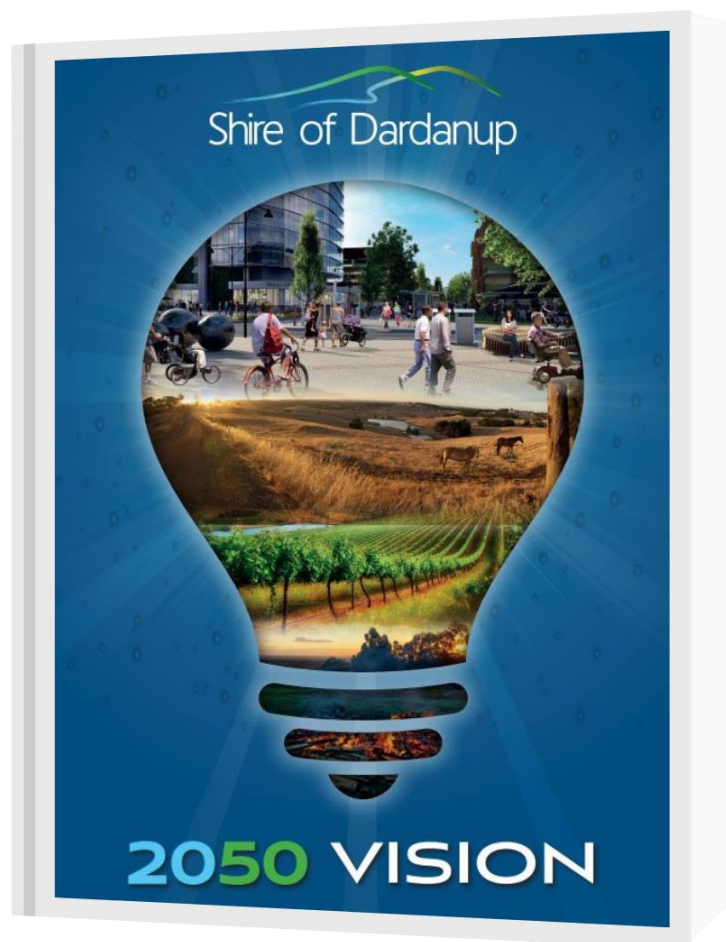
The number of people living in the Shire of Dardanup is expected to double by 2050 with the majority of the future population living in Eaton, Millbridge and the new City of Wanjui.

Future land use planning indicates the Shire will be a premier catchment for population growth in the region over the coming decades.



YEARS AHEAD

With the community's values and aspirations now recorded in our 2050 Vision document, progress can be achieved in a way that benefits everyone, while enhancing those aspects of our identity which are important to us.



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 – INTRODUCTION OF NEW 3-BIN FOGO SERVICE

Exciting changes for waste services were announced in April following a Council decision to roll out a new three-bin FOGO system by October.

Timing of the decision allowed for introduction of the new service for ratepayers without adding more than about the price of a cup of coffee per year to existing waste charges.

The decision was aimed at empowering the community to work together on reducing the amount of waste going to landfill and achieve new State Government targets for waste reduction in a way that didn't impose significant financial impact.

Conversations with community members, like the consultation undertaken for creation of the 2050 Vision document, showed great support for new measures to improve both how we manage our waste and our sustainability generally.

This combined with ongoing audits of yellow lidded Recycling bins which showed we had some work to do if we were to achieve new State Government targets on waste reduction meant it was time for Council to create change.

Council's decision to adopt the FOGO system aligned with adoption of a new contractor agreement with Suez for Waste Management Services following expiry of a previous waste contract.

A funding grant through the WA Waste Authority's Better Bins Program had also helped offset the cost to ratepayers along with expected savings associated with reduced amounts of waste going to landfill.

CHALLENGES

To maximise the funding opportunity available through the Better Bins Program it was necessary to align Council's new 3-bin service with the Waste Authority's best practice guidelines of a 140L General Waste Bin, 240L FOGO Bin and 240L Recycling Bin.

In addition, the FOGO bin will be collected weekly and the Recycling and General Waste bins will be collected on alternate fortnights.



Behaviour change work will need to be undertaken to support the community through the transition and provide education around sorting waste correctly, ensuring a small General Waste Bin is suitable for the majority of residents.

YEAR AHEAD

A series of community education workshops to be provided by the Suez waste education team along with continued sharing of information about sorting waste correctly via various communications channels will aim to support the community through the transition phase, improve recycling habits and reduce waste contamination.



STRATEGIC COMMUNITY PLAN

OBJECTIVE 3: COMMUNITY

A safe and vibrant community which is inclusive and welcoming for all ages and interests.

HIGHLIGHT – PLACE & COMMUNITY PLAN

Early in 2021, Council adopted its Place & Community Plan 2020-2030, providing a guide for our Place & Community Team on development of priority programs, projects and initiatives over the coming 10 years.

The Plan contains 5 Key Focus Areas reflecting the regular themes which emerged throughout various stages of the online and in person community consultation process.

- An Empowered and Actively Engaged community.
- A sustainable and resilient community.
- An Accessible and Inclusive Community.
- A Vibrant and Connected Community.
- A Distinctly Dardanup Community.



Goals and actions were devised for each Focus Area, then listed in the plan and tagged with a short, medium or long timeframe for delivery.

Council's new Community Development Advisory Group will ensure the Plan remains aligned with our community's expectations as it is rolled out.

A newly-formed Youth Advisory Group will also assist with implementation of the plan.

CHALLENGES

Achieving some of the Goals & Actions listed in the Place & Community Plan will require external funding support.

YEAR AHEAD

The Place & Community Team is continuing its work of ensuring continuing positive social outcomes by creating a safe, healthy and vibrant community which is inclusive and welcoming for all ages.



STRATEGIC COMMUNITY PLAN

OBJECTIVE 4: PROSPERITY

To encourage a diverse and resilient economy that supports a range of local employment opportunities.

HIGHLIGHT – QUICK RESPONSE BUSINESS GRANTS

A total of 11 businesses operating in the Shire of Dardanup benefited from Council's Quick Response Business Grants, aimed at reactivating business and stimulating the economy following a period of lockdown associated with containment of COVID-19.

Grants of up to \$2,500 from a funding pool of \$20,000 were made available for marketing and promotions; purchase of minor equipment and/or implementation of COVID-19 safety plans.

The locations and industries represented were:

- Information and Communications Technology, Eaton
- Hospitality, Eaton
- Parent & Citizens Association, Eaton
- Health and Wellbeing, Burekup
- Tourism and Hospitality, Ferguson Valley
- Car Safety Education, Millbridge
- Art and Culture, Eaton
- Health and Wellbeing, Burekup
- Hospitality, Eaton
- Veterinary Services, Ferguson
- Tourism and Hospitality, Ferguson Valley

This project was provided under Council's COVID-19 community support strategy called 'I Heart Dardanup'.

CHALLENGES

Businesses and organisations in the Shire of Dardanup continue to struggle under the ongoing, direct and indirect impacts of the Coronavirus Pandemic, including staff shortages and increases in the cost of both materials and labour.



YEAR AHEAD

The Shire of Dardanup continues to play a leading role in advocating at both State and Federal Government levels for investment that will provide ongoing economic benefits both for the Shire and the Bunbury Geopraphe region as a whole.



THINK Ahead
Shire of Dardanup

Has your business or association been **impacted** by Covid-19?
You might be eligible for our new:

QUICK RESPONSE GRANTS

#IHEARTDARDANUP



STRATEGIC COMMUNITY PLAN

OBJECTIVE 5: AMENITY

Provision and maintenance of facilities, infrastructure and services to promote the shire as an attractive and desirable place to live.

HIGHLIGHT – COUNCIL ADVISORY GROUPS IN ACTION

Council's series of Place-Based Advisory Groups – established in 2019 under a new Community Engagement Policy – have been meeting throughout 2020/2021 and providing important input on various projects and decision-making.

The Community Engagement Policy and its associated Advisory Groups recognised an increased expectation from the community for more direct involvement in Council decision-making.

Successful engagement can improve strategic planning and service delivery, ensuring that Council is addressing the priorities of the community while increasing community support and collaboration.

Council's place-based Advisory Groups are:

- Eaton Advisory Group
- Burekup Advisory Group
- Dardanup Advisory Group
- Ferguson Valley Advisory Group
- Wanju & Waterloo Advisory Group

Over the past 18 months, the Eaton, Burekup, Dardanup and Ferguson Valley advisory groups have reviewed and provided input on Community Facilities Plans for each of their respective areas – following a schedule of wider community consultation on each of the plans - which set out short, medium and longer term priorities.

CHALLENGES

Achieving some of the priorities listed in the various CFPs will require external funding support.

YEAR AHEAD

Since endorsed, Council has so far delivered on the following projects identified in CFPs with several other major projects still underway:



[Appendix ORD: 12.4.3C]

DARDANUP

- New Dardanup Centrals Bush Fire Brigade Building.
- **Starting soon:** Dardanup Civic Precinct landscaping Stage 1; Wells Recreation Park Changerooms and Clubrooms.

BUREKUP

- Russell Road carpark upgrade in front of River Valley Primary School.
- New Pathway along Crampton Avenue linking Clarke Street to Shier Reserve.
- BMX track fencing.
- **Finishing soon:** Burekup Entry Statement.

EATON MILLBRIDGE

- Watson Reserve footpath and boardwalk upgrades.
- **Finishing soon:** Eaton Skatepark; Eaton Bowling Club/Senior Citizens Centre; Pratt Road carpark.

FERGUSON VALLEY

- Waterloo Bushfire Brigade Building.
- Gnomesville Public Toilets.
- Gnomesville Boardwalk and pathways.
- **Starting soon:** Ferguson Valley Public Art Trail.



PROJECTS COMING SOON 2021-26

FULLY FUNDED

- Rural and urban road and bridge projects totalling \$6.4M for delivery in 2021/22.
- Eaton Bowling Club & Seniors Citizen's Building.
- New Eaton Skate Park and Pump Track (Fully funded).
- Gnomesville Amenity Upgrades.

EXTERNAL FUNDING SUPPORT REQUIRED

- Shire of Dardanup Community Hub, Library and Administration Building.
- Eaton Recreation Centre Expansion and Sports Lighting.
- R & J Fishwick Pavilion and Night Lights (Eaton Oval).
- Wells Recreation Park Amenity Upgrades and Sports Lighting (Dardanup).
- Dardanup Civic Precinct Revitalisation.
- Burekup Oval Clubrooms and Court Upgrades.



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 2020/21, the Shire of Dardanup continued to implement strategies which have been outlined within its Disability Access and Inclusion Plan. Of note were the:

- Biennial review of all Council policies and procedures to ensure that all services and events were consistent with the DAIP.
- Continuous review 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.

During the year, like millions of other organisations worldwide, IDS faced significant challenges posed by the global COVID-19 pandemic. This challenge was met by a combination of remote access technologies (working from home), and by the dedication of front-line staff. As a result, there was relatively little interruption to information management services to the community.

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 two Complaints in 2020/21 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>2021 Actual</u>	<u>2020 Actual</u>
\$100,000 - \$109,999	2	7
\$110,000 - \$119,999	6	3
\$120,000 - \$129,999	2	0
\$160,000 - \$169,999	0	0
\$170,000 - \$179,999	1	1
\$180,000 - \$189,999	1	1
\$190,000 - \$199,999	1	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 2020/21.



FINANCIAL REPORTS

Guide to understanding the Financial Statements

The 2019/20 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 2020.

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

- Statement of Comprehensive Income by Nature or Type
- Statement of Comprehensive Income by Program
- 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 Comprehensive Income by Program

The Statement of Comprehensive Income by Program is a summary of the Council's performance over the year listing various types of income and expenses by program, excluding the capital costs of buildings or assets as per the *Local Government (Financial Management) Regulations 1996* and *Australian Accounting Standards*. This allows identification of the cost of each program and the income recovered against each program.



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;
- 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.

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 2021

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COMMUNITY VISION

Provide effective leadership in encouraging balanced growth and development of the Shire while recognising the diverse needs of the community.

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



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

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Dardanup for the financial year ended 30 June 2021 is based on proper accounts and records to present fairly the financial position of the Shire of Dardanup at 30 June 2021 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 6th day of December 2021



André Schönfeldt
Chief Executive Officer



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

[Appendix ORD: 12.4.3C]

	NOTE	2021 Actual	2021 Budget	2020 Actual
		\$	\$	\$
Revenue				
Rates	30(a)	13,812,484	13,839,284	13,716,704
Operating grants, subsidies and contributions	2(a)	2,507,208	2,680,137	3,490,049
Fees and charges	2(a)	3,237,538	2,730,279	2,832,064
Interest earnings	2(a)	212,518	420,971	482,735
Other revenue	2(a)	28,096	28,091	24,686
		19,797,844	19,698,762	20,546,238
Expenses				
Employee costs		(10,661,612)	(10,505,383)	(10,599,210)
Materials and contracts		(4,278,695)	(4,914,621)	(4,175,275)
Utility charges		(589,476)	(552,620)	(574,898)
Depreciation on non-current assets	11(c)	(5,270,048)	(5,289,647)	(5,253,788)
Interest expenses	2(b)	(106,470)	(107,205)	(117,813)
Insurance expenses		(310,162)	(310,774)	(316,060)
Other expenditure	2(b)	(420,346)	(394,316)	(333,680)
		(21,636,809)	(22,074,566)	(21,370,724)
		(1,838,965)	(2,375,804)	(824,486)
Non-operating grants, subsidies and contributions	2(a)	5,269,566	9,243,071	2,242,144
Profit on asset disposals	11(a)	18,861	0	1,170,841
(Loss) on asset disposals	11(a)	(1,322,374)	0	(122,079)
Fair value adjustments to financial assets at fair value through profit or loss		2,587	0	1,152
		3,968,640	9,243,071	3,292,058
Net result for the period		2,129,675	6,867,267	2,467,572
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	14	13,216,449	0	0
Total other comprehensive income for the period		13,216,449	0	0
Total comprehensive income for the period		15,346,124	6,867,267	2,467,572

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



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

[Appendix ORD: 12.4.3C]

	NOTE	2021 Actual	2021 Budget	2020 Actual
		\$	\$	\$
Revenue	2(a)			
Governance		23,980	28,800	5,720
General purpose funding		15,304,001	15,659,482	15,495,427
Law, order, public safety		647,418	474,905	596,148
Health		5,489	2,150	27,713
Education and welfare		10,017	6,000	7,205
Community amenities		1,592,566	1,484,654	1,526,710
Recreation and culture		1,633,968	1,374,782	2,404,911
Transport		153,523	396,841	173,095
Economic services		156,346	97,348	93,080
Other property and services		270,536	173,800	216,229
		19,797,844	19,698,762	20,546,238
Expenses	2(b)			
Governance		(1,084,777)	(1,208,142)	(1,186,604)
General purpose funding		(342,959)	(511,034)	(331,323)
Law, order, public safety		(1,736,559)	(1,617,758)	(1,710,790)
Health		(508,635)	(540,267)	(547,380)
Education and welfare		(830,402)	(783,530)	(750,714)
Community amenities		(2,803,888)	(2,844,739)	(2,636,457)
Recreation and culture		(7,582,880)	(7,531,334)	(7,610,617)
Transport		(6,050,106)	(6,195,082)	(5,821,036)
Economic services		(483,816)	(507,014)	(461,996)
Other property and services		(106,317)	(228,461)	(195,994)
		(21,530,339)	(21,967,361)	(21,252,911)
Finance Costs	2(b)			
Law, order, public safety		(175)	(2)	0
Health		0	0	(89)
Education and welfare		(1,495)	0	0
Community amenities		(1,317)	(5)	(1,686)
Recreation and culture		(62,059)	(65,095)	(66,776)
Transport		(22,173)	(23,169)	(24,942)
Economic services		(5,550)	(5,805)	(7,141)
Other property and services		(13,701)	(13,129)	(17,179)
		(106,470)	(107,205)	(117,813)
		(1,838,965)	(2,375,804)	(824,486)
Non-operating grants, subsidies and contributions	2(a)	5,269,566	9,243,071	2,242,144
Profit on disposal of assets	11(a)	18,861	0	1,170,841
(Loss) on disposal of assets	11(a)	(1,322,374)	0	(122,079)
Fair value adjustments to financial assets at fair value through profit or loss		2,587	0	1,152
		3,968,640	9,243,071	3,292,058
Net result for the period		2,129,675	6,867,267	2,467,572
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	14	13,216,449	0	0
Total other comprehensive income for the period		13,216,449	0	0
Total comprehensive income for the period		15,346,124	6,867,267	2,467,572



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

	NOTE	2021	2020 Restated*	1 July 2019 Restated*
		\$	\$	
CURRENT ASSETS				
Cash and cash equivalents	3	14,443,059	17,245,523	9,441,957
Trade and other receivables	6	1,047,165	1,472,111	819,479
Other financial assets	5(a)	12,600,296	8,400,000	10,000,000
Inventories	7	12,160	19,227	13,477
Other assets	8	160,131	42,807	174,332
TOTAL CURRENT ASSETS		28,262,811	27,179,668	20,449,245
NON-CURRENT ASSETS				
Trade and other receivables	6	134,563	118,063	111,904
Other financial assets	5(b)	73,807	71,220	70,068
Property, plant and equipment	9	42,018,867	31,539,906	32,453,361
Infrastructure	10	146,530,101	143,439,370	143,746,339
Intangible assets	13	0	0	1,920,902
Right-of-use assets	12(a)	533,672	505,893	0
TOTAL NON-CURRENT ASSETS		189,291,010	175,674,452	178,302,574
TOTAL ASSETS		217,553,821	202,854,120	198,751,819
CURRENT LIABILITIES				
Trade and other payables	15	3,741,597	3,062,746	2,359,794
Other liabilities	17	2,472,214	4,719,271	0
Lease liabilities	18(a)	167,440	143,625	0
Borrowings	19(a)	333,977	250,116	279,748
Employee related provisions	20	1,693,712	1,437,008	1,272,698
TOTAL CURRENT LIABILITIES		8,408,940	9,612,766	3,912,240
NON-CURRENT LIABILITIES				
Other liabilities	17	778,423	613,272	0
Lease liabilities	18(a)	372,271	365,128	0
Borrowings	19(a)	2,129,023	1,713,000	196,311
Employee related provisions	20	244,930	275,843	228,163
Other provisions	21	83,833	83,833	0
TOTAL NON-CURRENT LIABILITIES		3,608,480	3,051,076	2,191,279
TOTAL LIABILITIES		12,017,420	12,663,842	6,103,519
NET ASSETS		205,536,402	190,190,278	192,648,300
EQUITY				
Retained surplus		51,740,275	49,244,076	55,574,607
Reserves - cash/financial asset backed	4	21,838,892	22,205,416	16,412,005
Revaluation surplus	14	131,957,235	118,740,786	120,661,688
TOTAL EQUITY		205,536,402	190,190,278	192,648,300

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

* Refer to note 35.



NOTE	RETAINED SURPLUS	RESERVES CASH/FINANCIAL		REVALUATION SURPLUS	TOTAL EQUITY
		ASSET BACKED			
	\$	\$		\$	\$
Balance as at 1 July 2019	52,569,915	16,412,005		118,740,786	187,722,706
Comprehensive income					
Net result for the period	2,467,572	0		0	2,467,572
Total comprehensive income	2,467,572	0		0	2,467,572
Transfers from reserves	4 3,827,660	(3,827,660)		0	0
Transfers to reserves	4 (9,621,071)	9,621,071		0	0
Balance as at 30 June 2020	49,244,076	22,205,416		118,740,786	190,190,278
Restated balance at 1 July 2020	49,244,076	22,205,416		118,740,786	190,190,278
Comprehensive income					
Net result for the period	2,129,675	0		0	2,129,675
Other comprehensive income	14 0	0		13,216,449	13,216,449
Total comprehensive income	2,129,675	0		13,216,449	15,346,124
Transfers from reserves	4 7,607,708	(7,607,708)		0	0
Transfers to reserves	4 (7,241,185)	7,241,185		0	0
Balance as at 30 June 2021	51,740,275	21,838,892		131,957,235	205,536,402

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



	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual Restated* \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		14,016,550	13,839,284	13,715,947
Operating grants, subsidies and contributions		3,084,938	370,127	2,915,019
Fees and charges		3,181,452	2,730,279	2,780,189
Interest received		212,518	420,971	482,735
Goods and services tax received		782,390	0	1,708,777
Other revenue		28,096	28,091	24,686
		21,305,944	17,388,752	21,627,353
Payments				
Employee costs		(10,660,067)	(10,505,383)	(10,036,268)
Materials and contracts		(3,532,992)	(4,914,621)	(3,733,725)
Utility charges		(589,476)	(552,620)	(574,898)
Interest expenses		(109,543)	(107,205)	(117,813)
Insurance paid		(310,162)	(310,774)	(316,060)
Goods and services tax paid		(1,022,021)	0	(1,703,681)
Other expenditure		(420,346)	(394,316)	(333,680)
		(16,644,607)	(16,784,919)	(16,816,125)
Net cash provided by operating activities	22	4,661,337	603,833	4,811,228
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for financial assets at amortised cost		(4,200,296)	0	0
Payments for purchase of property, plant & equipment	9(a)	(2,633,891)	(6,484,017)	(668,589)
Payments for construction of infrastructure	10(a)	(4,353,160)	(8,395,059)	(3,498,870)
Non-operating grants, subsidies and contributions	2(a)	3,160,370	9,243,071	4,653,828
Proceeds for financial assets at amortised cost - term deposits		0	0	1,600,000
Proceeds from sale of property, plant & equipment	11(a)	229,045	257,969	1,333,892
Net cash provided by (used in) / provided by investment activities		(7,797,932)	(5,378,036)	3,420,261
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	19(b)	(250,116)	(250,116)	(279,748)
Payments for principal portion of lease liabilities	18(b)	(165,751)	(119,658)	(148,175)
Proceeds from new borrowings	19(b)	750,000	750,000	0
Net cash provided by (used in) financing activities		334,133	380,226	(427,923)
Net increase (decrease) in cash held		(2,802,462)	(4,393,977)	7,803,566
Cash at beginning of year	35	17,245,523	20,723,669	9,441,957
Cash and cash equivalents at the end of the year	22	14,443,061	16,329,692	17,245,523

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

* Refer to note 35.



	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus				
	31 (c)	474,501	382,052	404,751
		474,501	382,052	404,751
Revenue from operating activities (excluding rates)				
Governance		23,980	28,800	5,720
General purpose funding		1,841,695	2,168,619	2,126,374
Law, order, public safety		647,418	474,905	596,148
Health		5,489	2,150	27,713
Education and welfare		10,017	6,000	7,205
Community amenities		1,592,566	1,484,654	1,526,710
Recreation and culture		1,638,555	1,374,782	2,404,911
Transport		156,737	396,841	173,095
Economic services		167,042	97,348	94,232
Other property and services		273,487	173,800	1,387,070
		6,356,986	6,207,899	8,349,178
Expenditure from operating activities				
Governance		(1,084,777)	(1,208,142)	(1,186,604)
General purpose funding		(342,959)	(511,034)	(331,323)
Law, order, public safety		(1,736,734)	(1,617,760)	(1,710,790)
Health		(508,635)	(540,267)	(547,469)
Education and welfare		(831,897)	(783,530)	(750,714)
Community amenities		(2,805,205)	(2,844,744)	(2,641,373)
Recreation and culture		(8,090,255)	(7,596,429)	(7,739,832)
Transport		(6,356,082)	(6,218,251)	(5,878,151)
Economic services		(489,366)	(512,819)	(469,137)
Other property and services		(713,273)	(241,590)	(237,410)
		(22,959,183)	(22,074,566)	(21,492,803)
Non-cash amounts excluded from operating activities	31(a)	4,249,214	2,979,637	6,657,079
Amount attributable to operating activities		(11,878,482)	(12,504,978)	(6,081,795)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	5,269,566	9,243,071	2,242,144
Proceeds from disposal of assets	11(a)	229,045	257,969	1,333,892
Purchase of property, plant and equipment	9(a)	(2,633,891)	(6,484,017)	(668,589)
Purchase and construction of infrastructure	10(a)	(4,353,160)	(8,395,059)	(3,498,870)
		(1,488,440)	(5,378,036)	(591,423)
Non-cash amounts excluded from investing activities	31(b)	165,151	0	0
Amount attributable to investing activities		(1,323,289)	(5,378,036)	(591,423)
FINANCING ACTIVITIES				
Repayment of borrowings	19(b)	(250,116)	(250,116)	(279,748)
Proceeds from borrowings	19(c)	750,000	750,000	0
Payments for principal portion of lease liabilities	18(b)	(165,751)	(119,658)	(148,175)
Transfers to reserves (restricted assets)	4	(7,241,185)	(4,428,917)	(9,621,071)
Transfers from reserves (restricted assets)	4	7,607,708	8,659,830	3,827,660
Amount attributable to financing activities		700,657	4,611,139	(6,221,334)
(Deficit) before imposition of general rates		(12,501,114)	(13,271,876)	(12,894,552)
Total amount raised from general rates	30(a)	13,462,306	13,490,863	13,369,053
Surplus after imposition of general rates	31(c)	961,190	218,987	474,501

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

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1. BASIS OF PREPARATION

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

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

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

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 36 to these financial statements.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

- *AASB 1059 Service Concession Arrangements: Grantors*
The Shire considers the application of this accounting standard, however, there is no such arrangement in the operation of the Shire during the financial year 2021.
- *AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Materiality*

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

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

- Employee expenses
- Other financial assets
- Property, Plant and Equipment
- Infrastructure
- Intangible assets
- Right-of-use assets
- Lease liabilities
- Borrowing liabilities
- Provisions



2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	23,773	28,500	5,531
General purpose funding	1,466,658	1,612,912	1,514,750
Law, order, public safety	550,798	367,405	488,684
Health	318	50	11,262
Education and welfare	10,016	6,000	7,205
Community amenities	22,454	3,000	23,938
Recreation and culture	92,380	155,120	1,103,651
Transport	122,031	364,450	145,283
Economic services	500	500	16
Other property and services	218,280	142,200	189,729
	2,507,208	2,680,137	3,490,049
Non-operating grants, subsidies and contributions			
Law, order, public safety	451,916	456,405	9,155
Recreation and culture	1,387,038	3,845,602	250,115
Transport	3,430,612	4,691,064	1,982,874
Economic services	0	250,000	0
	5,269,566	9,243,071	2,242,144
Total grants, subsidies and contributions	7,776,774	11,923,208	5,732,193
Fees and charges			
Governance	205	300	190
General purpose funding	162,521	134,736	128,888
Law, order, public safety		107,500	107,464
Health	96,620	2,100	16,452
Education and welfare	5,171	0	0
Community amenities	1,468,810	1,380,790	1,402,158
Recreation and culture	1,292,711	972,105	1,054,222
Transport	3,397	4,300	3,127
Economic services	155,847	96,848	93,063
Other property and services	52,256	31,600	26,500
	3,237,538	2,730,279	2,832,064

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

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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



2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and transfers
for recognisable non-financial assets

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

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Operating grants, subsidies and contributions	2,507,208	2,680,137	3,490,049
Fees and charges	3,237,538	2,730,279	2,832,064
Other revenue	28,096	28,091	24,686
Non-operating grants, subsidies and contributions	5,269,566	9,243,071	2,242,144
	11,042,408	14,681,578	8,588,943

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

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

1,711,746 0 15,000

Revenue from contracts with customers recognised during the year
Revenue from transfers intended for acquiring or constructing recognisable non financial assets held as a liability at the start of the period

4,807,472 5,438,507 3,920,115

1,362,820 0 0

Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year

3,160,370 9,243,071 4,653,828

11,042,408 14,681,578 8,588,943

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

Trade and other receivables from contracts with customers	170,111	0	781,928
Contract liabilities from contracts with customers	(1,921,515)	0	(429,261)
Financial assets held from transfers for recognisable financial assets	1,301,832	0	4,903,282
Grant liabilities from transfers for recognisable non financial assets	(1,301,832)	0	(4,903,282)

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2021.

Assets associated with contracts with customers were not subject to an impairment charge.

Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'.

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

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

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

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



SHIRE OF DARDANUP

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

General rates

Specified area rates

Statutory permits and licences

Fines

Other revenue

Reimbursements and recoveries

Interest earnings

Interest on reserve funds

Interest on other funds

Rates instalment and penalty interest (refer Note 30(c))

Other interest earnings

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	13,462,306	13,490,863	13,369,053
Specified area rates	350,178	348,421	347,651
Statutory permits and licences	214,549	150,000	162,092
Fines	23,701	26,500	26,848
	14,050,734	14,015,784	13,905,644
Other revenue			
Reimbursements and recoveries	28,096	28,091	24,686
	28,096	28,091	24,686
Interest earnings			
Interest on reserve funds	132,565	271,376	271,781
Interest on other funds	27,052	74,337	71,709
Rates instalment and penalty interest (refer Note 30(c))	51,650	73,168	136,866
Other interest earnings	1,251	2,090	2,379
	212,518	420,971	482,735

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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



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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other services (Commonwealth certifications)

Interest expenses (finance costs)

- Borrowings
- Lease liabilities

Other expenditure

- Sundry expenses

Note	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
	22,130	22,130	7,989
	800	13,000	1,100
	22,930	35,130	9,089
19(b)	95,322	97,965	109,825
18(b)	11,148	9,242	7,988
	106,470	107,207	117,813
	420,346	394,316	333,680
	420,346	394,316	333,680



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

[Appendix ORD: 12.4.3C]

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Developer contributions for Joint Town Planning Scheme	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	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
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	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed



3. CASH AND CASH EQUIVALENTS

	NOTE	2021 \$	2020 \$
Cash at bank and on hand		11,431,690	13,245,523
Term deposits	35	3,011,369	4,000,000
Total cash and cash equivalents		14,443,059	17,245,523
Financial Assets			
Principal Amount of term deposit	35	12,600,296	8,400,000
Total		27,043,355	25,645,523
Comprises:			
- Unrestricted cash and cash equivalents		5,204,463	3,440,107
- Restricted cash and cash equivalents		9,238,596	13,805,416
- Financial assets at amortised cost		12,600,296	8,400,000
		27,043,355	25,645,523
Restrictions			
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		9,238,596	13,805,416
- Financial assets at amortised cost		12,600,296	8,400,000
		21,838,892	22,205,416
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Reserves - cash/financial asset backed	4	21,838,892	22,205,416
Contract liabilities from contracts with customers - grant revenue	17	1,921,515	2,699,261
Capital grant liability - developer contributions	17	1,301,832	2,633,282
Less Contract liabilities - cash backed		(3,223,347)	(5,332,543)
Total restricted assets		21,838,892	22,205,416

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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



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

4. RESERVES - CASH/FINANCIAL ASSET BACKED

	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance	2021 Budget Opening Balance	2021 Budget Transfer to	2021 Budget Transfer (from)	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Information Technology Reserve	504,179	401,482	(237,809)	667,852	427,309	403,312	(382,343)	448,278	406,983	404,283	(307,087)	504,179
(b) Road Safety Programs Reserve	26,645	78	0	26,723	20,197	157	0	20,354	8,357	18,288	0	26,645
(c) Tourism Reserve	11,718	35	0	11,753	11,657	90	0	11,747	6,377	5,341	0	11,718
(d) Executive & Compliance Vehicle Reserve	243,184	715	(41,619)	202,280	242,332	1,878	(89,964)	154,246	364,153	53,832	(174,801)	243,184
(e) Employee Relief Reserve	234,384	30,689	0	265,073	234,168	31,815	0	265,983	226,995	7,389	0	234,384
(f) Employee Leave Entitlements Reserve	21,187	16,519	0	37,706	21,182	16,621	0	37,803	5,000	16,187	0	21,187
(g) Refuse Site Environmental Works Reserve	83,833	246	0	84,079	83,754	649	0	84,403	82,960	873	0	83,833
(h) Meat Inspection Reserve	0			0	0	0	0	0	5,219	0	(5,219)	0
(i) Recycling Education Reserve	61,265	180	(22,315)	39,130	60,875	472	(22,315)	39,032	82,334	867	(21,936)	61,265
(j) Eaton Recreation Centre - Equipment Reserve	280,102	110,823	(114,172)	276,753	82,425	110,639	(93,836)	99,228	365,346	103,845	(189,089)	280,102
(k) Council Land Development Reserve	21,058	5,062	(3,486)	22,634	11,038	5,086	(5,000)	11,124	20,839	219	0	21,058
(l) Sale of Land Reserve	4,566,488	13,421	0	4,579,909	4,569,836	35,416	0	4,605,252	2,303,943	2,262,545	0	4,566,488
(m) Accrued Salaries Reserve	433,352	66,274	0	499,626	432,991	68,356	0	501,347	379,360	53,992	0	433,352
(n) Carried Forward Projects Reserve	3,291,190	946,143	(704,684)	3,532,649	2,254,978	17,476	(1,199,484)	1,072,970	2,968,520	761,896	(439,226)	3,291,190
(o) Strategic Planning Studies Reserve	128,885	379	(12,500)	116,764	124,793	967	(12,500)	113,260	218,947	2,304	(92,366)	128,885
(p) Town Planning Consultancy Reserve	97,706	5,287	(65,000)	37,993	97,619	5,757	(65,000)	38,376	91,741	5,965	0	97,706
(q) Parks & Reserves Upgrades Reserve	676,805	151,989	(220,446)	608,348	568,006	154,402	(343,727)	378,681	549,703	205,785	(78,683)	676,805
(r) Election Expenses Reserve	7,017	25,021	0	32,038	1,212	25,009	0	26,221	23,487	22,747	(39,217)	7,017
(s) Pathways Reserve	315,889	180,064	(187,887)	308,066	245,496	1,903	(157,638)	89,761	164,161	151,728	0	315,889
(t) Asset / Rates Revaluation Reserve	328,666	966	(45,325)	284,307	280,635	22,175	(185,913)	116,897	292,877	53,082	(17,293)	328,666
(u) Refuse & Recycling Bin Replacement Reserve	54,645	161	0	54,806	32,402	251	0	32,653	54,076	569	0	54,645
(v) Emergency Services Reserve	0	0	0	0	0	0	0	0	10,306	0	(10,306)	0
(w) Small Plant & Equipment Reserve	0	0	0	0	0	0	0	0	15,261	0	(15,261)	0
(x) Storm Water Reserve	157,848	464	0	158,312	142,311	1,103	0	143,414	101,082	56,766	0	157,848
(y) Fire Control Reserve	11,536	34	0	11,570	8,541	66	0	8,607	1,108	10,428	0	11,536
* (z) Collie River (Eaton Drive) Bridge Construction Reserve	1,564,304	20,037	(293,841)	1,290,500	1,561,263	12,100	(1,179,382)	393,981	1,548,014	16,290	0	1,564,304
(aa) Eaton Drive - Access Construction Reserve	154,825	43,426	(198,251)	0	152,575	1,182	(1,841)	151,916	153,213	1,612	0	154,825
* (ab) Eaton Drive - Scheme Construction Reserve	914,153	35,696	(938,517)	11,332	908,964	7,044	(853,787)	62,221	904,633	9,520	0	914,153
(ac) Contribution to Works Reserve	670,642	85,501	0	756,143	670,070	5,193	0	675,263	601,543	69,099	0	670,642
(ad) Unspent Grants Reserve	3,795,447	2,087,360	(2,721,101)	3,161,707	1,227,669	811,566	(1,046,356)	992,879	1,308,820	3,253,239	(766,612)	3,795,447
(ae) Swimming Pool Inspection Reserve	4,488	13	0	4,501	0	0	0	0	0	4,488	0	4,488
(af) Unspent Specified Area Rate - Bulk Waste Collection	80,610	7,037	0	87,647	80,534	624	0	81,158	79,770	840	0	80,610
(ag) Unspent Specified Area Rate - Eaton Landscaping	127,172	13,594	0	140,766	93,823	13,947	0	107,770	67,486	89,710	(30,024)	127,172
(ah) Dardanup Community Centre Reserve	0	0	0	0	0	0	0	0	7,317	0	(7,317)	0
(ai) Dardanup Community Centre Design Reserve	0	0	0	0	0	0	0	0	1,126	0	(1,126)	0
(aj) Dardanup Public Library Reserve	0	0	0	0	0	0	0	0	4,357	0	(4,357)	0
(ak) Wells Park Hard Courts Reserve	0	0	0	0	0	0	0	0	4,090	0	(4,090)	0
(al) Wells Park Clubroom Reserve	0	0	0	0	0	0	0	0	9,726	0	(9,726)	0
(am) Wells Park Clubroom Design Reserve	0	0	0	0	0	0	0	0	1,282	0	(1,282)	0
(an) Wells Park Car Park Reserve	0	0	0	0	0	0	0	0	12,881	0	(12,881)	0
(ao) Plant & Engineering Equipment Reserve	924,036	208,216	(260,765)	871,487	720,673	211,085	(592,505)	339,253	837,738	163,816	(77,518)	924,036
(ap) Road Construction and Major Maintenance Reserve	587,711	1,600,411	(1,054,994)	1,133,128	564,311	1,354,373	(1,243,298)	675,386	500,300	1,525,265	(1,437,854)	587,711
(aq) Building Maintenance Reserve	1,783,239	361,241	(484,996)	1,659,484	1,533,663	367,886	(1,174,941)	726,608	1,620,574	247,054	(84,389)	1,783,239
(ar) Wanju Developer Contribution Plan - Unspent Loan Reserve	0	750,000	0	750,000	0	740,000	0	740,000	0	0	0	0
(as) Dardanup Expansion Developer Contribution Plan Reserve	41,207	121	0	41,328	40,847	317	(10,000)	31,164	0	41,207	0	41,207
(av) Burekup Public Open Space Reserve	0	72,500	0	72,500	0			0	0	0	0	0
	22,205,416	7,241,185	(7,607,708)	21,838,892	17,508,149	4,428,917	(8,659,830)	13,277,236	16,412,005	9,621,071	(3,827,660)	22,205,416

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.

* A capital grant liability has been recognised under note 17 for these balances since 1 July 2019 due to initial application of AASB 1058.

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

[Appendix ORD: 12.4.3C]

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) Meat Inspection Reserve	Reserve to be removed by 30 June 2020.	To provide for equipment for Meat Inspection Services.
(i) 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.
(j) 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.
(k) Council Land Development Reserve	As required.	Established for funding the acquisition or development of Council land for resale.
(l) Sale of Land Reserve	As suitable projects are identified.	Established to hold funds from the sale of Council land.
(m) 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).
(n) 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.
(o) Strategic Planning Studies Reserve	As required.	Established for funding strategic studies.
(p) Town Planning Consultancy Reserve	As funds become available for suitable projects.	Established to fund the engagement of consultants to undertake Town Planning Studies.
(q) Parks & Reserves Upgrades Reserve	As scheduled in Council's Asset Management Plan.	Established to fund the development of Parks and Reserves.
(r) Election Expenses Reserve	Council election year.	Established to fund Council elections.
(s) 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.
(t) Asset / Rates Revaluation Reserve	As required.	Established to provide funds for asset and rating revaluations.
(u) Refuse & Recycling Bin Replacement Reserve	As required.	Established to provide funds for replacement of refuse and recycling bins.
(v) Emergency Services Reserve	Reserve to be removed by 30 June 2020.	Established to fund unforeseen over expenditure in the Emergency Services Levy Budget.
(w) Small Plant & Equipment Reserve	Reserve to be removed by 30 June 2020.	Established to fund the purchase or replacement of Council's small plant and equipment.
(x) 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.
(y) Fire Control Reserve	As funds become available for suitable projects.	For the purchase, construction and development of fire fighting equipment and buildings.
(z) 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.
(aa) 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.
(ab) Eaton Drive - Scheme Construction Reserve	As the growth in Eaton townsite necessitates development.	Established for the future construction of Eaton Drive from developer contributions.
(ac) Contribution to Works Reserve	Year of budgeted works.	Established to account for contributions and donations received from external sources.
(ad) Unspent Grants Reserve	Year of budgeted works.	Established to identify unexpended grants and special projects funding.
(ae) Swimming Pool Inspection Reserve	On payment of swimming pool inspections every 3 years.	Established to account for unspent Swimming Pool Inspection Levy.
(af) Unspent Specified Area Rate - Bulk Waste Collection	Next financial year.	Established to hold unspent specified area rates for bulk waste collection.
(ag) Unspent Specified Area Rate - Eaton Landscaping	Next financial year.	Established to hold unspent specified area rates for Eaton landscaping.
(ah) Dardanup Community Centre Reserve	Reserve to be removed by 30 June 2020.	Established to hold funds for the future construction of a community centre and outdoor play area.
(ai) Dardanup Community Centre Design Reserve	Reserve to be removed by 30 June 2020.	Established to hold funds for the design of a future community centre and outdoor play area.
(aj) Dardanup Public Library Reserve	Reserve to be removed by 30 June 2020.	Established to hold funds for the future extension of Dardanup Public Library.
(ak) Wells Park Hard Courts Reserve	Reserve to be removed by 30 June 2020.	Established to hold funds for the future upgrade of the hard courts and lighting at Wells Park.
(al) Wells Park Clubroom Reserve	Reserve to be removed by 30 June 2020.	Established to hold funds for the future extension of the club room facilities at Wells Park.
(am) Wells Park Clubroom Design Reserve	Reserve to be removed by 30 June 2020.	Established to hold funds for the design and future extension of the club room facilities at Wells Park.
(an) Wells Park Car Park Reserve	Reserve to be removed by 30 June 2020.	Established to hold funds for the future upgrade and construction of the car parking area at Wells Park.
(ao) 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.
(ap) 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.
(aq) Building Maintenance Reserve	As scheduled in Council's Asset Management Plan.	For the purchase, construction and maintenance of Council buildings.
(ar) 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.
(as) 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.
(av) Burekup Public Open Space Reserve	As scheduled in Council's Asset Management Plan.	Established to account for cash-in-lieu of Public Open Space contributions in Burekup in accordance with Section 154 of the Planning and Development Act 200, which came into effect on 12 September 2020.



5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

Other financial assets at amortised cost

Term deposits

(b) Non-current assets

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

Units in Local Government House Trust

NOTE	2021	2020
	\$	\$
35	12,600,296	8,400,000
	12,600,296	8,400,000
35	12,600,296	8,400,000
	12,600,296	8,400,000
	73,807	71,220
	73,807	71,220
	73,807	71,220
	73,807	71,220

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 19(b) as self supporting loans.

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 it to collect the contractual cashflows, and/or
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 32.



6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable
Trade and other receivables
GST receivable
Fuel tax credits
Pensioner rates rebate
ESL receivable

Non-current

Pensioner's rates and ESL deferred

2021	2020
\$	\$
309,045	396,109
170,111	781,928
515,195	275,564
6,439	5,067
46,375	5,997
0	7,446
1,047,165	1,472,111
134,563	118,063
134,563	118,063

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 32.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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



7. INVENTORIES

Current

Materials - depot
Trading stock - Eaton Recreation Centre

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year
Additions to inventory

Balance at end of year

2021	2020
\$	\$
6,318	11,917
5,842	7,310
12,160	19,227
19,227	13,477
(7,067)	0
0	5,750
12,160	19,227

SIGNIFICANT ACCOUNTING POLICIES

General

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

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



8. OTHER ASSETS

Other assets - current

Prepayments

Accrued income

2021	2020
\$	\$
40,180	0
119,951	42,807
160,131	42,807

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.



9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings - non- specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Motor vehicles	Work in progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	6,365,673	22,682,434	29,048,107	440,038	111,397	2,282,175	571,644	32,453,361
Additions	42,581	138,502	181,083	130,795	0	325,321	31,390	668,589
(Disposals)	(69,959)	(29,064)	(99,023)	(82,439)	(3,200)	(100,468)	0	(285,130)
Depreciation (expense)	0	(806,986)	(806,986)	(131,139)	(13,568)	(345,221)	0	(1,296,914)
Transfers	63,099	0	63,099	0	0	0	(63,099)	0
Carrying amount at 30 June 2020	6,401,394	21,984,886	28,386,280	357,255	94,629	2,161,807	539,935	31,539,906
Comprises:								
Gross balance amount at 30 June 2020	6,401,394	40,230,683	46,632,077	1,551,513	197,776	4,713,632	539,935	53,634,933
Accumulated depreciation at 30 June 2020	0	(18,245,797)	(18,245,797)	(1,194,258)	(103,147)	(2,551,825)	0	(22,095,027)
Accumulated impairment loss at 30 June 2020	0	0	0	0	0	0	0	0
Carrying amount at 30 June 2020	6,401,394	21,984,886	28,386,280	357,255	94,629	2,161,807	539,935	31,539,906
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 (expense)	0	(809,126)	(809,126)	(95,188)	(11,515)	(323,467)	0	(1,239,294)
Carrying amount at 30 June 2021	7,160,000	30,218,149	37,378,149	286,821	82,214	2,155,203	2,116,480	42,018,867
Comprises:								
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)
Carrying amount at 30 June 2021	7,160,000	30,218,149	37,378,149	286,821	82,214	2,155,203	2,116,480	42,018,867



9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	3	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2021	Price per m2
Buildings - non-specialised	3	Market approach using recent observable market data for properties	Independent registered valuer	June 2021	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
(ii) Cost					
Furniture and equipment	3	Cost approach using current replacement cost	Management valuation	June 2016	Purchase costs and current condition, residual values and remaining useful life assessments
Plant and equipment	3	Cost approach using current replacement cost	Management valuation	June 2016	Purchase costs and current condition, residual values and remaining useful life assessments
Motor vehicles	3	Cost approach using current replacement cost	Management valuation	June 2016	Purchase costs and current condition, residual values and remaining useful life assessments

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

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.



10. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - drainage	Infrastructure - parks and ovals	Infrastructure - bridges	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	91,143,660	7,166,872	17,226,422	5,772,490	22,436,895	143,746,339
Additions	2,992,410	79,641	0	426,819	0	3,498,870
Depreciation (expense)	(2,481,827)	(206,354)	(333,136)	(184,307)	(600,215)	(3,805,839)
Carrying amount at 30 June 2020	91,654,243	7,040,159	16,893,286	6,015,002	21,836,680	143,439,370
Comprises:						
Gross balance at 30 June 2020	133,393,841	10,397,343	25,047,817	9,642,180	40,353,444	218,834,625
Accumulated depreciation at 30 June 2020	(41,739,598)	(3,357,184)	(8,154,531)	(3,627,178)	(18,516,764)	(75,395,255)
Carrying amount at 30 June 2020	91,654,243	7,040,159	16,893,286	6,015,002	21,836,680	143,439,370
Additions	3,061,885	566,218	(0)	363,538	361,520	4,353,160
(Disposals)	0	0	0	0	(282,903)	(282,903)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	2,882,429	2,882,429
Depreciation (expense)	(2,530,303)	(207,947)	(333,136)	(192,844)	(597,726)	(3,861,955)
Carrying amount at 30 June 2021	92,185,825	7,398,430	16,560,150	6,185,696	24,200,000	146,530,101
Comprises:						
Gross balance at 30 June 2021	136,455,726	10,963,561	25,047,817	10,005,718	38,959,000	221,431,822
Accumulated depreciation at 30 June 2021	(44,269,901)	(3,565,131)	(8,487,667)	(3,820,022)	(14,759,000)	(74,901,721)
Carrying amount at 30 June 2021	92,185,825	7,398,430	16,560,150	6,185,696	24,200,000	146,530,101



10. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - roads	3	Cost approach using current replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	3	Cost approach using current replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - drainage	3	Cost approach using current replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - parks and ovals	3	Cost approach using current replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - bridges	3	Cost approach using current replacement cost	Independent valuation	June 2018	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.



11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY Revaluation (Continued)

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

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

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

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



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

11. FIXED ASSETS

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	107,150	0	0	(107,150)	0	0	0	0	69,959	1,240,800	1,170,841	0
Buildings - non-specialised	445,316	0	0	(445,316)	0	0	0	0	29,064	0	0	(29,064)
Furniture and equipment	0	0	0	0	0	0	0	0	82,439	20,000	0	(62,439)
Plant and equipment	900	0	0	(900)	0	0	0	0	3,200	91	0	(3,109)
Motor vehicles	214,567	229,045	18,861	(4,383)	257,969	257,969	0	0	100,468	73,001	0	(27,467)
Work in progress	481,722	0	0	(481,722)	0	0	0	0	0	0	0	0
Infrastructure - bridges	282,903	0	0	(282,903)	0	0	0	0	0	0	0	0
	1,532,558	229,045	18,861	(1,322,374)	257,969	257,969	0	0	285,130	1,333,892	1,170,841	(122,079)

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
Plant and Equipment				
Recreation and culture				
Parks & Reserves Vehicle	22,462	22,818	356	0
Tractor	31,769	36,000	4,231	0
Transport				
Transport Vehicle	19,242	21,000	1,758	0
Loader	80,044	81,500	1,456	0
Economic services				
Building Services Vehicle	20,073	28,182	8,109	0
Other property and services				
Infrastructure Services Vehicle	17,503	20,454	2,951	0
Infrastructure Services Vehicle	23,474	19,091	0	(4,383)
	214,567	229,045	18,861	(4,383)
Plant and Equipment				
Transport				
Sundry Plant	900	0	0	(900)
	900	0	0	(900)
Land				
Other Property and Services				
Land transferred to Road Reserve	107,150	0	0	(107,150)
	107,150	0	0	(107,150)
Buildings				
Recreation and culture				
Skate Park Assets	89,143	0	0	(89,143)
Eaton Bowling Club (Former Building)	356,173	0	0	(356,173)
	445,316	0	0	(445,316)
Infrastructure				
Transport				
Bridges	282,903	0	0	(282,903)
	282,903	0	0	(282,903)
Work in progress				
Other property and services				
Design Costs	481,722	0	0	(481,722)
	481,722	0	0	(481,722)
	1,532,558	229,045	18,861	(1,322,374)

(b) Fully Depreciated Assets in Use

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

	2021	2020
	\$	\$
Buildings - non-specialised	126,158	126,157
Furniture and equipment	838,386	539,788
Plant and equipment	37,600	37,600
Motor vehicles	818,191	818,191
Infrastructure - bridges	0	150,000
	1,820,335	1,671,736



11. FIXED ASSETS

(c) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	809,126	806,355	806,986
Furniture and equipment	95,188	155,632	131,139
Plant and equipment	11,515	13,568	13,568
Motor vehicles	323,467	331,980	345,221
Infrastructure - roads	2,530,303	2,530,427	2,481,827
Infrastructure - footpaths	207,947	206,354	206,354
Infrastructure - drainage	333,136	333,136	333,136
Infrastructure - parks and ovals	192,844	192,307	184,307
Infrastructure - bridges	597,726	600,230	600,215
Right-of-use assets - land and buildings	23,397	13,067	21,509
Right-of-use assets - furniture and equipment	139,424	105,992	122,411
Right-of-use assets - motor vehicles	5,978	599	7,115
	5,270,048	5,289,647	5,253,788

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings - specialised	
Buildings - non-specialised	
- sub-structure	50 to 100 years
- super-structure	8 to 100 years
- roof	25 to 100 years
- finishing & fittings	8 to 75 years
- services	10 to 75 years
- site surround works	10 to 75 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

Continued

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 equipment	15 to 25 years
- rubbish bin enclosures	15 years
- marine structures	20 years
Infrastructure - Bridges	
- timber	60 years
- other	100 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

Depreciation on revaluation

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

(a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying 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 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 on non-current assets in the Statement of Comprehensive Income and in the note above.



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

[Appendix ORD: 12.4.3C]

12. RIGHT-OF-USE ASSETS

(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.

Carrying amount at 1 July 2019

Additions

Depreciation (expense)

Carrying amount at 30 June 2020

Additions

Adjustment due to subsequent changes in lease liabilities

Depreciation (expense)

Carrying amount at 30 June 2021

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

Depreciation expense on lease liabilities

Interest expense on lease liabilities

Short-term lease payments recognised as expense

Lease principal expense

Total amount recognised in the statement of comprehensive income

Total cash outflow from leases

Right-of-use assets - land and buildings	Right-of-use assets - furniture and equipment	Right-of-use assets - motor vehicles	Right-of-use assets - Total
\$	\$	\$	
122,212	264,330	7,719	394,261
0	262,667	0	262,667
(21,509)	(122,411)	(7,115)	(151,035)
100,703	404,586	604	505,893
0	171,395	12,213	183,608
11,132	2,442	(604)	12,970
(23,397)	(139,424)	(5,978)	(168,799)
88,438	438,999	6,235	533,672

2021 Actual	2020 Actual
\$	\$
(11,148)	(7,988)
(39,150)	0
(165,751)	(148,175)
(216,049)	(156,163)
(176,899)	(156,163)

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 remaining 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.

Leases for right-of-use assets are secured over the asset being leased.

Right-of-use assets - valuation

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 11 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 shortest. 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.



13. INTANGIBLE ASSETS

(a) Intangible Assets

Non-current

Intangible asset - Easements
Derecognition of Intangible asset - Easements

Carrying amount at 30 June

TOTAL INTANGIBLE ASSETS

2021 Actual	2020 Actual
\$	\$
0	1,920,902
0	(1,920,902)
0	0
0	0

SIGNIFICANT ACCOUNTING POLICIES

Intangible Assets

Intangible Assets are easements on land owned by residents where the Shire has the right to use the land owned by residents for drainage purposes.

Changes to the Local Government (Financial Management) Regulations 1996 gazetted on the 6 November 2020, required local governments to apply the new Regulations to the 2019/20 financial report. These changes include the deletion of Regulation 16 by which the Shire previously recorded Easements as Intangible Assets in prior reporting periods.



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

[Appendix ORD: 12.4.3C]

14. REVALUATION SURPLUS

	2021 Opening Balance	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance	2020 Opening Balance	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	5,018,352	858,256	0	858,256	5,876,608	5,018,352	0	0	0	5,018,352
Revaluation surplus - Buildings - non-specialised	11,814,130	9,475,764	0	9,475,764	21,289,894	11,814,130	0	0	0	11,814,130
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 - Intangible Assets - Easements	0	0	0	0	0	1,920,902	0	(1,920,902)	(1,920,902)	0
Revaluation surplus - Infrastructure - roads	57,347,459	0	0	0	57,347,459	57,347,459	0	0	0	57,347,459
Revaluation surplus - Infrastructure - footpaths	6,425,473	0	0	0	6,425,473	6,425,473	0	0	0	6,425,473
Revaluation surplus - Infrastructure - drainage	19,141,929	0	0	0	19,141,929	19,141,929	0	0	0	19,141,929
Revaluation surplus - Infrastructure - parks and ovals	2,216,465	0	0	0	2,216,465	2,216,465	0	0	0	2,216,465
Revaluation surplus - Infrastructure - bridges	16,265,455	2,882,429	0	2,882,429	19,147,884	16,265,455	0	0	0	16,265,455
	118,740,786	13,216,449	0	13,216,449	131,957,235	120,661,688	0	(1,920,902)	(1,920,902)	118,740,786



15. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Prepaid rates	
Accrued salaries and wages	
ATO liabilities	
Bonds and deposits held	
Accrued interest on long term borrowings	
Accrued expenses	
Prepaid revenue	

2021	2020
\$	\$
1,798,946	1,049,612
782,454	648,952
141,810	96,114
170,496	440,438
700,299	741,314
30,331	33,404
117,261	10,768
0	42,144
3,741,597	3,062,746

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Prepaid rates

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

16. SHORT-TERM BORROWINGS

Council has no short-term borrowings whereby restrictions have been imposed on those borrowings.

17. OTHER LIABILITIES

Current

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

Non-current

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

2021	2020
\$	\$
1,906,515	2,684,261
538,409	2,035,010
27,290	0
2,472,214	4,719,271
15,000	15,000
763,423	598,272
778,423	613,272
3,250,637	5,332,543

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

Less than 1 year
1 to 2 years
2 to 3 years

Contract liabilities - Grant Revenue / Revenue	Capital grant liabilities - Developer Contributions
\$	\$
1,933,805	538,409
0	763,423
15,000	0
1,948,805	1,301,832

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

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

Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
Grant liabilities represent the the Shire's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

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



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

18. LEASE LIABILITIES

(a) Lease Liabilities

	2021	2020
	\$	\$
Current	167,440	143,625
Non-current	372,271	365,128
	539,711	508,753

(b) Movements in Carrying Amounts

Purpose	Lease Number	Asset Class	Lease Interest Rate	Lease Term	Actual Lease Principal 1 July 2020	30 June 2021 Actual New Leases	30 June 2021 Actual Lease Principal Repayments	30 June 2021 Actual Adjustment to Lease	30 June 2021 Actual Lease Principal Outstanding	30 June 2021 Actual Lease Interest Repayments	Budget Lease Principal 1 July 2020	30 June 2021 Budget New Leases	30 June 2021 Budget Lease Principal Repayments	30 June 2021 Budget Lease Principal Outstanding	30 June 2021 Budget Lease Interest Repayments	Actual Lease Principal 1 July 2019	30 June 2020 Actual New Leases	30 June 2020 Actual Lease Principal Repayments	30 June 2020 Actual Lease Principal Outstanding	30 June 2020 Actual Lease Interest Repayments
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety																				
Vehicle Lease	17	Vehicle	2.00%	24 months	600	12,213	(6,126)	(600)	6,087	(175)	599	0	(599)	0	(2)	7,720	0	(7,120)	600	(89)
Community amenities																				
Lease of Land	2	Land	2.70%	120 months	58,186	0	(9,873)	2,345	50,658	(1,495)	2,044	0	(2,044)	0	(5)	67,427	0	(9,241)	58,186	(1,686)
Recreation and culture																				
Photocopier/Scanner/Printer Lease	11	Furniture & Equip	2.10%	36 months	0	0	(732)	732	0	(2)	0	0	0	0	0	3,995	0	(3,995)	0	(42)
Photocopier/Scanner/Printer Lease	12	Furniture & Equip	2.10%	36 months	927	0	(927)	0	0	(2)	927	0	(927)	0	0	6,426	0	(5,499)	927	(81)
Cardio Fitness Equipment Lease	18	Furniture & Equip	2.20%	60 months	199,457	0	(38,185)	0	161,272	(3,955)	0	184,970	(34,853)	150,117	(4,991)	0	199,457	0	199,457	0
Other property and services																				
Transportable Building Lease	1	Buildings	2.50%	91 months	43,779	0	(12,692)	8,925	40,012	(1,160)	43,073	0	(11,023)	32,050	(1,127)	54,785	0	(11,006)	43,779	(1,230)
IT Equipment Lease	3	Furniture & Equip	2.20%	60 months	9,988	0	(8,550)	6	1,444	(133)	10,462	0	(8,337)	2,125	(9)	18,347	0	(8,359)	9,988	(319)
IT Equipment Lease	4	Furniture & Equip	2.20%	60 months	23,431	0	(7,428)	0	16,003	(437)	25,539	0	(8,029)	17,510	(648)	30,699	0	(7,268)	23,431	(597)
IT Equipment Lease	5	Furniture & Equip	2.10%	36 months	11,612	0	(10,710)	0	902	(140)	9,253	0	(8,531)	722	(159)	22,102	0	(10,490)	11,612	(360)
IT Equipment Lease	6	Furniture & Equip	2.10%	36 months	10,238	0	(12,243)	3,037	1,032	(160)	10,197	0	(10,197)	0	(140)	22,292	0	(12,054)	10,238	(349)
IT Equipment Lease	7	Furniture & Equip	2.10%	48 months	85,569	0	(27,932)	0	57,637	(1,516)	84,431	0	(27,316)	57,115	(2,132)	112,927	0	(27,359)	85,568	(2,089)
Photocopier/Scanner/Printer Lease	8	Furniture & Equip	2.10%	36 months	1,804	0	(1,804)	0	0	(5)	1,802	0	(1,802)	0	(6)	12,493	0	(10,689)	1,804	(159)
Photocopier/Scanner/Printer Lease	9	Furniture & Equip	2.10%	36 months	1,554	0	(1,554)	0	0	(4)	2,587	0	(2,587)	0	(10)	10,765	0	(9,211)	1,554	(137)
Photocopier/Scanner/Printer Lease	10	Furniture & Equip	2.10%	36 months	732	0	(732)	0	0	(2)	731	0	(731)	0	(3)	5,072	0	(4,340)	732	(64)
Photocopier/Scanner/Printer Lease	13	Furniture & Equip	2.10%	36 months	732	0	(732)	0	0	(2)	732	0	(732)	0	(2)	5,072	0	(4,339)	733	(65)
Photocopier/Scanner/Printer Lease	14	Furniture & Equip	2.10%	36 months	732	0	(732)	0	0	(2)	1,219	0	(1,219)	0	(5)	5,072	0	(4,340)	732	(64)
Photocopier/Scanner/Printer Lease	15	Furniture & Equip	2.10%	36 months	732	0	(732)	0	0	(2)	731	0	(731)	0	(3)	5,072	0	(4,340)	732	(64)
Photocopier/Scanner/Printer Lease	16	Furniture & Equip	2.10%	36 months	0	0	(732)	732	0	(2)	0	0	0	0	0	3,995	0	(3,995)	0	(42)
IT Equipment Lease	19	Furniture & Equip	2.30%	60 months	36,876	0	(6,366)	0	30,510	(774)	0	0	0	0	0	0	40,009	(3,133)	36,876	(437)
IT Equipment Lease	20	Furniture & Equip	2.10%	48 months	21,804	0	(5,112)	(2,076)	14,616	(362)	0	0	0	0	0	0	23,201	(1,397)	21,804	(115)
IT Equipment Lease	21	Furniture & Equip	2.00%	48 months	0	18,036	(1,087)	0	16,949	(86)	0	0	0	0	0	0	0	0	0	0
IT Equipment Lease	22	Furniture & Equip	2.00%	48 months	0	62,532	(3,769)	0	58,763	(299)	0	0	0	0	0	0	0	0	0	0
IT Equipment Lease	23	Furniture & Equip	2.00%	48 months	0	17,677	(1,065)	0	16,612	(85)	0	0	0	0	0	0	0	0	0	0
IT Equipment Lease	25	Furniture & Equip	2.00%	36 months	0	73,150	(5,936)	0	67,214	(348)	0	0	0	0	0	0	0	0	0	0
					508,753	183,608	(165,751)	13,101	539,711	(11,148)	194,327	184,970	(119,658)	259,639	(9,242)	394,261	262,667	(148,175)	508,753	(7,988)

SHIRE OF DARDANUP
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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19. INFORMATION ON BORROWINGS

(a) Borrowings

	2021	2020
	\$	\$
Current	333,977	250,116
Non-current	2,129,023	1,713,000
	2,463,000	1,963,116

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual Principal 1 July 2020	30 June 2021 Actual New Loans	30 June 2021 Actual Principal repayments	30 June 2021 Accrued Interest	30 June 2021 Actual Interest repayments	30 June 2021 Actual Principal outstanding	Budget Principal 1 July 2020	30 June 2021 Budget New Loans	30 June 2021 Budget Principal repayments	30 June 2021 Budget Interest repayments	30 June 2021 Budget Principal outstanding	Actual Principal 1 July 2019	30 June 2020 Actual New Loans	30 June 2020 Actual Principal repayments	30 June 2020 Accrued Interest	30 June 2020 Actual Interest repayments	30 June 2020 Actual Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Community amenities																				
Warju Developer Contribution Plan/M	70	WATC	1.44%	0	750,000	0	(1,317)	0	750,000	0	750,000	0	0	750,000	0	0	0		0	0
Recreation and culture																				
Eaton Recreation Centre	59	WATC	5.87%	280,690	0	(88,117)	(15,626)	(15,202)	192,573	280,690	0	(88,117)	(16,870)	192,573	363,773	0	(83,083)	(21,251)	(20,152)	280,690
Eaton Recreation Centre Extensions	63	WATC	5.97%	0	0	0	0	0	0	0	0	0	0	0	21,440	0	(21,440)	(916)	(965)	0
Fitness Equipment	68	WATC	3.30%	0	0	0	0	0	0	0	0	0	0	0	21,070	0	(21,070)	(255)	(348)	0
Glen Huon Oval Club Rooms	69	WATC	3.84%	965,470	0	(41,174)	(42,473)	(36,682)	924,296	965,470	0	(41,174)	(43,234)	924,296	1,005,108	0	(39,638)	(44,350)	(38,219)	965,470
Transport																				
Depot Land	66	WATC	4.07%	503,104	0	(58,628)	(22,171)	(19,886)	444,476	503,104	0	(58,628)	(23,169)	444,476	559,417	0	(56,313)	(24,900)	(22,201)	503,104
Economic services																				
Gravel Pit Land - Panizza Road	61	WATC	6.19%	90,549		(23,901)	(5,550)	(5,241)	66,648	90,549	0	(23,901)	(5,805)	66,648	113,014	0	(22,465)	(7,141)	(6,653)	90,549
Other property and services																				
Administration Building Extensions	65	WATC	7.03%	123,303	0	(38,296)	(8,185)	(8,007)	85,007	123,303	0	(38,296)	(8,887)	85,007	159,042		(35,739)	(11,012)	(10,563)	123,303
				1,963,116	750,000	(250,116)	(95,322)	(85,018)	2,463,000	1,963,116	750,000	(250,116)	(97,965)	2,463,000	2,242,864	0	(279,748)	(109,825)	(99,101)	1,963,116



SHIRE OF DARDANUP
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19. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2020/21

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2021 Actual	2021 Budget	2021 Actual	2021 Budget		
Wanju Developer Contribution Plan/Waterloo Industrial Park	WATC	Debenture	10	1.44%	\$ 750,000	\$ 750,000	\$ 0	\$ 0	\$ (1,317)	\$ 750,000
					750,000	750,000	0	0	(1,317)	750,000

(d) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance 1 July 2020	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2021
Wanju Developer Contribution Plan/Waterloo Industrial Park	1/06/2021	\$ 0	\$ 750,000	\$ 0	\$ 750,000
		0	750,000	0	750,000

(e) Undrawn Borrowing Facilities
Credit Standby Arrangements

	2021	2020
	\$	\$
Bank overdraft limit	0	250,000
Credit card limit	15,000	15,000
Credit card balance at balance date	0	0
Total amount of credit unused	15,000	265,000

Loan facilities

Loan facilities - current	333,977	250,116
Loan facilities - non-current	2,129,023	1,713,000
Lease liabilities - current	167,440	143,625
Lease liabilities - non-current	372,271	365,128
Total facilities in use at balance date	3,002,711	2,471,869

Unused loan facilities at balance date

Nil Nil

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 32.



20. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2020

Current provisions

Non-current provisions

Additional provision

Amounts used

Balance at 30 June 2021

Comprises

Current

Non-current

	Provision for Annual Leave	Provision for Rostered Days Off	Provision for Long Service Leave	Total
	\$	\$	\$	\$
Opening balance at 1 July 2020				
Current provisions	773,329	61,511	602,168	1,437,008
Non-current provisions	0	0	275,843	275,843
	773,329	61,511	878,011	1,712,851
Additional provision	78,754	0	152,929	231,683
Amounts used	0	(5,892)	0	(5,892)
Balance at 30 June 2021	852,083	55,619	1,030,940	1,938,642
Comprises				
Current	852,083	55,619	786,010	1,693,712
Non-current	0	0	244,930	244,930
	852,083	55,619	1,030,940	1,938,642

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

	2021	2020
	\$	\$
Less than 12 months after the reporting date	1,693,712	1,437,008
More than 12 months from reporting date	244,930	275,843
	1,938,642	1,712,851

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees.

Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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



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21. OTHER PROVISIONS

	Provision for Rehabilitation on Leased Land	Total
	\$	\$
Opening balance at 1 July 2020		
Non-current provisions	83,833	83,833
	83,833	83,833
Balance at 30 June 2021	83,833	83,833
Comprises		
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.



22. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Cash and cash equivalents	35	14,443,059	16,329,692	17,245,523
Reconciliation of Net Cash Provided By Operating Activities to Net Result				
Net result		2,129,675	6,867,267	2,467,572
Non-cash flows in Net result:				
Adjustments to fair value of financial assets at fair value through profit and loss		(2,587)	0	(1,152)
Depreciation on non-current assets	11(c)	5,270,048	5,289,647	5,253,788
(Profit)/loss on sale of asset	11(a)	1,303,513	0	(1,048,762)
Changes in assets and liabilities:				
(Increase)/decrease in receivables		408,446	0	(658,791)
(Increase)/decrease in other assets		(117,324)	0	131,525
(Increase)/decrease in inventories		7,067	0	(5,750)
Increase/(decrease) in payables		678,985	0	702,952
Increase/(decrease) in employee provisions		225,791	0	211,990
Increase/(decrease) in other liabilities		27,290	(2,310,010)	0
Non-operating grants, subsidies and contributions		(5,269,566)	(9,243,071)	(2,242,144)
Net cash from operating activities		4,661,337	603,833	4,811,228



23. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	52,073	39,231
General purpose funding	28,054,972	26,453,769
Law, order, public safety	2,180,890	1,283,156
Health	26,653	861,460
Education and welfare	1,917,982	735,303
Housing	0	0
Community amenities	1,071,382	992,358
Recreation and culture	32,868,012	24,569,106
Transport	147,282,481	143,920,028
Economic services	106,471	697,087
Other property and services	3,992,905	3,302,622
	<u>217,553,821</u>	<u>202,854,120</u>

24. CONTINGENT LIABILITIES

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

25. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

	2021	2020
	\$	\$
Contracted for:		
- capital expenditure projects	1,208,345	0
	<u>1,208,345</u>	<u>0</u>
Payable:		
- not later than one year	1,208,345	0
	<u>1,208,345</u>	<u>0</u>

The capital expenditure projects outstanding at the end of the current reporting period represents the construction of new building assets as follows:

Waterloo BFB Building	151,808
Eaton Skate Park	285,661
Dard Central BFB Building	85,820
Eaton Administration Building	162,450
Eaton Bowling Club Building	522,606
	<u>1,208,345</u>



26. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Elected member - Shire President (1)			
President's annual allowance	25,870	25,870	25,870
Meeting attendance fees	17,739	17,739	17,739
Child care expenses	0	111	0
Other expenses	0	11	20
Annual allowance for ICT expenses	2,450	2,450	2,450
Travel and accommodation expenses	90	966	1,062
	46,149	47,147	47,141
Elected member - Deputy President (2)			
Deputy President's annual allowance	6,467	6,467	6,467
Meeting attendance fees	11,457	11,457	11,457
Child care expenses	0	111	0
Other expenses	0	11	0
Annual allowance for ICT expenses	2,450	2,450	2,450
Travel and accommodation expenses	2,640	966	1,011
	23,014	21,462	21,385
Elected member - Councillor (3)			
Meeting attendance fees	11,457	11,457	11,457
Child care expenses	0	111	0
Other expenses	0	11	0
Annual allowance for ICT expenses	2,450	2,450	2,450
Travel and accommodation expenses	0	966	0
	13,907	14,995	13,907
Elected member - Councillor (4)			
Meeting attendance fees	11,457	11,457	11,457
Child care expenses	0	111	0
Other expenses	0	11	0
Annual allowance for ICT expenses	2,450	2,450	2,450
Travel and accommodation expenses	484	966	550
	14,391	14,995	14,457
Elected member - Councillor (5)			
Meeting attendance fees	11,457	11,457	11,457
Child care expenses	0	111	0
Other expenses	0	11	0
Annual allowance for ICT expenses	2,450	2,450	2,450
Travel and accommodation expenses	0	966	0
	13,907	14,995	13,907
Elected member - Councillor (6)			
Meeting attendance fees	11,457	11,457	11,457
Child care expenses	0	111	0
Other expenses	39	11	0
Annual allowance for ICT expenses	2,450	2,450	2,450
Travel and accommodation expenses		966	
	13,946	14,995	13,907
Elected member - Councillor (7)			
Meeting attendance fees	11,457	11,457	11,457
Child care expenses	0	111	0
Other expenses	0	11	0
Annual allowance for ICT expenses	2,450	2,450	2,450
Travel and accommodation expenses		966	
	13,907	14,995	13,907

26. ELECTED MEMBERS REMUNERATION (Continued)

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Elected member - Councillor (8)			
Meeting attendance fees	11,457	11,457	7,638
Child care expenses	1,860	111	0
Other expenses	100	11	0
Annual allowance for ICT expenses	2,450	2,450	1,633
Travel and accommodation expenses	0	966	0
	15,867	14,995	9,271
Elected member - Councillor (9)			
Meeting attendance fees	11,457	11,457	7,638
Child care expenses	0	111	0
Other expenses	0	11	0
Annual allowance for ICT expenses	2,450	2,450	1,633
Travel and accommodation expenses	0	966	0
	13,907	14,995	9,271
Elected member - Councillor (10) - 2020 only			
Meeting attendance fees	0	0	3,819
Other expenses	0	0	23
Annual allowance for ICT expenses	0	0	817
Travel and accommodation expenses	0	0	706
	0	0	5,365
	168,995	173,573	162,518
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	25,870	25,870	25,870
Deputy President's allowance	6,467	6,467	6,467
Meeting attendance fees	109,395	109,395	105,576
Child care expenses	1,860	1,000	0
Other expenses	139	100	43
Annual allowance for ICT expenses	22,050	22,050	21,233
Travel and accommodation expenses	3,214	8,691	3,329
	168,995	173,573	162,518



27. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2021 Actual	2020 Actual
The total of remuneration paid to KMP of the Shire during the year are as follows:	\$	\$
Short-term employee benefits	1,787,591	1,816,491
Post-employment benefits	198,994	199,277
Other long-term benefits	40,578	42,971
Termination benefits	19,085	97,908
	2,046,248	2,156,647

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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



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27. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

An associate person of KMP 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.



28. MAJOR LAND TRANSACTIONS

Council did not undertake any Major Land Transactions during the 2020/21 financial year.

29. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2020/21 financial year.



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

30. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2020/21 Actual Rateable Value	2020/21 Actual Rate Revenue	2020/21 Actual Interim Rates	2020/21 Actual Back Rates	2020/21 Actual Total Revenue	2020/21 Budget Rate Revenue	2020/21 Budget Interim Rate	2020/21 Budget Back Rate	2020/21 Budget Total Revenue	2019/20 Actual Total Revenue
Differential general rate / general rate			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Gross rental valuations												
General Rates - GRV: Residential	0.100662	3,152	56,779,220	5,715,510	(6,273)	183	5,709,420	5,746,655	91,144	0	5,837,799	5,628,629
General Rates - GRV: Commercial	0.100662	59	14,495,740	1,459,170	4,818	521	1,464,509	1,428,025	0	0	1,428,025	1,425,198
General Rates - GRV: Industrial	0.100662	68	7,586,727	763,695	21,682	0	785,377	763,695	0	0	763,695	761,161
General Rates - GRV: Small Holding	0.100662	336	7,599,124	764,943	3,428	(1,226)	767,145	765,545	0	0	765,545	812,083
Unimproved valuations												
General Rates - UV: Broad Acre Rural	0.006259	491	274,535,000	1,718,315	(6,890)	(702)	1,710,723	1,718,765	0	0	1,718,765	1,706,824
General Rates - UV: Mining	0.006259	0	0	0	0	0	0	0	0	0	0	0
Sub-Total		4,106	360,995,811	10,421,633	16,765	(1,224)	10,437,174	10,422,685	91,144	0	10,513,829	10,333,895
Minimum payment												
	Minimum \$											
Gross rental valuations												
General Rates - GRV: Residential	1,547.50	1,651	21,331,732	2,554,922	71,532	0	2,626,454	2,554,923	0	0	2,554,923	2,585,802
General Rates - GRV: Commercial	1,547.50	7	61,400	10,832	(1,157)	0	9,675	10,833	0	0	10,833	10,833
General Rates - GRV: Industrial	1,547.50	47	590,450	72,733	767	0	73,500	72,733	0	0	72,733	77,397
General Rates - GRV: Small Holding	1,547.50	85	682,270	131,538	6,686	0	138,224	131,538	0	0	131,538	143,488
Unimproved valuations												
General Rates - UV: Broad Acre Rural	1,547.50	119	17,530,460	184,153	1,157		185,310	184,153	0	0	184,153	190,343
General Rates - UV: Mining	1,547.50	18	399,256	27,855	(7,737)	(667)	19,451	27,855	0	0	27,855	28,312
Sub-Total		1,927	40,595,568	2,982,033	71,248	(667)	3,052,614	2,982,034	0	0	2,982,034	3,036,174
		6,033	401,591,379	13,403,666	88,013	(1,891)	13,489,788	13,404,719	91,144	0	13,495,863	13,370,069
Discounts/concessions (Note 30(c))							(27,482)				(5,000)	(1,016)
Total amount raised from general rate							13,462,306				13,490,863	13,369,053
Specified Area Rate (Note 30(b))							350,178				348,421	347,651
Totals							13,812,484				13,839,284	13,716,704

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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



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

30. RATING INFORMATION (Continued)

(b) Specified Area Rate

Specified Area Rate	Basis of Valuation	Rate in \$	2020/21 Rateable Value	2020/21 Rate Revenue	2020/21 Interim Rate Revenue	2020/21 Back Rate Revenue	2020/21 Total Specified Area Rate Revenue	2020/21 Budget Rate Revenue	2020/21 Budget Back Rate Revenue	2020/21 Budget Interim Rate Revenue	2020/21 Total Budget Revenue	2019/20 Total Actual Revenue
Bulk Waste Collection	GRV	0.001315	\$	\$ 100,864	\$ 437	\$ 0	\$ 101,301	\$ 100,864	\$ 0	\$ 0	\$ 100,864	\$ 100,613
Eaton Landscaping	GRV	0.002925		247,558	1,319	0	248,877	247,557	0	0	247,557	247,038
			0	348,422	1,756	0	350,178	348,421	0	0	348,421	347,651

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	2020/21 Actual Rate Applied to Costs	2020/21 Actual Rate Set Aside to Reserve	2020/21 Actual Reserve Applied to Costs	2020/21 Budget Rate Applied to Costs	2020/21 Budget Rate Set Aside to Reserve	2020/21 Budget Reserve Applied to Costs
Bulk Waste Collection	Bulk residential green waste and hard waste collection in townsites.	Residential improved properties within the townsites of Eaton, Dardanup and Burekup.	\$ 93,813	\$ 6,800	\$ 0	\$ 100,864	\$ 0	\$ 0
Eaton Landscaping	Maintenance of parks and reserves in Millbridge and development of parks and reserves in Eaton.	Properties within the townsite of Eaton.	234,337	13,220	0	234,337	13,220	0
			328,150	20,020	0	335,201	13,220	0



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

30. RATING INFORMATION (Continued)

(c) Discounts, Incentives, Concessions, & Write-offs

Rates Discounts

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates - change from UV to GRV valuation basis	Concession			24,124	0	0
General rates - interest and prior year errors	Write off			3,358	5,000	1,016
				27,482	5,000	1,016
Total discounts/concessions (Note 30(a))				27,482	5,000	1,016

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.
General rates - interest and prior year errors	Rates debt balance generally less than \$5 on any property	Reduce debt administration costs	Staff resources spent on more productive activities.



30. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	10/09/2020	0.00	0.00%	8.00%
Option Two				
First instalment	10/09/2020	0.00	0.00%	8.00%
Second instalment	12/11/2020	13.00	2.75%	8.00%
Third instalment	14/01/2021	13.00	2.75%	8.00%
Fourth instalment	18/03/2021	13.00	2.75%	8.00%

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Interest on unpaid rates	17,738	37,865	67,242
Interest on instalment plan	33,912	35,303	69,624
Charges on instalment plan	80,236	87,243	84,372
	131,886	160,411	221,238



31. RATE SETTING STATEMENT INFORMATION

		2020/21 Budget	2020/21	2019/20
	2020/21 (30 June 2021 Carried Forward)	(30 June 2021 Carried Forward)	(1 July 2020 Brought Forward)	(30 June 2020 Carried Forward)
Note	\$	\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	11(a)	(18,861)	0	(1,170,841)
Less: Movement in liabilities associated with restricted cash		(2,109,196)	2,411,684	2,411,684
Less: Fair value adjustments to financial assets at fair value through profit and loss		(2,587)	0	(1,152)
Movement in pensioner deferred rates (non-current)		(16,500)	(6,159)	(6,159)
Movement in employee benefit provisions (non-current)		(30,913)	47,680	47,680
Movement in contract liabilities (non-current)		(165,151)		
Add: Loss on disposal of assets	11(a)	1,322,374	0	122,079
Add: Depreciation on non-current assets	11(c)	5,270,048	5,289,647	5,253,788
Non cash amounts excluded from operating activities		4,249,214	6,657,079	6,657,079
(b) Non-cash amounts excluded from investing activities				
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> .				
Adjustments to investing activities				
Movement in non current liability from transfers to acquire or construct non-financial assets to be controlled by the entity		165,151	0	0
Non cash amounts excluded from investing activities		165,151	0	0
(c) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserves - cash/financial asset backed	4	(21,838,892)	(14,017,236)	(22,205,416)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	19(a)	333,977	750,000	250,116
- Current portion of contract liability held in reserve		2,444,924	602,792	4,719,271
- Current portion of lease liabilities		167,309	86,490	143,625
Total adjustments to net current assets		(18,892,682)	(12,577,953)	(17,092,404)
Net current assets used in the Rate Setting Statement				
Total current assets		28,262,811	18,083,044	27,179,668
Less: Total current liabilities		(8,408,940)	(5,286,105)	(9,612,766)
Less: Total adjustments to net current assets		(18,892,682)	(12,577,953)	(17,092,404)
Net current assets used in the Rate Setting Statement		961,190	218,987	474,501

(d) Adjustments to current assets and liabilities at 1 July 2020 on application of new accounting standards

Total current assets at 30 June 2020		27,179,668
Adjustments on application of new accounting standards		0
Total current assets at 1 July 2020		27,179,668
Total current liabilities at 30 June 2020		(9,612,766)
Adjustments on application of new accounting standards		0
Total current liabilities at 1 July 2020		(9,612,766)



32. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2021					
Cash and cash equivalents	0.50%	14,443,059	3,011,369	11,431,690	0
2020					
Cash and cash equivalents	1.27%	17,245,523	4,000,000	13,245,523	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

	2021	2020
	\$	\$
	114,317	132,455

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 19(b).



32. 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. Whilst the Shire was historically able to charge interest on overdue rates and annual charges at higher than market rates, which further encourage payment.

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2021					
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
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	293,046	52,209	27,084	23,770	396,109

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Trade and other receivables					
Expected credit loss					
Gross carrying amount	154,472	4,120	8,759	2,760	170,111
30 June 2020					
Trade and other receivables					
Expected credit loss					
Gross carrying amount	493,899	2,708	908	284,413	781,928



32. 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 19(e).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
2021	\$	\$	\$	\$	\$
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
	2,300,363	1,298,072	1,203,222	4,801,657	6,744,308
2020					
Payables	3,062,746	0	0	3,062,746	3,062,746
Borrowings	348,079	1,033,450	1,165,249	2,546,778	1,963,116
Lease liabilities	143,625	365,128	0	508,753	508,753
	3,554,450	1,398,578	1,165,249	6,118,277	5,534,615



33. 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.

34. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 1059 Service Concession Arrangements: Grantors

Service concessions assets are those where a third-party operator constructs assets for the Shire, upgrades existing assets of the Shire or uses existing assets of the Shire to operate and maintain the assets to provide a public service, for a specified period of time.

Council did not have any service concession arrangements during the 2020/21 financial year.



35. CORRECTION OF ERROR

The Shire previously recorded term deposits, with maturity of 3 months or less, as Cash and Cash Equivalents at 30 June 2020. In accordance with *Australian Accounting Standard AASB 101 Presentation of Financial Statements* and *AASB 107 Statement of Cash Flows* an investment normally qualifies as a cash equivalent only when it has a short maturity of three months or less from the date of acquisition. This error has been corrected in the current year, and prior year figures have been restated as follows:

Statement of Financial Position (Extract)	30 June 2020 \$	Increase/ (Decrease) \$	30 June 2020 (Restated) \$	30 June 2019 \$	Increase/ (Decrease) \$	01 July 2019 (Restated) \$
Cash and cash equivalents (Note 3)	25,645,523	(8,400,000)	17,245,523	19,441,957	(10,000,000)	9,441,957
Other Financial Assets - Term deposits (Note 3)	0	8,400,000	8,400,000	0	10,000,000	10,000,000
Total	25,645,523	0	25,645,523	19,441,957	0	19,441,957

Statement of Cash Flows	Reported at 30 June 2020 \$	Increase/ (Decrease) \$	Restated 30-Jun-20 \$	Reported at 30 June 2019 \$	Increase/ (Decrease) \$	Restated 30 June 2019 \$
Proceeds for financial assets at amortised cost - term deposits	0	1,600,000	1,600,000	0	529,158	529,158
Cash at beginning of the year	19,441,957	(10,000,000)	9,441,957	17,832,573	(10,529,158)	7,303,415
Cash and cash equivalent at the end of the year	25,645,523	(8,400,000)	17,245,523	19,441,957	(10,000,000)	9,441,957



36. 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:

	1 July 2020	Amounts Received	Amounts Paid	30 June 2021
	\$	\$	\$	\$
Eaton POS	411,961	94	(13,750)	398,305
Dardanup POS	97,543	23	0	97,566
Burekup POS	276,688	72,564	(72,500)	276,752
Tourism WA - Ferguson Valley Project	172,736	40	(82,588)	90,188
Trust Funds for Land Transaction	0	40,000	0	40,000
	958,928	112,721	(168,838)	902,811



37. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory 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.



38. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE 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.
GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local-laws relating to the fire prevention, animal control and protection of the environment, and other aspects of public safety including emergency services.
HEALTH 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.
EDUCATION AND WELFARE 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.
HOUSING To provide and maintain staff housing and elderly residents' housing.	Provision and maintenance of staff housing and elderly residents' housing.
COMMUNITY AMENITIES 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.
RECREATION AND CULTURE 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.
TRANSPORT 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.
ECONOMIC SERVICES To help promote the shire and its economic wellbeing.	To help promote the shire and its economic wellbeing.
OTHER PROPERTY AND SERVICES To monitor and control Council's overheads operating accounts.	Private works operations, plant repairs and operations costs, engineering operation costs.



39. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	1.512	1.270	1.096
Asset consumption ratio	0.653	0.642	0.655
Asset renewal funding ratio	1.601	1.100	1.273
Asset sustainability ratio	1.312	0.901	0.930
Debt service cover ratio	4.368	14.774	8.499
Operating surplus ratio	-0.181	0.012	-0.064
Own source revenue coverage ratio	0.754	0.848	0.851

The above ratios are calculated as follows:

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





Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 Shire of Dardanup

To the Councillors of the Shire of Dardanup

Report on the audit of the annual financial report

Opinion

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

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

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

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

Basis for opinion

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



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

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

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

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

Auditor's responsibility for the audit of the financial report

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

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

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

Report on other legal and regulatory requirements

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

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

Other matter

The financial ratios for 2019 in Note 39 of the financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2019. The auditor expressed an unmodified opinion on the financial report for that year.

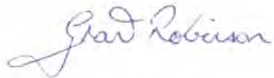
Other information

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

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

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Dardanup for the year ended 30 June 2021 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
8 December 2021

[Appendix ORD: 12.4.4A]

RISK ASSESSMENT TOOL								
OVERALL RISK EVENT:		Failing to monitor the financial performance can increase the risk of a negative impact on the Shire's financial position. Non-compliance with legislative requirement could result in a qualified audit.						
RISK THEME PROFILE:								
		3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)						
RISK ASSESSMENT CONTEXT:		Operational						
CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	Not monitoring ongoing financial performance would increase the risk of a negative impact on the financial position.	Moderate (3)	Unlikely (2)	Moderate (5 - 11)	Not required.	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Non-compliance with the legislative requirements that results in a qualified audit.	Minor (2)	Unlikely (2)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
REPUTATIONAL	Non-compliance that results in a qualified audit can lead stakeholders to question the Council's ability to manage finances effectively.	Insignificant (1)	Unlikely (2)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.



Monthly Financial Report

For the Period

1 July 2021 to 30 November 2021

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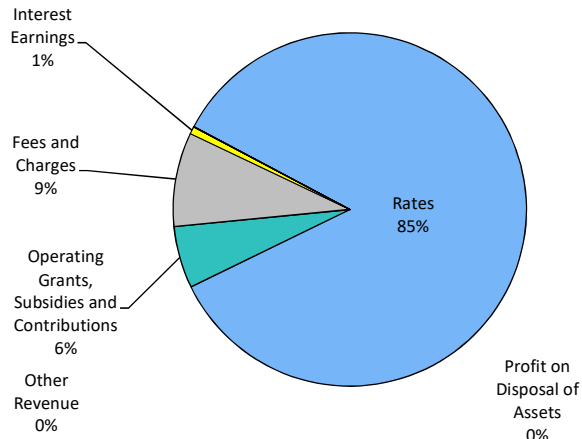
[Appendix ORD: 12.4.4B]



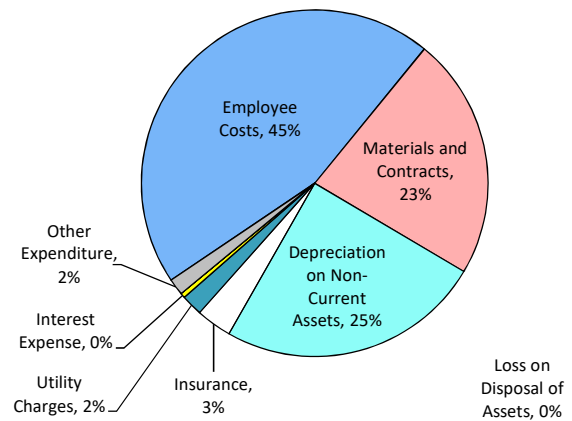
Monthly Financial Report For the Period Ended 30 November 2021

SUMMARY GRAPHS

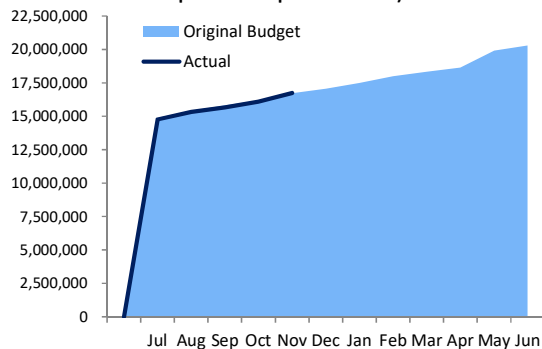
OPERATING REVENUE - ACTUAL YTD



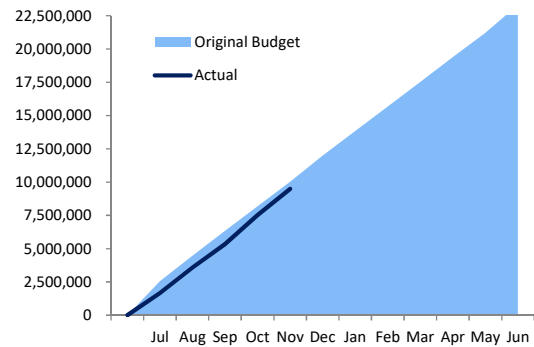
OPERATING EXPENSES - ACTUAL YTD



Total Operating Revenue - Budget - v Actual (excludes profit on disposal of assets)

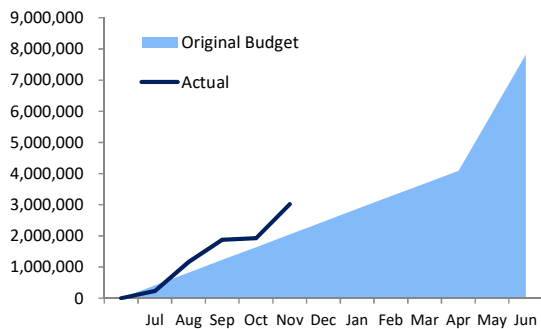


Total Operating Expenses - Budget - v Actual



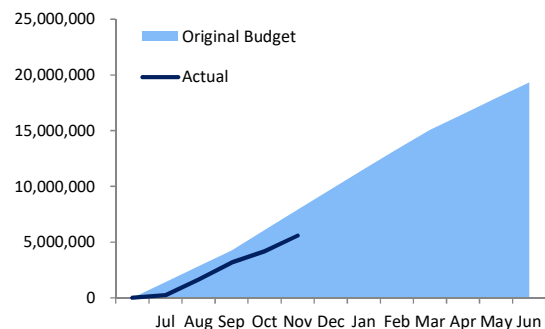
CAPITAL REVENUE

Capital Revenue - Budget - v - Actual



CAPITAL EXPENSES

Capital Expenses - Budget - v - Actual



This information is to be read in conjunction with the accompanying Financial Statements and Notes

[Appendix ORD: 12.4.4B]



Statement of Financial Activity by Program For the Period Ended 30 November 2021 (Covering 5 months or 42% of the year)

	Sch	2021/22 Adopted Budget \$	2021/22 Revised Budget \$	2021/22 Y-T-D Revised Budget \$	2021/22 Y-T-D Actual \$	Variance Y-T-D Actual to Revised Budget \$	Variance Y-T-D Actual to Revised Budget %	2021/22 Forecast \$	2020/21 Last Year Estimated Actual \$
OPERATING ACTIVITIES									
Revenue									
Governance	4	800	800	325	313	(12)	(3.6%)	800	23,979
General Purpose Funding	3	15,793,559	15,793,559	14,511,876	14,460,958	(50,918)	(0.4%)	15,771,222	15,328,126
Law, Order, Public Safety	5	513,681	859,526	342,178	263,505	(78,673)	(23.0%) ▼	686,045	647,418
Health	7	16,650	16,650	6,935	21,541	14,606	210.6%	16,650	5,489
Education and Welfare	8	6,000	11,000	7,500	0	(7,500)	(100.0%)	11,000	10,017
Community Amenities	10	1,770,752	1,591,874	723,753	721,815	(1,938)	(0.3%)	1,754,137	1,592,566
Recreation and Culture	11	1,687,284	1,783,937	800,629	937,799	137,170	17.1% ▲	1,823,398	1,633,968
Transport	12	157,524	157,524	133,459	145,356	11,897	8.9%	157,524	153,523
Economic Services	13	189,980	189,980	79,720	62,451	(17,269)	(21.7%)	169,980	158,933
Other Property and Services	14	3,815,130	3,815,130	1,589,620	128,390	(1,461,230)	(91.9%) ▼	3,815,130	270,536
Total Operating Revenue		23,951,359	24,219,980	18,195,995	16,742,129	(1,453,866)	(8.0%)	24,205,886	19,824,555
Operating Expenses									
Governance	4	(1,272,496)	(1,377,185)	(606,824)	(479,144)	127,680	21.0% ▲	(1,358,685)	(1,084,776)
General Purpose Funding	3	(530,474)	(530,474)	(162,923)	(141,569)	21,354	13.1%	(530,474)	(367,084)
Law, Order, Public Safety	5	(1,666,216)	(2,012,061)	(876,310)	(755,559)	120,751	13.8% ▲	(1,836,888)	(1,736,734)
Health	7	(552,143)	(552,143)	(243,912)	(229,845)	14,067	5.8%	(551,840)	(508,635)
Education and Welfare	8	(878,754)	(913,754)	(405,089)	(361,474)	43,615	10.8% ▲	(915,678)	(831,897)
Community Amenities	10	(3,385,649)	(3,645,363)	(1,373,352)	(1,012,958)	360,394	26.2% ▲	(3,328,805)	(2,805,205)
Recreation & Culture	11	(8,026,956)	(8,178,109)	(3,451,665)	(3,302,901)	148,764	4.3%	(8,279,956)	(8,085,668)
Transport	12	(6,443,340)	(6,443,340)	(2,682,462)	(2,696,729)	(14,267)	(0.5%)	(6,443,340)	(6,352,869)
Economic Services	13	(563,127)	(564,127)	(250,923)	(231,305)	19,618	7.8%	(518,493)	(481,257)
Other Property and Services	14	(408,728)	(438,728)	(278,042)	(281,780)	(3,738)	(1.3%)	(180,815)	(710,322)
Total Operating Expenditure		(23,727,883)	(24,655,284)	(10,331,502)	(9,493,263)	838,239	8.1%	(23,944,974)	(22,964,447)
Net Operating Activities		223,477	(435,304)	7,864,493	7,248,866	(615,627)	7.8%	260,912	(3,139,892)

(continued next page)

[Appendix ORD: 12.4.4B]



Statement of Financial Activity by Program For the Period Ended 30 November 2021 (Covering 5 months or 42% of the year)

	2021/22 Adopted Budget \$	2021/22 Revised Budget \$	2021/22 Y-T-D Revised Budget \$	2021/22 Y-T-D Actual \$	Variance Y-T-D Actual to Revised Budget \$	Variance Y-T-D Actual to Revised Budget %	2021/22 Forecast \$	2020/21 Last Year Estimated Actual \$
Net Operating Activities (from previous page)	223,477	(435,304)	7,864,493	7,248,866	(615,627)	(7.8%)	260,912	(3,139,892)
ADJUSTMENTS OF NON CASH ITEMS								
(Profit)/Loss on Asset Disposals	(3,637,796)	(3,637,796)	(1,515,750)	0	1,515,750	100.0% ▲	(3,637,796)	1,303,513
Accruals	0	0	0	4,425	4,425	100.0%	(18,639)	(47,412)
Fair value adjustment to financial assets	0	0	0	0	0	0.0%	0	(2,586)
Movement in contract liabilities associated with restricted cash	(3,053,776)	(3,053,776)	(518,724)	(686,281)	(167,557)	(32.3%) ▼	(3,053,775)	(2,109,196)
Contra Repayment of Prefunded Infrastructure	0	0	0	0	0	0.0%	0	0
Depreciation on Assets	5,635,083	5,635,083	2,347,915	2,347,955	40	0.0%	5,635,083	5,270,048
Adjusted Net Operating Activities	A (833,012)	(1,491,793)	8,177,934	8,914,965	737,031	9.0%	(814,215)	1,274,475
INVESTING ACTIVITIES								
Revenue								
Non-operating grants, subsidies & contributions	7,805,595	8,800,066	3,720,510	3,017,439	(703,071)	(18.9%) ▼	9,326,856	5,269,566
Proceeds from Disposal of Assets	5,170,384	5,170,384	2,154,320	105,444	(2,048,876)	(95.1%) ▼	5,193,287	229,045
Total Capital Revenue	12,975,979	13,970,450	5,874,830	3,122,882	(2,751,948)	(46.8%)	14,520,143	5,498,611
Expenditure								
Land & Buildings	(11,269,366)	(11,269,366)	(4,695,505)	(3,476,161)	1,219,344	26.0% ▲	(11,269,366)	(2,077,708)
Infrastructure Assets - Road / Bridges / Paths	(5,843,154)	(6,080,876)	(2,098,378)	(990,540)	1,107,838	52.8% ▲	(6,080,877)	(3,989,623)
Infrastructure Assets - Parks & Gardens	(1,041,348)	(1,210,941)	(504,525)	(229,854)	274,671	54.4% ▲	(1,203,659)	(363,538)
Vehicles	(600,054)	(600,054)	(250,020)	(391,225)	(141,205)	(56.5%) ▼	(632,198)	(531,430)
Furniture & Fittings	(90,315)	(95,315)	(37,620)	(5,418)	32,203	85.6% ▲	(95,315)	(24,754)
Total Capital Expenditure	(19,343,237)	(19,755,552)	(7,793,963)	(5,584,340)	2,209,623	28.4%	(19,780,414)	(6,987,053)
Net Capital Activities	B (6,367,258)	(5,785,102)	(1,919,133)	(2,461,457)	(542,324)	(28.3%)	(5,260,272)	(1,488,442)
FINANCING ACTIVITIES								
Revenue								
Proceeds from New Loans	320,000	320,000	320,000	0	(320,000)	(100.0%) ▼	320,000	750,000
Transfers from Reserves	17,937,355	18,192,463	3,768,217	2,872,723	(895,494)	(23.8%) ▼	17,540,728	7,607,708
Total Financing Revenue	18,257,355	18,512,463	4,088,217	2,872,723	(1,215,494)	29.7%	17,860,728	8,357,708
Expenditure								
Repayment of Loans	(349,517)	(349,517)	(174,759)	(165,114)	9,645	5.5%	(349,517)	(250,116)
Principal element of finance lease payments	(334,246)	(334,246)	(140,471)	(114,496)	25,975	18.5% ▲	(334,246)	(165,751)
Transfers to Reserves	(10,526,326)	(11,356,326)	0	(1,404,537)	(1,404,537)	(100.0%) ▼	(12,061,994)	(7,241,183)
Total Financing Expenditure	(11,210,089)	(12,040,089)	(315,230)	(1,684,146)	(1,368,916)	(434.3%)	(12,745,757)	(7,657,050)
Net Financing Activities	C 7,047,266	6,472,374	3,772,987	1,188,577	(2,584,410)	68.5%	5,114,971	700,658
FUNDING SOURCES								
Surplus/(Deficit) July 1 B/Fwd	D 169,557	961,190	961,190	961,190	0	0.0%	961,190	474,501
CLOSING FUNDS (A+B+C+D)	16,552	156,668	10,992,978	8,603,276	(2,389,703)	21.7%	1,675	961,193

KEY INFORMATION

▲ ▼ Indicates a significant variance between Year-to-Date (YTD) Revised Budget and YTD Actual data as per the adopted materiality threshold.

▲ indicates a positive impact on the surplus/deficit position. ▼ indicates a negative impact on the surplus/deficit position.

Refer to Note 2 for an explanation of the reasons for the variance.

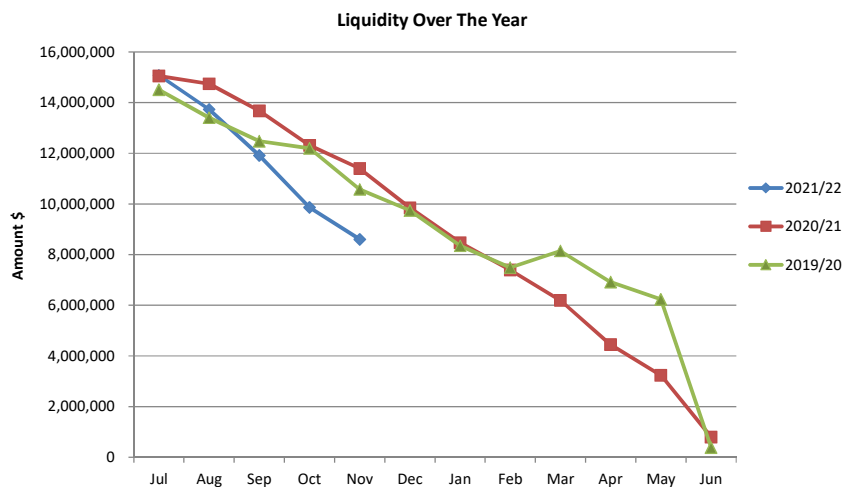
This statement to be read in conjunction with the accompanying Financial Statements and Notes

[Appendix ORD: 12.4.4B]



Statement of Financial Activity by Program For the Period Ended 30 November 2021 NET CURRENT ASSETS

Note	Year to Date Actual 30-Nov-2021 \$	Same Time Last Year Actual 30-Nov-2020	Last Year Closing 30 June 2021 \$
Represented By:			
CURRENT ASSETS			
Cash and Cash Equivalents	27,735,310	31,085,843	27,043,224
Rates Debtors Outstanding	4,058,409	4,133,087	309,045
Pensioner Rates Rebate	21,513	8,825	46,375
Sundry Debtors	1,048,278	340,591	170,111
Accrued Revenue	12,979	22,865	119,951
Prepaid Expenses	0	0	40,180
Goods & Services Tax / BAS Refund	516,300	91,190	351,138
Other Receivables	4,140	2,772	0
Inventories - Materials	6,318	11,917	6,318
Inventories- Trading Stock - Recreation Centre	5,842	7,310	5,842
Current Assets	33,409,089	35,704,398	28,092,185
LESS CURRENT LIABILITIES			
Payables:			
Sundry Creditors	(774,216)	(581)	(1,798,946)
Goods & Services Tax / BAS Payable	0	0	0
Other Payables	(527,122)	(300,179)	(24,697)
Municipal Bonded Liabilities	(596,269)	(750,723)	(675,602)
Contract Liabilities	(2,753,258)	(4,862,895)	(2,639,655)
Prepaid Revenue - Rates / PPL	(215,975)	(229,718)	(782,454)
Accrued Interest on Debentures	(30,331)	(33,404)	(30,331)
Accrued Salaries & Wages	0	0	(141,811)
Other Accrued Expenses	0	0	(117,261)
Borrowings - Debentures	(133,613)	(126,712)	(333,977)
Provisions:			
Staff Leave Provisions	(1,464,026)	(1,437,008)	(1,693,713)
Current Liabilities	(6,494,809)	(7,741,221)	(8,238,447)
Net Current Assets	26,914,281	27,963,178	19,853,738
Less: Restricted Assets / Reserve Funds	(20,370,704)	(21,556,863)	(21,838,890)
Add: Current - Borrowings	133,613	126,712	333,977
Add: Current - Contract Liabilities held in Reserve accounts	1,758,646	4,862,895	2,444,924
Add: Current - Contract Liabilities - Leases	167,441		167,441
CLOSING FUNDS / NET CURRENT ASSETS (per previous page)	8,603,276	11,395,921	961,190



[Appendix ORD: 12.4.4B]



Statement of Comprehensive Income by Nature or Type For the Period Ended 30 November 2021 (Covering 5 months or 42% of the year)

	2021/22 Adopted Budget \$	2021/22 Revised Budget \$	2021/22 Y-T-D Revised Budget \$	2021/22 Y-T-D Actual \$	Variance Y-T-D Actual to Revised Budget \$	Variance Y-T-D Actual to Revised Budget %	2021/22 Forecast \$	2020/21 Last Year Estimated Actual \$
Revenue								
Rates	14,286,379	14,286,379	14,259,720	14,231,885	(27,835)	0.2%	14,286,379	13,812,484
Grants, Subsidies & Contributions	2,656,447	2,901,067	916,928	948,096	31,168	(3.4%)	2,895,804	2,507,208
Fees and Charges	3,110,375	3,134,375	1,367,600	1,443,081	75,481	(5.5%)	3,137,760	3,237,538
Interest Earnings	196,149	196,149	124,449	114,285	(10,164)	8.2%	183,933	212,518
Other Revenue	28,653	28,653	7,163	4,783	(2,380)	0.0%	28,653	30,683
	<u>20,278,002</u>	<u>20,546,622</u>	<u>16,675,860</u>	<u>16,742,129</u>	<u>66,269</u>	<u>(0.4%)</u>	<u>20,532,529</u>	<u>19,800,431</u>
Expenses								
Employee Costs	(10,840,096)	(10,896,958)	(4,588,297)	(4,305,406)	282,891	6.2%	(10,465,001)	(10,661,612)
Materials and Contracts	(6,060,249)	(6,929,003)	(2,693,269)	(2,144,481)	548,788	20.4%	(6,655,301)	(4,278,695)
Utility Charges	(563,170)	(563,170)	(234,513)	(187,321)	47,192	20.1%	(563,170)	(589,476)
Depreciation on Non-current Assets	(5,635,083)	(5,635,083)	(2,347,915)	(2,347,955)	(40)	(0.0%)	(5,635,083)	(5,270,048)
Interest Expense	(123,418)	(118,951)	(52,527)	(42,896)	9,631	18.3%	(118,951)	(106,470)
Insurance	(337,242)	(337,242)	(216,236)	(318,720)	(102,484)	(47.4%)	(337,591)	(310,162)
Other	(426,355)	(432,605)	(210,348)	(146,485)	63,863	30.4%	(427,605)	(420,346)
	<u>(23,985,614)</u>	<u>(24,913,013)</u>	<u>(10,343,105)</u>	<u>(9,493,263)</u>	<u>849,842</u>	<u>8.2%</u>	<u>(24,202,703)</u>	<u>(21,636,809)</u>
Operational Surplus / (Deficit)	(3,707,611)	(4,366,390)	6,332,755	7,248,866	916,111	(14.5%)	(3,670,174)	(1,836,378)
Grants & Contributions for the Development of Assets	7,805,596	8,800,066	3,720,510	3,017,439	(703,071)	(18.9%)	9,326,856	5,269,566
Profit on Asset Disposals	3,648,330	3,648,330	1,515,750	0	(1,515,750)	0.0%	3,648,330	0
Loss on Asset Disposals	(10,534)	(10,534)	0	0	0	0.0%	(10,534)	(1,303,513)
Fair Value Adjustment to Financial Assets	0	0	0	0	0	0.0%	0	0
	<u>11,443,392</u>	<u>12,437,862</u>	<u>5,236,260</u>	<u>3,017,439</u>	<u>(2,218,821)</u>	<u>42.4%</u>	<u>12,964,652</u>	<u>3,966,052</u>
NET RESULT	7,735,781	8,071,471	11,569,015	10,266,305	(1,302,710)	11.3%	9,294,478	2,129,674
Other Comprehensive Income								
Changes on Revaluation of Non-Current Assets	0	0	0	0	0	0.0%	0	0
TOTAL COMPREHENSIVE INCOME	<u>7,735,781</u>	<u>8,071,471</u>	<u>11,569,015</u>	<u>10,266,305</u>	<u>(1,302,710)</u>	<u>11.3%</u>	<u>9,294,478</u>	<u>2,129,674</u>

[Appendix ORD: 12.4.4B]



Notes to the Statement of Financial Activity For the Period Ended 30 November 2021

1. PROGRAMS / ACTIVITIES

In order to discharge its responsibilities to the community, the Shire has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision and for each of its broad activities/programs.

COMMUNITY VISION

Provide effective leadership in encouraging balanced growth and development of the Shire while recognising the diverse needs of the community.

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GENERAL PURPOSE FUNDING	To collect revenue to allow for the provision of services	Rates, general purpose government grants and interest revenue.
GOVERNANCE	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.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local-laws relating to the fire prevention, animal control and protection of the environment, and other aspects of public safety including emergency services.
HEALTH	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.
EDUCATION AND WELFARE	To provide services to children, youth, the elderly and disadvantaged persons.	Pre-school and other education services, child minding facilities, playgroups, senior citizens' centres.
COMMUNITY AMENITIES	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.
RECREATION AND CULTURE	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.
TRANSPORT	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.
ECONOMIC SERVICES	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.
OTHER PROPERTY & SERVICES	To monitor and control Council's overheads operating accounts.	Private works operations, plant repairs and operations costs, engineering operation costs.

[Appendix ORD: 12.4.4B]



Notes to the Statement of Financial Activity For the Period Ended 30 November 2021

2. EXPLANATION OF MATERIAL VARIANCES IN THE STATEMENT OF FINANCIAL ACTIVITY BY PROGRAM

The material variances adopted by the Shire of Dardanup for reporting in the 2021/22 year is 5% or \$25,000, whichever is the greater.
All variances are between Year-to-Date Actual and Year-to-Date Revised Budget values.

	Sch	2021/22 Y-T-D Revised Budget \$	2021/22 Y-T-D Actual \$	Variance to Y-T-D Revised Budget \$	Variance to Y-T-D Revised Budget %	Timing / Permanent	Material Variance - Explanation
OPERATING ACTIVITIES							
Revenue							
Governance	4	325	313	(12)	(3.6%)		
General Purpose Funding	3	14,511,876	14,460,958	(50,918)	(0.4%)		
Law, Order, Public Safety	5	342,178	263,505	(78,673)	(23.0%)	▼ Permanent / Timing	Permanent: Less grant revenue \$71,000 bushfire risk management planning (program ended); Timing: \$64,000 less grant revenue recognised for bushfire mitigation activity; \$20,000 additional ESL supplementary BFB operating grant & \$32,000 for Emergency Management conference grant and attendance fees..
Health	7	6,935	21,541	14,606	210.6%		
Education and Welfare	8	7,500	0	(7,500)	(100.0%)		
Community Amenities	10	723,753	721,815	(1,938)	(0.3%)		
Recreation and Culture	11	800,629	937,799	137,170	17.1%	▲ Permanent / Timing	Permanent: \$80,000 additional revenue from DFES Disaster Recovery Grant for May 2020 storm damage claim, \$23,000 contribution to Library relocation. Timing: higher Recreation Centre revenue from court hire, café sales & vacation care \$39,000, Library operating grants \$7,000.
Transport	12	133,459	145,356	11,897	8.9%		
Economic Services	13	79,720	62,451	(17,269)	(21.7%)		
Other Property and Services	14	1,589,620	128,390	(1,461,230)	(91.9%)	▼ Timing	\$1,520,000 for profit on sale of land which will be recognised upon completion of the planned sale of Council land. Budget amount is for an even spread over the year. \$61,000 additional revenue to date from workers compensation claims & paid parental leave.
Total Operating Revenue		18,195,995	16,742,129	(1,453,866)	(8.0%)		
Operating Expenses							
Governance	4	(606,824)	(479,144)	127,680	21.0%	▲ Timing	Lower costs to date for: Elected members fees, allowances & administration costs \$28,000, audit fees \$19,000, Other Governance including receptions, public relation & general administration \$35,000, election expenses \$45,500.
General Purpose Funding	3	(162,923)	(141,569)	21,354	13.1%		
Law, Order, Public Safety	5	(876,310)	(755,559)	120,751	13.8%	▲ Permanent: Timing	Permanent - Lower costs to date for Bushfire Risk Management Planning (program ended) \$47,000, Timing: Lower costs to date for bush fire mitigation activity \$96,000, animal control \$11,000
Health	7	(243,912)	(229,845)	14,067	5.8%		
Education and Welfare	8	(405,089)	(361,474)	43,615	10.8%	▲ Timing	Lower costs to date for community programs & donations \$31,000, Place & Community administration \$12,000.
Community Amenities	10	(1,373,352)	(1,012,958)	360,394	26.2%	▲ Timing	Lower costs to date for: household sanitation \$72,000, environmental expenses \$9,000, planning consultants \$164,000 (includes Wanju & Waterloo developer contribution plan), Planning salaries and administration \$104,000, public toilet maintenance \$7,000.
Recreation & Culture	11	(3,451,665)	(3,302,901)	148,764	4.3%		
Transport	12	(2,682,462)	(2,696,729)	(14,267)	(0.5%)		
Economic Services	13	(250,923)	(231,305)	19,618	7.8%		
Other Property and Services	14	(278,042)	(281,780)	(3,738)	(1.3%)		
Total Operating Expenditure		(10,331,502)	(9,493,263)	838,239	(8.1%)		
Net Operating Activities		7,864,493	7,248,866	(615,627)	(7.8%)		

(continued next page)



Notes to the Statement of Financial Activity
For the Period Ended 30 November 2021

2. EXPLANATION OF MATERIAL VARIANCES IN THE STATEMENT OF FINANCIAL ACTIVITY BY PROGRAM (continued)

	2021/22 Y-T-D Revised Budget \$	2021/22 Y-T-D Actual \$	Variance to Y-T-D Revised Budget \$	Variance to Y-T-D Revised Budget %	Timing / Permanent	Material Variance - Explanation
Net Operating Activities (from previous page)	7,864,493	7,248,866	(615,627)	(7.8%)		
ADJUSTMENTS OF NON CASH ITEMS						
(Profit)/Loss on Asset Disposals	(1,515,750)	0	1,515,750	100.0%	▲ Timing	Variance is for recognition of profit on sale of land, which will occur upon completion of the sale of Council land. Budget is for an even spread over the year.
Accruals	0	4,425	4,425	0.0%		
Movement in Contract Liabilities	(518,724)	(686,281)	(167,557)	(32.3%)	▼ Timing	Movement is the net result of receipt of new contract liability grants that are transferred to the Unspent Grants Reserve and the transfer out of Reserve account for grant funds used on project construction.
Depreciation on Assets	2,347,915	2,347,955	40	0.0%		
Adjusted Net Operating Activities	8,177,934	8,914,965	737,031	9.0%		
INVESTING ACTIVITIES						
Revenue						
Non-operating grants, subsidies & contributions	3,720,510	3,017,439	(703,071)	(18.9%)	▼ Timing	Grant revenue is recognised concurrently with the related project expenditure. Road construction grants are lower due to construction not yet underway on major road upgrade and renewal projects.
Proceeds from Disposal of Assets	2,154,320	105,444	(2,048,876)	(95.1%)	▼ Timing	Variance is substantially due to timing of sale of land on Council Drive. Budget is for an even spread over the year.
Total Capital Revenue	5,874,830	3,122,882	(2,751,948)	(46.8%)		
Expenditure						
Land & Buildings	(4,695,505)	(3,476,161)	1,219,344	26.0%	▲ Timing	The budget is for an even spread of expenditure over the year. Costs incurred to date vary among the numerous building projects. Those with costs ahead of their Y-T-D budget include Eaton Skate Park, Eaton Bowling Club and Gnomesville public toilet. Buildings with lower costs to date include bush fire brigade facilities at Dardanup, Waterloo and Wellington Mills, Wells Recreation Park, Eaton Recreation Centre renovations, and new Eaton Administration Office & Library.
Infrastructure Assets - Road / Bridges / Paths	(2,098,378)	(990,540)	1,107,838	52.8%	▲ Timing	Year-to-date expenditure on road and path renewals and road upgrades is less than the year-to-date budget estimate by \$1,312,000, whilst overall costs attributed to upgrade of paths exceed Y-T-D budget by \$204,000 but within specific project budget estimates.
Infrastructure Assets - Parks & Gardens	(504,525)	(229,854)	274,671	54.4%	▲ Timing	Carried forward projects are completed including Millars Creek lighting, Burekup Entry Statement and Gnomesville Master Plan. 2021/22 projects are mostly at planning and preliminaries stage.
Vehicles	(250,020)	(391,225)	(141,205)	(56.5%)	▼ Timing	Three utilities and a backhoe loader purchased to date. Replacement tip truck and three works utilities not yet purchased. The budget is for an even spread over the year.
Furniture & Fittings	(37,620)	(5,418)	32,203	85.6%	▲ Timing	No significant furniture items purchased to date. Budget is for an even spread over the year.
Total Capital Expenditure	(7,793,963)	(5,584,340)	2,209,623	(28.4%)		
Net Investing Activities	(1,919,133)	(2,461,457)	(542,324)	28.3%		

(continued next page)



Notes to the Statement of Financial Activity
For the Period Ended 30 November 2021

2. EXPLANATION OF MATERIAL VARIANCES IN THE STATEMENT OF FINANCIAL ACTIVITY BY PROGRAM (continued)

	2021/22 Y-T-D Revised Budget \$	2021/22 Y-T-D Actual \$	Variance to Y-T-D Revised Budget \$	Variance to Y-T-D Revised Budget %	Timing / Permanent	Material Variance - Explanation
FINANCING ACTIVITIES						
Revenue						
Proceeds from New Loans	320,000	0	(320,000)	(100.0%)	▼ Timing	Loan for purchase of new FOGO and waste bins for new waste collection service not yet raised.
Transfers from Reserves	3,768,217	2,872,723	(895,494)	(23.8%)	▼ Timing	Most transfers to date are from the Unspent Grants and Developer Contributions Reserve as related capital works are completed. All other transfers are scheduled to occur at year end.
Total Financing Revenue	4,088,217	2,872,723	(1,215,494)	(29.7%)		
Expenditure						
Repayment of Loans	(174,759)	(165,114)	9,645	5.5%		
Donated Assets	0	0	0	0.0%		
Advance to community groups	0	0	0	0.0%		
Contra Repayment of Prefunded Infrastructure	0	0	0	0.0%		
Principal element of finance lease payments	(140,471)	(114,496)	25,975	18.5%	▲ Timing	Lower costs to date for IT equipment leases
Transfers to Reserves	0	(1,404,537)	(1,404,537)	(100.0%)	▼ Timing	Tied grant funds received this year but not yet spent are transferred to Unspent Grants Reserve until used on related projects. Budget is for all transfers to reserves to occur at year end.
Total Financing Expenditure	(315,230)	(1,684,146)	(1,368,916)	434.3%		
Net Financing Activities	3,772,987	1,188,577	(2,584,410)	(68.5%)		
FUNDING SOURCES						
Surplus/(Deficit) July 1 B/Fwd	961,190	961,190	0	100.0%	Permanent	Final surplus from 2020/21 operations exceeded the estimate at the time of budget preparation.
CLOSING FUNDS (A+B+C+D)	10,992,978	8,603,276	(2,389,703)	(21.7%)		

[Appendix ORD: 12.4.4B]



Notes to the Statement of Financial Activity For the Period Ended 30 November 2021

3. TRUST FUNDS

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

NAME	BALANCE 1 JULY	RECEIPTS	INTEREST	PAYMENTS	ADJUSTMENTS (TRANSFERS)	CLOSING BALANCE
	\$	\$	\$	\$	\$	\$
Tourism WA for Ferguson Valley Project	90,188.24	0.00	0.00	0.00	0.00	90,188.24
Ross & Deborah Bevan	40,000.00	0.00	0.00	0.00	0.00	40,000.00
Public Open Space	772,623.28	0.00	0.00	0.00	0.00	772,623.28
Accrued Interest	0.00	0.00	0.00	0.00	0.00	0.00
Plus: Outstanding Creditors	0.00	0.00	0.00	0.00	0.00	0.00
Less: Outstanding Debtors	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	902,811.52	0.00	0.00	0.00	0.00	902,811.52

4. RESERVES - CASH BACKED

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

NAME	BALANCE 1 JULY	RECEIPTS	INTEREST	PAYMENTS	ADJUSTMENTS (TRANSFERS)	CLOSING BALANCE
	\$	\$	\$	\$	\$	\$
<i>Council Restricted</i>						
Executive & Compliance Vehicles Reserve	202,279.74	0.00	0.00	0.00	0.00	202,279.74
Plant & Engineering Equipment Reserve	871,486.80	0.00	0.00	0.00	0.00	871,486.80
Eaton Recreation Centre - Equipment Reserve	276,753.48	0.00	0.00	0.00	0.00	276,753.48
Building Maintenance Reserve	1,659,484.10	0.00	0.00	0.00	0.00	1,659,484.10
Employee Relief Reserve	265,072.67	0.00	0.00	0.00	0.00	265,072.67
Employee Leave Entitlements Reserve	37,705.89	0.00	0.00	0.00	0.00	37,705.89
Refuse Site Environmental Works Reserve	84,079.81	0.00	0.00	0.00	0.00	84,079.81
Information Technology Reserve	667,851.83	0.00	0.00	0.00	0.00	667,851.83
Roadwork Construction & Major Maintenance Reserve	1,133,127.85	0.00	0.00	0.00	0.00	1,133,127.85
Accrued Salaries Reserve	499,625.69	0.00	0.00	0.00	0.00	499,625.69
Tourism Reserve	11,752.79	0.00	0.00	0.00	0.00	11,752.79
Recycling Education Reserve	39,129.63	0.00	0.00	0.00	0.00	39,129.63
Road Safety Programs Reserve	26,722.94	0.00	0.00	0.00	0.00	26,722.94
Council Land Development Reserve	22,633.78	0.00	0.00	0.00	0.00	22,633.78
Carried Forward Projects Reserve	3,532,648.72	0.00	0.00	0.00	0.00	3,532,648.72
Election Expenses Reserve	32,037.85	0.00	0.00	0.00	0.00	32,037.85
Town Planning Consultancy Reserve	37,993.08	0.00	0.00	0.00	0.00	37,993.08
Parks & Reserves Upgrades Reserve	608,347.76	0.00	0.00	0.00	0.00	608,347.76
Strategic Planning Studies Reserve	116,763.87	0.00	0.00	0.00	0.00	116,763.87
Pathways Reserve	308,065.78	0.00	0.00	0.00	0.00	308,065.78
Asset / Rates Revaluation Reserve	284,307.30	0.00	0.00	0.00	0.00	284,307.30
Refuse & Recycling Bin Replacement Reserve	54,805.49	0.00	0.00	0.00	0.00	54,805.49
Sale of Land Reserve	4,579,909.25	0.00	0.00	0.00	0.00	4,579,909.25
Storm Water Reserve	158,311.93	0.00	0.00	0.00	0.00	158,311.93
	15,510,898.03	0.00	0.00	0.00	0.00	15,510,898.03
<i>Statute Restricted</i>						
Contribution to Works Reserve	756,143.02	0.00	8,398.94	0.00	0.00	764,541.96
Eaton Drive - Access Construction Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Eaton Drive - Scheme Construction Reserve	11,332.08	0.00	0.00	(11,332.08)	0.00	0.00
Fire Control Reserve	11,569.40	0.00	0.00	0.00	0.00	11,569.40
Collie River (Eaton Drive) Bridge Construction Reserve	1,290,499.74	0.00	0.00	(325,326.38)	0.00	965,173.36
Unspent Grants Reserve	3,161,706.49	1,330,237.50	0.00	(2,536,065.02)	0.00	1,955,878.97
Swimming Pool Inspection Reserve	4,501.19	0.00	0.00	0.00	0.00	4,501.19
Burekup - Public Open Space	72,500.00	0.00	0.00	0.00	0.00	72,500.00
Unspent Specified Area Rate - Bulk Waste Collection Reserve	87,646.82	0.00	0.00	0.00	0.00	87,646.82
Unspent Specified Area Rate - Eaton Landscaping Reserve	140,765.96	0.00	0.00	0.00	0.00	140,765.96
Wanju Developer Contribution Plan Unspent Loan Reserve	750,000.00	0.00	0.00	0.00	0.00	750,000.00
Dardanup Expansion Developer Contribution Plan Reserve	41,327.68	0.00	0.00	0.00	0.00	41,327.68
	6,327,992.38	1,330,237.50	8,398.94	(2,872,723.48)	0.00	4,793,905.34
Interest	0.00	0.00	65,900.60	0.00	0.00	65,900.60
Less: Outstanding Debtors	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	21,838,890.41	1,330,237.50	74,299.54	(2,872,723.48)	0.00	20,370,703.97

[Appendix ORD: 12.4.4B]



Notes to the Statement of Financial Activity For the Period Ended 30 November 2021

5. MUNICIPAL LIABILITIES

Funds held at reporting date for bonds and deposits not required to be held in the Trust Fund and classified as restricted to recognise that they are owed to developers/hirers and others. These are now classified as Municipal Liabilities as follows:

	BALANCE 1 JULY	RECEIPTS	INTEREST	PAYMENTS	ADJUSTMENTS (TRANSFERS)	CLOSING BALANCE
	\$	\$	\$	\$	\$	\$
Retention Bonds						
Ardross Estate Pty Ltd	0.00	0.00	0.00	0.00	0.00	0.00
Parkridge Group	86,067.06	17,677.51	0.00	(51,384.53)	0.00	52,360.04
South West Waste	10,777.36	0.00	0.00	0.00	0.00	10,777.36
Henty Brooke Estate	9,699.37	0.00	0.00	0.00	0.00	9,699.37
D Maher	8,186.85	0.00	0.00	(8,186.85)	0.00	0.00
Clifton Partners	347.34	0.00	0.00	0.00	0.00	347.34
Cristopher West Consultants	9,998.04	0.00	0.00	0.00	0.00	9,998.04
Burra98 Unit Trust	11,214.04	0.00	0.00	0.00	0.00	11,214.04
NTC Pty Ltd	779.33	0.00	0.00	0.00	0.00	779.33
Dale Thompson	2,078.72	0.00	0.00	0.00	0.00	2,078.72
Barry Garvey	3,540.62	0.00	0.00	(3,540.62)	0.00	0.00
Civil Tech	32,158.31	0.00	0.00	0.00	0.00	32,158.31
Westgate Property Group	18,375.50	0.00	0.00	0.00	0.00	18,375.50
Cleary Estate	3,132.42	0.00	0.00	(3,132.42)	0.00	0.00
Little Meadow Pty Ltd	15,631.53	0.00	0.00	0.00	0.00	15,631.53
Winterfall Nominees Pty Ltd	4,111.16	0.00	0.00	(4,111.16)	0.00	0.00
Thomas Fields Pty Ltd	22,763.74	0.00	0.00	(22,763.74)	0.00	0.00
Holland Loop Pty Ltd	19,370.00	0.00	0.00	0.00	0.00	19,370.00
Terrence J Coman	8,384.63	0.00	0.00	0.00	0.00	8,384.63
Garvey Road Pty Ltd	36,393.21	0.00	0.00	(2,870.61)	0.00	33,522.60
Burekup Developments Pty Ltd	7,250.91	0.00	0.00	(4,700.36)	0.00	2,550.55
Universal Marina Systems	4,123.29	0.00	0.00	0.00	0.00	4,123.29
Total - Retention Bonds	314,383.43	17,677.51	0.00	(100,690.29)	0.00	231,370.65
Extractive Industry Rehabilitation Bonds						
L G Davidson	1,290.20	0.00	0.00	0.00	0.00	1,290.20
M Denholm	845.24	0.00	0.00	0.00	0.00	845.24
S Catalano	1,340.36	0.00	0.00	0.00	0.00	1,340.36
Bunbury Agricultural Society	2,387.88	0.00	0.00	0.00	0.00	2,387.88
D Buser	1,282.84	0.00	0.00	0.00	0.00	1,282.84
Valli & Co	2,600.14	0.00	0.00	0.00	0.00	2,600.14
Charles Hull Contracting	7,603.41	0.00	0.00	0.00	0.00	7,603.41
J & P Group	135,809.01	0.00	0.00	0.00	0.00	135,809.01
Total - Extractive Industries Bonds	153,159.08	0.00	0.00	0.00	0.00	153,159.08
Specified Projects						
Dardanup Central Bushfire Station Refurbishment - Red Cross - A Poad Bequest	33,776.15	0.00	0.00	0.00	0.00	33,776.15
Wells Recreation Ground Refurbishment/Expansion - Red Cross - A Poad Bequest	53,139.81	0.00	0.00	0.00	0.00	53,139.81
Total - Specified Projects	86,915.96	0.00	0.00	0.00	0.00	86,915.96
Sundry Deposits						
Unclaimed Monies	1,704.60	0.00	0.00	0.00	0.00	1,704.60
Bunbury Wellington Group of Councils	40,664.30	3,000.00	0.00	(500.00)	0.00	43,164.30
Total - Sundry Deposits	42,368.90	3,000.00	0.00	(500.00)	0.00	44,868.90
Election Deposits	0.00	640.00	0.00	(480.00)	0.00	160.00
Key Bonds	352.68	360.00	0.00	(240.00)	0.00	472.68
Hire Bonds	3,380.00	4,829.00	0.00	(3,929.00)	0.00	4,280.00
Kerb Bonds	75,041.91	0.00	0.00	0.00	0.00	75,041.91
Construction Training Fund	1,024.08	7,030.75	0.00	(1,729.80)	0.00	6,325.03
Building Services Levy	12,517.62	4,879.83	0.00	(6,689.81)	0.00	10,707.64
Development Assessment Panel	9,411.00	165.00	0.00	(9,576.00)	0.00	0.00
Less Outstanding Debtors	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	698,554.66	37,942.09	0.00	(123,354.90)	0.00	613,301.85

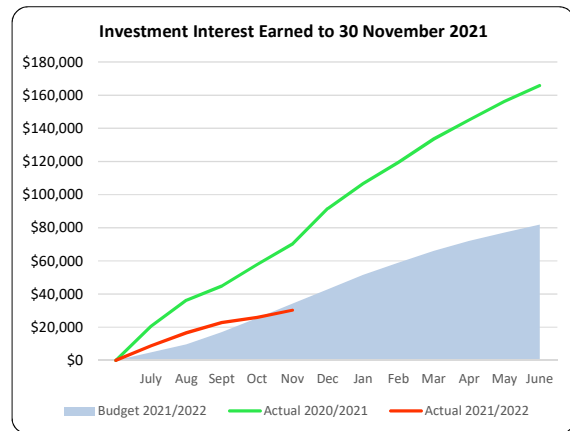
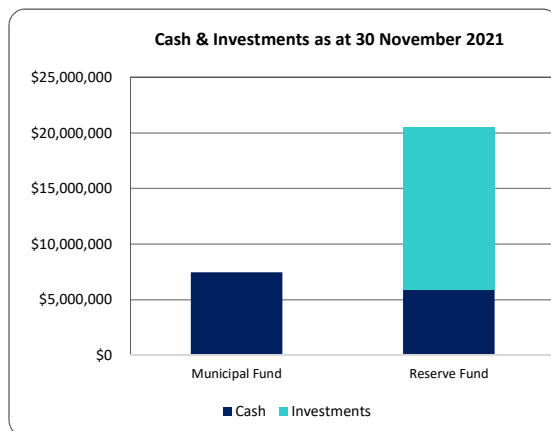
[Appendix ORD: 12.4.4B]



Notes to the Statement of Financial Activity For the Period Ended 30 November 2021

6. STATEMENT OF INVESTMENTS

BANK	TYPE	AMOUNT	RATE	DAYS	COMMENCEMENT	MATURITY	ESTIMATED INTEREST	INTEREST CREDITED 2021-2022
MUNICIPAL FUND								
CBA	Municipal Fund Bank Account	\$ 7,446,331.27	0.00%					\$0.00
	Interest received on matured deposits							\$3,241.10
		<u>\$ 7,446,331.27</u>					<u>\$0.00</u>	<u>\$3,241.10</u>
TRUST FUND								
CBA	Trust Fund Bank Account	\$ 902,811.52	0.00%				\$0.00	\$0.00
		<u>\$ 902,811.52</u>					<u>\$0.00</u>	<u>\$0.00</u>
RESERVE FUND								
CBA	Reserve Bank Account	\$ 5,924,552.56	0.00%				\$0.00	\$0.00
AMP	Term Deposit	\$ 1,100,000.00	0.75%	330	8/2021	7/2022	\$7,458.90	\$8,800.00
NAB	Term Deposit	\$ 1,500,000.00	0.32%	302	8/2021	6/2022	\$3,971.51	\$11,706.42
NAB	Term Deposit	\$ 1,000,000.00	0.29%	181	9/2020	3/2022	\$1,438.08	\$7,200.00
ANZ	Term Deposit	\$ 3,000,000.00	0.39%	304	10/2021	8/2022	\$9,744.66	
ANZ	Term Deposit - Interest Compounded	\$ 3,014,530.89	0.40%	335	10/2021	9/2022	\$11,067.04	\$3,162.13
ME Bank	Term Deposit	\$ 1,000,000.00	0.45%	273	9/2021	6/2022	\$3,365.75	\$2,231.51
NAB	Term Deposit	\$ 4,000,000.00	0.33%	304	8/2021	6/2022	\$10,993.97	
	Interest received on matured deposits							\$32,800.54
		<u>\$ 20,539,083.45</u>					<u>\$48,039.92</u>	<u>\$65,900.60</u>
Total Interest Received					\$ 10,614,530.89			<u>\$69,141.70</u>





Notes to the Statement of Financial Activity
For the Period Ended 30 November 2021

6. STATEMENT OF INVESTMENTS (continued)

Total Funds Invested

Total Funds Invested as at Reporting Date -

Municipal Fund Investment Portfolio	\$ -
Trust Fund Investment Portfolio	\$ -
Reserve Fund Investment Portfolio	\$ 14,614,530.89
	<u>\$ 14,614,530.89</u>

Investment Policy - Portfolio Risk Exposure

Council's investment policy provides a framework to manage the risks associated with financial investments.

Portfolio - Terms of Maturity

Limits are placed on the term to maturity thereby reducing the impact of any significant change in interest rate markets and to provide liquidity.

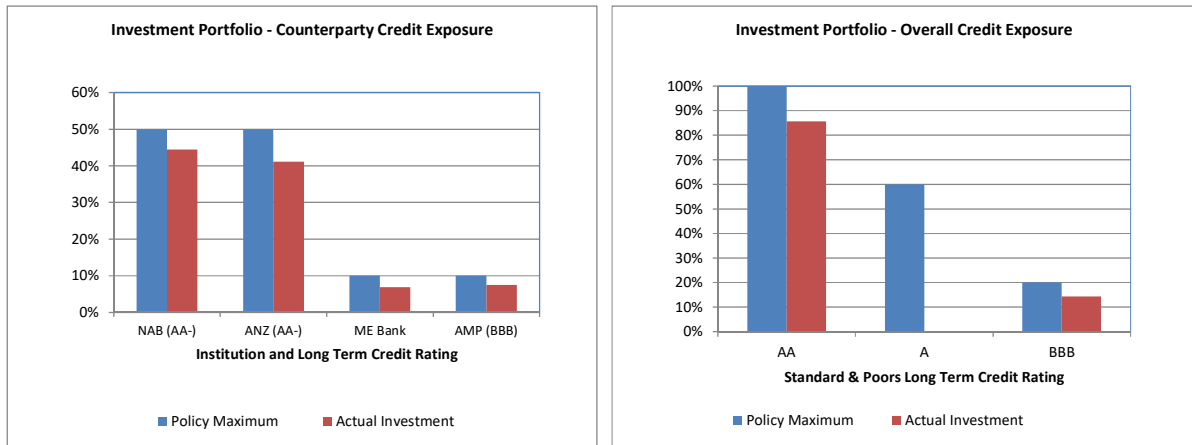
Counterparty Credit Exposure

Exposure to an individual authorised deposit-taking institution (ADI) counterparty will be restricted by their credit rating so that single entity exposure is limited.

Overall Credit Exposure

To control the credit quality on the entire portfolio, limits are placed on the percentage exposed to any particular credit rating category.

The following charts demonstrate the current portfolio diversity and risk compliance with the policy framework.





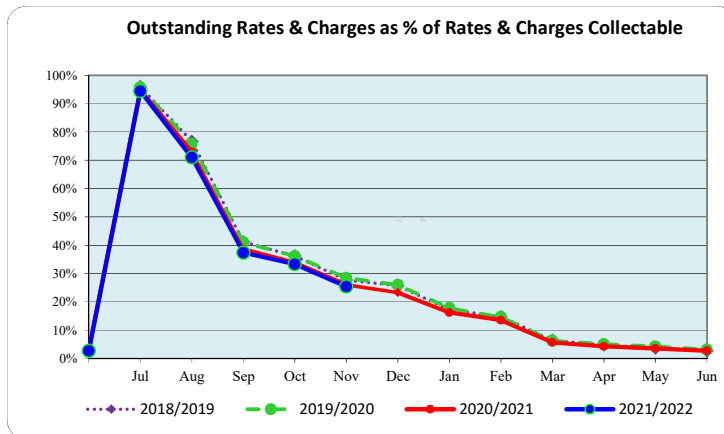
Notes to the Statement of Financial Activity For the Period Ended 30 November 2021

7. Accounts Receivable as at 30 November 2021

Rates and Charges Outstanding

2021/22 annual rates were raised on 23 July 2021 and were due by 8 September 2021 for payment in full or for the first of four instalments. For ratepayers who elected to pay by the four instalment option, the second instalment was due on 8th November 2021.

As at the reporting date, total outstanding rates and charges (including pensioner deferred rates) is \$4,289,260. This equates to 25.4% of rates and charges collectable and is similar to last year's collection rate. It is the objective of management to achieve less than 4% of rates and charges outstanding by 30 June.

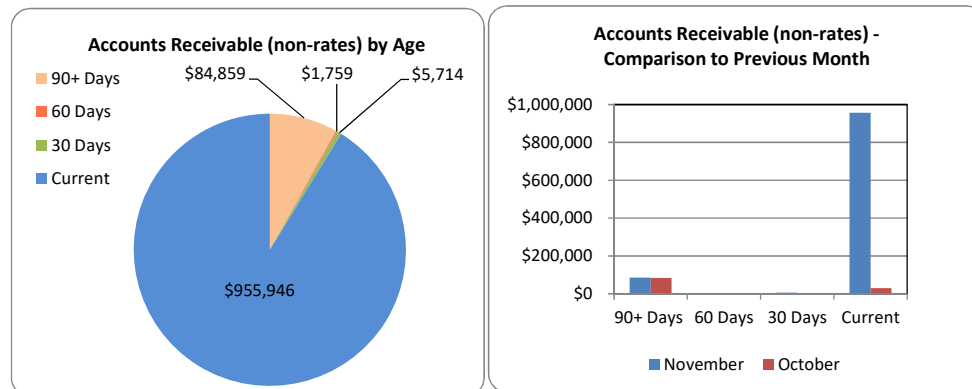


Sundry Debtors Outstanding (non-rates)

As at the reporting date, the total outstanding Sundry Debtors amount to \$1,048,278.

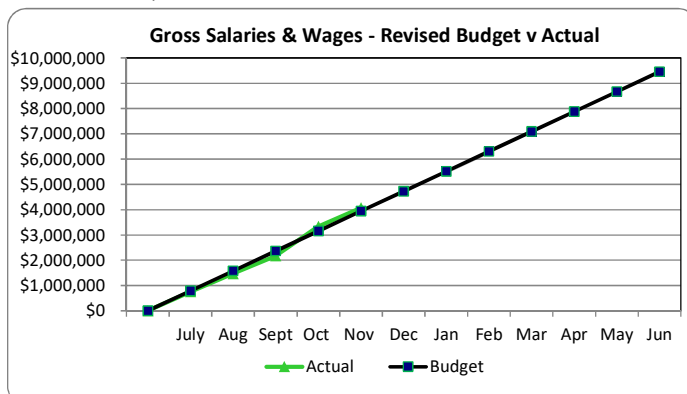
The current debt value is high due to an invoice raised for \$880,000 for Government grants for the new Eaton Bowling Club construction. Payment of this is expected within 30 days.

The only significant invoice outstanding beyond 90 days is for Education Department use of Eaton Recreation Centre and Glen Huon Oval. Receipt of this is pending a final review of costings by the Education Department.



8. Salaries and Wages to 30 November 2021

At the reporting date, total salaries and wages expenditure is \$4,072,266 (43%) of the annual budget of \$9,456,708 for the 2021/22 financial year.



[Appendix ORD: 12.4.4B]



Notes to the Statement of Financial Activity For the Period Ended 30 November 2021

9. RATING INFORMATION

RATE TYPE	Rate in	Number of properties	Rateable value	2021/22 Budget rate revenue	2021/22 Budget interim rates	2021/22 Budget back rates	2021/22 Budget total revenue	2021/22 Actual total revenue	2020/21 Actual total revenue	2020/21 Budget total revenue
	\$		\$	\$	\$	\$	\$		\$	\$
Differential general rate or general rate										
Gross rental valuations										
General Rates - GRV: Residential	0.104016	3,452	61,450,723	6,391,858	0	0	6,391,858	6,391,940	5,715,510	5,746,655
General Rates - GRV: Commercial	0.104016	60	14,621,830	1,520,904	0	0	1,520,904	1,523,068	1,459,170	1,428,025
General Rates - GRV: Industrial	0.104016	73	7,983,546	830,416	0	0	830,416	830,416	763,695	763,695
General Rates - GRV: Small Holding	0.104016	348	7,859,124	817,475	0	0	817,475	815,230	764,943	765,545
General Rates - GRV: Interim and Back Rates	0.104016	0	0	0	92,600	0	92,600	14,332	86,122	91,144
Unimproved valuations										
General Rates - UV: Broad Acre Rural	0.006468	474	259,287,000	1,677,068	0	0	1,677,068	1,677,068	1,718,315	1,718,765
General Rates - UV: Mining	0.006468	0	0	0	0	0	0	0	0	0
General Rates - UV: Interim and Back Rates	0.006468	0	0	0	0	0	0	0	0	0
Sub-Totals		4,407	351,202,223	11,237,721	92,600	0	11,330,321	11,252,054	10,507,755	10,513,829
Minimum										
Minimum payment	\$									
Gross rental valuations										
General Rates - GRV: Residential	1,547.50	1,446	17,681,209	2,237,685	0	0	2,237,685	2,220,662	2,554,923	2,554,923
General Rates - GRV: Commercial	1,547.50	7	61,400	10,833	0	0	10,833	13,928	10,833	10,833
General Rates - GRV: Industrial	1,547.50	44	542,200	68,090	0	0	68,090	68,090	72,732	72,733
General Rates - GRV: Small Holding	1,547.50	79	616,920	122,253	0	0	122,253	136,180	131,538	131,538
General Rates - GRV: Interim and Back Rates	1,547.50	0	0	0	0	0	0	0	0	0
Unimproved valuations										
General Rates - UV: Broad Acre Rural	1,547.50	126	17,828,600	194,985	0	0	194,985	194,985	184,152	184,153
General Rates - UV: Mining	1,547.50	14	212,885	21,665	0	0	21,665	21,665	27,855	27,855
General Rates - UV: Interim and Back Rates	1,547.50	0	0	0	0	0	0	0	0	0
Sub-Totals		1,716	36,943,214	2,655,511	0	0	2,655,511	2,655,510	2,982,033	2,982,035
		6,123	388,145,437	13,893,232	92,600	0	13,985,832	13,907,564	13,489,788	13,495,864
Discounts/concessions/write-off							(29,027)	(28,001)	(27,482)	(5,000)
Total amount raised from general rates							13,956,805	13,879,563	13,462,306	13,490,864
Specified area rates							354,600	352,322	350,178	350,000
Total rates							14,311,405	14,231,885	13,812,484	13,840,864



Notes to the Statement of Financial Activity For the Period Ended 30 November 2021

10. INFORMATION ON BORROWINGS

Debenture Repayments

		Principal Opening Balance 01 July 2021		New Loans 2021/22		Principal Repayments 2021/22		Interest Repayments 2021/22		Principal Outstanding 30 June 2022
Particulars	Loan No.		Actual	Adopted Budget	Actual	Adopted Budget	Actual	Adopted Budget	Actual	Adopted Budget
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Community Amenities										
Wanju/Waterloo Industrial Park										
Developer Contribution Plans	70	750,000	0	0	(34,999)	(64,443)	(5,402)	(29,743)	715,001	685,557
Waste Bins (3 Bin System)	New	0		320,000	0	(21,345)	0	(4,467)	0	298,655
Recreation and Culture										
Eaton Recreation Centre	59	192,573	0		(46,041)	(93,456)	(5,652)	(10,983)	146,532	99,117
Glen Huon Oval Club Rooms	69	924,296	0	0	(21,182)	(42,771)	(17,746)	(41,340)	903,114	881,525
Transport										
Depot Land	66	444,476	0	0	(30,212)	(61,039)	(9,045)	(20,396)	414,264	383,437
Economic Services										
Gravel Pit Land - Panizza Road	61	66,648	0	0	(12,517)	(25,428)	(2,063)	(4,130)	54,131	41,220
Other Property and Services										
Administration Building Extensions	65	85,007	0	0	(20,163)	(41,035)	(2,988)	(5,908)	64,844	43,972
		2,463,000	0	320,000	(165,114)	(349,517)	(42,896)	(116,967)	2,297,886	2,433,483

All debenture repayments are financed by general purpose revenue.



Notes to the Statement of Financial Activity For the Period Ended 30 November 2021

11. BUDGET AMENDMENTS

Amendments to the original budget since budget adoption. Surplus/(Deficit)

GL/JOB Code	Description	Council Resolution	Classification	Non Cash Adjustment \$	Increase in Available Cash \$	Decrease in Available Cash \$	Revised Budget Running Balance \$
	Budget Adoption		Opening Surplus				16,552
	Permanent Changes						
	Amendment to B/Fwd surplus 01/07/2021				791,613		808,165
0827501	Covid-19 Youth Recovery Grant	28/07/21 - 231-21	Operating Revenue		5,000		813,165
J08712	Youth Development Program - Bush Adventure Learning Camp	28/07/21 - 231-21	Operating Expense			(4,000)	809,165
J08712	Youth Development Program - Innovate Youth Program	28/07/21 - 231-21	Operating Expense			(1,000)	808,165
0521502	DFES Mitigation Activity Fund grant to reduce bushfire risk	28/07/21 - 232-21	Operating Revenue		337,295		1,145,460
J05021	Bushfire Risk Management - treatments to mitigate bushfire risk	28/07/21 - 232-21	Operating Expense			(337,295)	808,165
1124003	Fees & Charges Recreation Centre - Admissions	28/07/21 - 240-21	Operating Revenue		24,000		832,165
1114013	Advertising / Promotions Recreation Centre (Wildcats Fixture)	28/07/21 - 240-21	Operating Expense			(24,000)	808,165
1123501	State Government Grant for Eaton Boat Ramp Washdown	25-08-21 - 255-21	Non-Operating Grant		18,000		826,165
J11632	Eaton Boat Ramp Washdown	25-08-21 - 255-21	Asset Acquisition			(18,000)	808,165
1123501	State Government Grant for East Millbridge POS	25-08-21 - 255-21	Non-Operating Grant		75,000		883,165
J11650	East Millbridge POS - Stage 1 - Upgrade / Expansion	25-08-21 - 255-21	Asset Acquisition			(75,000)	808,165
1123501	State Government grant for Heritage Interpretive Signs	25-08-21 - 255-21	Non-Operating Grant		30,000		838,165
1123501	Heritage Council of WA grant for Heritage Interpretive Signs	25-08-21 - 255-21	Non-Operating Grant		16,593		854,758
J11654	Heritage Interpretive Signs - Dardanup Townsite	25-08-21 - 255-21	Asset Acquisition			(46,593)	808,165
1123501	State Government grant for Dardanup Memorial Statue	25-08-21 - 255-21	Non-Operating Grant		30,000		838,165
J11652	Dardanup War Memorial statue	25-08-21 - 255-21	Asset Acquisition			(30,000)	808,165
1129502	Contribution - Other Culture for Spring-Out Festival	25-08-21 - 256-21	Operating Revenue		10,000		818,165
J11901	Community projects - Events & Festivals	25-08-21 - 256-21	Operating Expense			(10,000)	808,165
0523502	DPIRD & WALGA grants for Animal Welfare in Emergencies training	25-08-21 - 257-21	Operating Revenue		8,550		816,715
0513503	Grant Expenditure - Animal Welfare in Emergencies training	25-08-21 - 257-21	Operating Income			(8,550)	808,165
	Department of Local Government, Sport and Cultural Industries for the						
1129502	Ferguson Valley Public Art Trail Concept Plan Grant.	29-09-21 - 282-21	Operating Revenue		62,653		870,818
J11902	Ferguson Valley Public Art Trail Concept Plan Grant Expenditure	29-09-21 - 282-21	Operating Expense			(62,653)	808,165
1046007	Transfer from WANJU DCP Loan Reserve	29-09-21 - 285-21	Transfer from Reserve		210,000		1,018,165
1016503	Increasing Town Planning Consultants expenditure in 21/22 for the DCP	29-09-21 - 285-21	Operating Expense			(210,000)	808,165

(continued next page)



Notes to the Statement of Financial Activity For the Period Ended 30 November 2021

11. BUDGET AMENDMENTS (continued)

Amendments to the original budget since budget adoption. Surplus/(Deficit)

GL/JOB Code	Description	Council Resolution	Classification	Non Cash Adjustment \$	Increase in Available Cash \$	Decrease in Available Cash \$	Revised Budget Running Balance \$
	Balance brought forward from previous page						808,165
1221504	Grant Revenue - Special Projects (LGGC Bridge Renewals)	29-09-21 - 286-21	Non-Operating Grant		646,000		1,454,165
1211502	Renewals - Bridges	29-09-21 - 286-21	Asset Acquisition			(646,000)	808,165
J12900	Reallocated funds from Pile Road to Harris Road	29-09-21 - 289-21	Capital Revenue		450,000		1,258,165
J12363	Reduce Pile Road Capital works	29-09-21 - 289-21	Asset Acquisition			(130,649)	1,127,516
J12589	Reduce Pile Road Capital works	29-09-21 - 289-21	Asset Acquisition			(319,351)	808,165
J12829	Remove Venn Road (SLK 0.69 to 2.22)	29-09-21 - 289-21	Asset Acquisition		453,386		1,261,551
J12685	Pathway funding changes	27-10-21 - 337-21	Asset Acquisition			(8,597)	1,252,954
J12683	Pathway funding changes	27-10-21 - 337-21	Asset Acquisition			(5,933)	1,247,021
J12684	Pathway funding changes	27-10-21 - 337-21	Asset Acquisition			(15,294)	1,231,727
J12684	Pathway funding changes	27-10-21 - 337-21	Asset Acquisition			(15,284)	1,216,443
1241006	Transfer from Pathway Reserve	27-10-21 - 337-21	Transfer from Reserve		45,108		1,261,551
0421010	Public Relations - additional funding for public relations - newsletter	17-11-21 - 358-21	Operating Expense			(20,000)	1,241,551
0421011	Public Relations - Other - website upgrade	17-11-21 - 358-21	Operating Expense			(80,000)	1,161,551
0817001	Grants Officer FTE increase	17-11-21 - 358-21	Operating Expense			(30,000)	1,131,551
1318004	Bunbury Geographe Chamber of Commerce membership fees	17-11-21 - 358-21	Operating Expense			(1,000)	1,130,551
1113505	Eaton Foreshore Master Plan - additional inclusions	17-11-21 - 358-21	Operating Expense			(50,000)	1,080,551
J10021	Additional maintenance for public convenience buildings	17-11-21 - 358-21	Operating Expense			(9,992)	1,070,559
J11006	Ceiling repairs for Eaton Community Centre	17-11-21 - 358-21	Operating Expense			(4,500)	1,066,059
1421039	Additional staff training - organisational development	17-11-21 - 358-21	Operating Expense			(30,000)	1,036,059
0533001	New removeable animal cage for Ranger vehicle	17-11-21 - 358-21	Operating Expense			(5,000)	1,031,059
1016503	Detailed Dardanup townsite master plan	17-11-21 - 358-21	Operating Expense			(30,000)	1,001,059
	Return funding to Bunbury Geographe Group of Councils for previously						
412503	claimed Regional Waste project officer costs	17-11-21 - 358-21	Operating Expense			(4,669)	996,390
1011005	Contribution to Regional Waste Coordinator cost	17-11-21 - 358-21	Operating Expense			(9,722)	986,668
1131004	Transfer surplus funds to Building Maintenance Reserve	17-11-21 - 358-21	Transfer to Reserve			(830,000)	156,668

(continued next page)



**Notes to the Statement of Financial Activity
For the Period Ended 30 November 2021**

11. BUDGET AMENDMENTS (continued)

Amendments to the original budget since budget adoption. Surplus/(Deficit)

GL/JOB Code	Description	Council Resolution	Classification	Non Cash Adjustment \$	Increase in Available Cash \$	Decrease in Available Cash \$	Revised Budget Running Balance \$
	Balance brought forward from previous page						156,668
1129502	Lotterywest grant for 'Enlighten' event	24-11-2021 - 367-21	Operating Revenue		20,000		176,668
J11901	2022 'Enlighten' event	24-11-2021 - 367-21	Operating Expense			(20,000)	156,668
0522503	Transfer from Trust - A Poad bequest	24-11-2021 - 369-21	Non-Operating Donation		30,000		186,668
J05022	New Dardanup central BFB facility	24-11-2021 - 369-21	Asset Acquisition			(30,000)	156,668
					3,263,198	(3,123,082)	156,668

RISK ASSESSMENT TOOL

OVERALL RISK EVENT: Monthly Payments - Failing to monitor the financial performance can increase the risk of a negative impact on the Shire's financial position. Non-compliance with legislative requirement could result in a qualified audit.

RISK THEME PROFILE:

3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory)

RISK ASSESSMENT CONTEXT: Operational

CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	Not monitoring ongoing financial performance would increase the risk of a negative impact on the financial position.	Moderate (3)	Unlikely (2)	Moderate (5 - 11)	Not required.	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	Non-compliance with the legislative requirements that results in a qualified audit.	Minor (2)	Unlikely (2)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
REPUTATIONAL	Non-compliance that results in a qualified audit can lead stakeholders to question the Council's ability to manage finances effectively.	Insignificant (1)	Unlikely (2)	Low (1 - 4)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.

