



Shire of
Peppermint Grove



Annual Report
2020-2021





Shire of Peppermint Grove

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Introduction to the Shire of Peppermint Grove

With a rich history dating back to 1832 and the early settlement of the Swan River Colony, the Shire of Peppermint Grove is known for its beauty and heritage boasting large character homes, a stunning river foreshore, beautiful gardens and shady streets lined with peppermint trees.

Many generations of families have lived in Peppermint Grove and there is a strong sense of community often not found in metropolitan communities.

With an area of only 1.36 square kilometres, the Shire prides itself on providing personalised services to its 1,636 residents who reside in a predominantly residential community. Considered to be a highly desirable suburb, Peppermint Grove has an above average socio-economic profile. Much of the Shire's activities relate to the development or redevelopment of large residences.

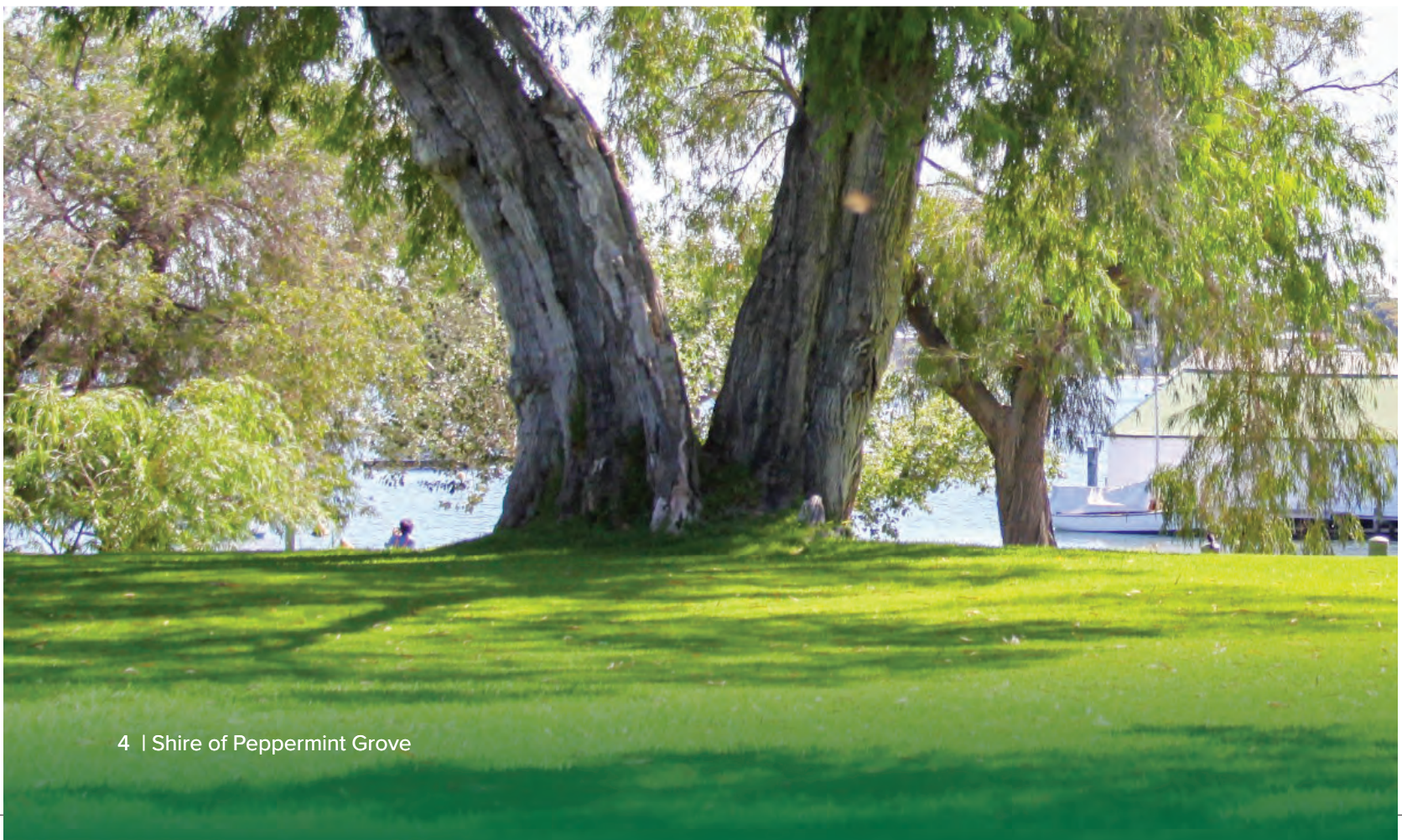
The maintenance of the suburb's amenity, particularly its trees, foreshore and reserves, is a high priority for residents.

The Shire of Peppermint Grove is guided by the following Vision

“A Shire valued for its heritage, sense of community and natural ambience”

In supporting the community's aspirations, the Shire is guided by the following Mission

“To guide the Shire's future developments and provide a range of personalised services to residents in order that our unique community and its environment is maintained, enhanced and protected”



The Shire of Peppermint Grove's Key Result Areas are:

- Community Development**
- Infrastructure**
- Governance**
- Organisational Capacity**
- Built Environment**
- Natural Environment**

Some interesting statistics about the Shire include:

Distance from Perth:	13 kms
Area:	1.36 square kms
Length of sealed roads:	10.6 kms
Population:	1,636
Number of Electors:	1,153
Number of Dwellings:	588
Total Rates Levied:	\$3.326 million
Total Revenue:	\$5.054 million
Number of Shire Full Time Employees (FTE):.....	13
Number of Grove Library FTE:	9

Apart from the peppermint tree lined streets and pristine Freshwater Bay, some attractions in the Shire include:

- Freshwater Bay boating jetties
- Freshwater Bay foreshore beach reserve
- Royal Freshwater Bay Yacht Club
- Keane's Point parkland and barbeque facilities
- Keane's Point children's play equipment
- Manners Hill Park Reserve
- Manners Hill Pavilion
- Australia Day Festivities
- Peppermint Grove Tennis Club
- Presbyterian Ladies College
- Cottesloe Primary School
- The Grove Library
- Freshwaters Café
- The Community Centre
- Peppermint Grove Heritage Trail
- Carols by Candlelight
- St Mary Star of the Sea Church
- St Columba's Church
- Cottesloe Central Shopping Centre
- Whadjuk Trails Network
- Grove Coffee Café (Library)





The Shire President's message

It is my pleasure to present the Annual Report for the Shire of Peppermint Grove for the 2020/21 financial year.

I am pleased to report that we have, once again, achieved a small operating surplus and received a clean bill of health from the Shire's auditors. We had anticipated that some Shire residents would be financially impacted by COVID-19 and, in the 2020/2021 budget, made provision for hardship assistance for rate charges and for support to community groups. However, whilst some areas of activity were adversely impacted, the WA economy as a whole remained remarkably steady. Indeed, rather than a contraction to the economy, strong growth was experienced in many sectors notably in the resources and construction sectors. The Shire experienced a surge in property sales, home renovations and new builds and our budgeted hardship assistance was mainly limited to support for our community groups.

During the year, a review of the Shire's Community Strategic Plan was undertaken and a revised Strategy adopted by Council. The revised Strategy reflects similar community values and aspirations to those identified in the 2015 plan. The main areas relate to the objectives of retaining the Shire's heritage and character and the preservation of our urban tree canopy. The importance of creating a strong and vibrant centre was also identified and the Shire is continuing to work with the Town of Cottesloe to ensure that the Peppermint Grove/Cottesloe Village precinct is developed to meet community expectations.

During the year the Shire adopted an Asset Management Plan for the Shire's assets, which includes buildings, roads, drainage, footpaths and street furniture.

Based on the Asset Plan a number of capital works projects were completed and included:

- Resealing of part of Johnston Street.
- Resealing of Venn Street
- Johnston Street pedestrian crossing for Cottesloe Primary School students
- Renewal of heritage-appropriate paving to Manners Hill Park Pavilion
- Upgrading of the footpath along Stirling Highway from Cottesloe Central to Irvine Street.
- Completion of the irrigation upgrade to the foreshore, Keanes Point and Manners Hill Park.

Waste management is one of the Shire's most important services for residents. During the year Council adopted a Waste Management Plan. Over the next few years, the Shire will introduce a collection system of Food and Organic (FOGO) waste to divert food scraps as well as garden waste from landfill to compost. In 2020/2021, the Shire introduced the verge valet system for bulk waste collections. This has proved to be very popular as residents are now able to choose a collection date that suits their own needs. The Shire provides residents with a generous allocation of three green waste collections and three general waste collections for bulk waste each year.

The Shire has Local Laws that cover a number of areas including parking, fencing, use of Council reserves, waste management and dogs. These Local Laws were reviewed during the year to ensure that they are up to date and in line with current standards. The revised Local Laws are available on the Shire's website.

I would like to thank my fellow Councillors for their support during the year and for their continued focus on good governance and the well-being of the Shire and its residents. I would also like to thank the management and staff for their hard work and commitment to excellent customer service during the year.

Rachel Thomas
SHIRE PRESIDENT



A message from the Chief Executive Officer

I am please to present the annual report, incorporating the financial statements for 2020/21.

Also included in this report is the Auditor's report which once again has given the Shire a clean bill of health for its reporting and management.

During the year Council completed a number of strategic and financial documents. These included the Strategic Community Plan, Corporate 4-year Plan and an Asset Plan. All of these documents are important in providing direction to Council on the financial resources needed to meet current and future community expectations and to maintain the Shire's assets to a high standard.

During the year the Shire was able to increase the reserve funds balances, increase the asset base and pay down debt with no new loans raised. The Asset Plan adopted identifies the funds required each year for the next 10 years to maintain the Shire's assets to a standard expected by the community. The total value of the Shire's assets is \$32,359,518 as at 30 June 2021. The main category is the roads/ footpaths and drainage networks totalling \$13,961,673.

The Grove Library is jointly owned by the Shire and the Towns of Mosman Park and Cottesloe under a joint management agreement and the asset value of this building is split between the 3 Councils in accordance with the management agreement.

The Shire is a joint owner, with equal shares, with the Towns of Cottesloe, Mosman Park and Claremont of the site known as Wearne House, located at 1 Gibney Street Cottesloe. The site is leased to Curtin Heritage Living, a not-for-profit group, at a nominal rent to provided services and accommodation to the aged and the site is currently being redeveloped by this group. The auditors for the four Council's are now requiring the land component to be bought to account in each of the Council's accounting. The Shire now has a land value of \$7,225,000 for this site in our asset register.

I would like to thank the Shire President and Councillors for their support and strong leadership through these COVID times. I also thank my managers and staff for their professionalism and dedication to the task of providing a high level of service to the residents of the Shire.

Don Burnett

CHIEF EXECUTIVE OFFICER

Councillors at 30th June 2020



SHIRE PRESIDENT

Councillor R
(Rachel) Thomas



DEPUTY PRESIDENT

Councillor C
(Charles) Hohnen



Councillor D
(Dawne) Horrex



Councillor D
(Karen) Farley



Councillor P
(Peter) Macintosh



Councillor G
(Greg) Peters



Councillor P
(Patrick) Dawkins

Principal Staff Members



Don Burnett

CHIEF EXECUTIVE OFFICER



Lance Hopkinson

LIBRARY CO-ORDINATOR



Donovan Norgard

MANAGER INFRASTRUCTURE SERVICES



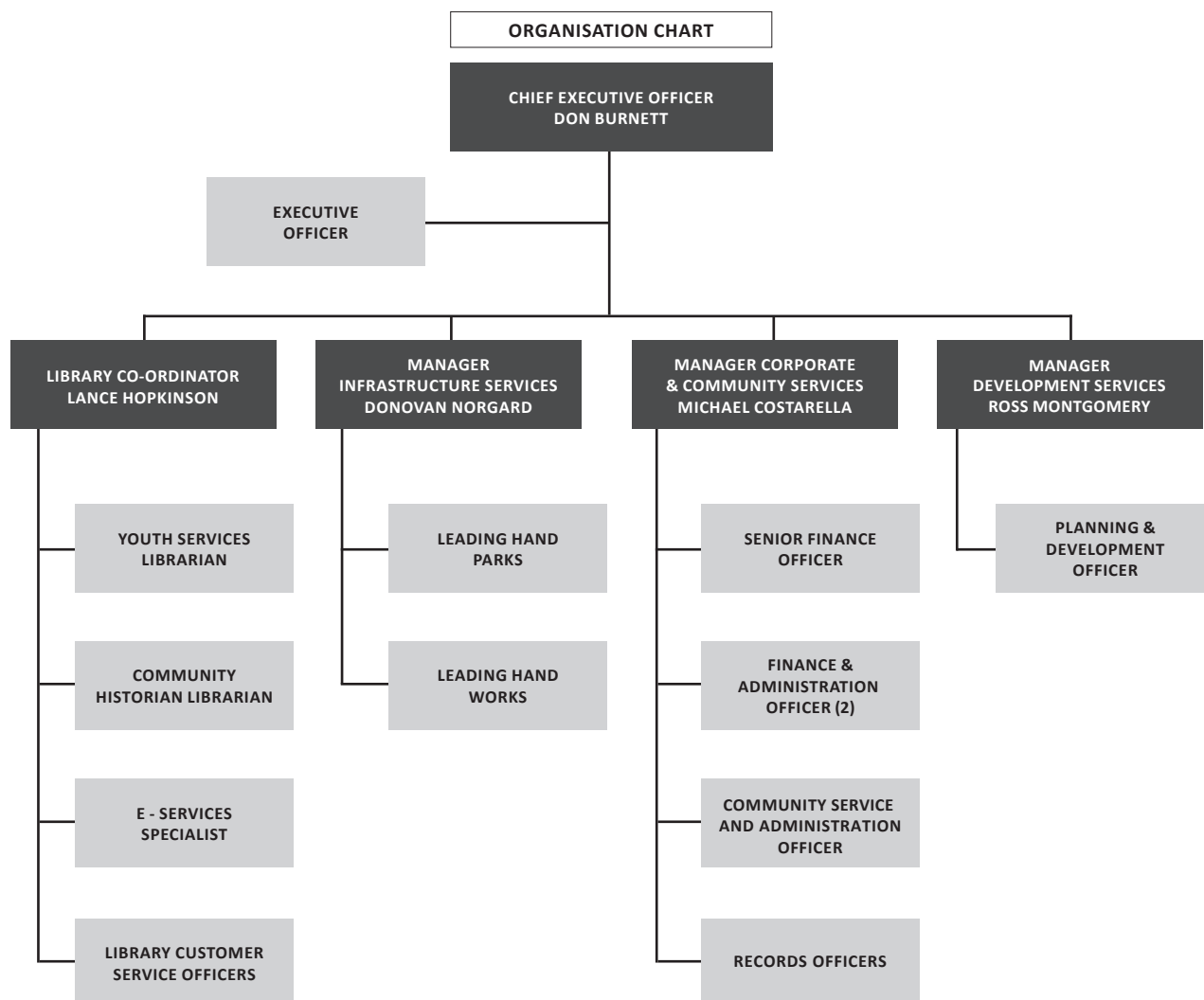
Mike Costarella

MANAGER CORPORATE & COMMUNITY SERVICES



Ross Montgomery

MANAGER DEVELOPMENT SERVICES



Strategic Community Plan

Community Vision

The Shire of Peppermint Grove Community Strategic Plan 2013 – 2023 was developed with community consultation and input, with the community's vision for the Shire **"To remain a Shire valued for its ambiance and independence"**. The task of Council and the administration is to deliver on the community aspiration and has adopted the following mission statement to achieve this objective **"To guide the Shire's future developments and provide a range of personalised services to residents in order that our unique community and its environment is maintained, enhanced and protected"**.

Corporate Plan

The Corporate Business Plan outlines the Shire's key priorities and actions for a 4-year period. The plan is informed by the Community Strategic Plan and aims to integrate the community's aspirations into the Shire's operations. The Community Strategic Plan and the Corporate Business Plan form part of the WA Governments Integrated Planning and Reporting Framework. The Shire is reviewing the Community Strategic Plan and the Corporate Business plan.

Key Result Areas

The Shire has been progressively implementing the actions within the six key result areas of its Community Strategic Plan and Corporate Business Plan. The annual report outlines the progress made in the last year to deliver on the objectives and strategies in these plans. The report will reflect the six key result areas that support and reflect the community's vision for the Shire of Peppermint Grove;

- Community Development – "Building a Sense of Community"
- Infrastructure – "Protecting our Assets"
- Governance – "Strengthening Shire Leadership"
- Organisational Capacity – "Meeting Community Expectations"
- Built Environment – "Preserving our Heritage"
- Natural Environment – "Preservation and Sustainability"

Community Development – "Building a Sense of Community"

The objectives of the key result area are to strengthen community cohesiveness and participation, strengthen the cultural and historical significance of the Shire and ensure access to services as needs change within the community.

Highlights

- Several community events including Seniors' Morning Tea, Carols by Candlelight, Australia Day Citizenship and Awards ceremony were all well supported by the community. The Grove Library continued to provide a significant number of diverse events on a regular basis
- The PEP Talk newsletter is provided three times per year
- Library membership grew during the year
- The Shire continues to partner with SHINE in the provision of aged services to community members

Infrastructure – "Protecting our Assets"

To upgrade and maintain the Shire's infrastructure and investigate improvements which will facilitate sustainable ongoing management.

Highlights

- Johnston St, Venn St, Harvey St, Solomon St and Palmerston St - road resurfacing projects
- Park Reticulation Renewal Project
- Maintenance of Street trees
- Stirling Highway Paving Project
- Landscaping- 1 Leake Street
- Manners Hill Park Pavilion paving upgrade
- Cottesloe Primary School Pedestrian Crossing
- Foreshore turf replacement
- Fencing Upgrades
- Drainage improvements
- Footpaths improvements
- Right of Way upgrades

Governance – "Strengthening Shire Leadership"

Ensure that all Shire resources are managed effectively and to provide leadership for Council activities on behalf of the community.

Highlights

- Strong working relationship with Western Suburbs Regional Councils for group projects and West Metropolitan Regional Council for waste management
- Ensure good Financial Management and compliance with related legislation

Organisational Capacity – “Meeting Community Expectations”

Ensure that the Shire is an employer of choice and that the Shire is compliant with all the requirements of all relevant statutes and legislation.

Highlights

- Staff are provided with appropriate training to ensure a high level of service is provided to the community
- The Shire has received a clean bill of health from its audit report
- The Shire and Library maintained a high level of service during COVID-19 restrictions

Built Environment – “Preserving our Heritage”

To increase the capacity for the Shire to ensure that the built environment reflects the aspirations of the community and retains its unique history, heritage and character.

- Draft Heritage Grants Scheme to assist owners to conserve the heritage value of their property
- Advocate for the incorporation of as much heritage value as possible in the redevelopment of heritage listed properties
- Encourage a useful future for buildings and places

Natural Environment – “Preservation and Sustainability”

To protect and enhance Peppermint Grove natural environment and biodiversity.

- Installation of new reticulation systems for the Shire’s leisure areas to ensure water efficient practices in place, which includes an upgrade of reticulation controllers
- Continued community education through the WMRC on recycling and waste minimisation



Statutory Reports

Recordkeeping Plan

The Shire has an ongoing commitment to recordkeeping in accordance with the State Records Act 2000 and Records Management Standard AS ISO 15489 through corporate systems and management/disposal processes.

The Shire has reviewed the 2017 recordkeeping plan (RKP) and adopted the 2020 RKP. This is to be submitted to the State Records Office for their consideration.

National Competition Policy

The application of national competition policy (NCP) is guided by the Clause 7 Statement which requires annual reporting of the implementation, application and effects of NCP principles as well as structural reform of public monopolies.

Competitive Neutrality

Competitive neutrality principles apply to any significant business activities conducted by, or under the control of, a local government that generate an income of \$200,000 or more in a financial year.

In the 2020/21 financial year the Shire did not undertake any business activities that met this threshold.

Structural Reform of Public Monopolies

The Shire of Peppermint Grove is not classified as a natural monopoly nor does it conduct any business activities that could be classified as public monopolies.

Legislative Review

Council has the following local laws:

- Local Government Property
- Dogs
- Cats and Waste
- Fencing
- Parking and Parking Facilities
- Activities on Thoroughfares and Trading in Thoroughfares and Public Places

All local laws have been reviewed for NCP compliance and all amendments to existing, and all future local laws are monitored to ensure no anti-competitive practices are included. The local laws are currently being reviewed in accordance with the Local Government Act 1995.

Disability Access and Inclusion

During 2020-2021, activities associated with the Shire's Access & Inclusion Plan (AIP) 2017-2022 included:

- Installation of a new accessible exposed aggregate path at Keanes Point linking the ACROD bays with an accessible drinking fountain, wheelchair friendly picnic table, the Tornado swing and softfall area in the playground and the universal public toilet.
- Construction of a new exposed aggregate path at Manners Hill Park linking the Johnston St access point with the Pavilion and public toilet. 24hr lighting has also been significantly improved in this area.
- New, non-slip brick paving has been installed at the Manners Hill Park Pavilion with surrounding areas re-graded to provide a smooth, level surface seamlessly linking to the refurbished public toilet.
- Manners Hill Park and Keanes Point public toilets have been modified to outward opening doors with lift-off hinges and fresh air vents.

The seven outcomes of the DAIP are:

1. People with disability have the same opportunities as other people to access the services of, and any events organised by the Shire.
2. People with disability have the same opportunities as other people to access the buildings and other facilities of the Shire.
3. People with disability receive information from the Shire in a format that will enable them to access the information as readily as other people are able to access it.
4. People with disability receive the same level and quality of service from the staff of the Shire as other people receive from the staff of the Shire.
5. People with disability have the same opportunities as other people to make complaints to the Shire.
6. People with disability have the same opportunities as other people to participate in public consultation by the Shire.
7. People with disability have the same opportunities as other people to obtain and maintain employment with the Shire.



Freedom of Information

The Freedom of Information Act 1992 allows the public the right to apply for access to information held by the Shire.

The Act requires the review and adoption of a Freedom of Information Statement, a copy of which is available on the Shire's website. During 2020/21, one application was received and dealt with in accordance with the FOI Act.

Register of Complaints

Minor breaches of the rules of conduct or a local law of the Shire by a Council member must be recorded in a register noting the outcome of the investigation of the complaint and the action subsequently taken.

No complaints regarding such breaches were received by the Shire's Complaints Officer during 2020/21.

Equal Employment Opportunity Management Plan

The Shire has provided an annual report to the Commissioner on the equal employment opportunities for the 2020-21 financial year. A copy of the report is available on request.

The Shire's workforce is represented by:

- 52.2% Women
- 8.7% Culturally & Linguistic employees
- 3.8% Youth (age 24 and Under)
- 69.2% Mature (age 45 and over)

This plan assists the Shire in building a workforce and supporting a workplace culture that reflects the diversity of the local community.

Employee Remuneration

In accordance with Regulation 19B of the Local Government (Administration) Regulations 1996 the Shire is required to disclose the number of employees with an annual cash salary of \$100,000 or more within bands of \$10,000.

Salary Band	No.of Employees
\$110,000 to \$119,999	2
\$120,000 to \$129,999	1
\$160,000 to \$169,999	1



Development Services

The business activity area combines urban planning, building regulation and asset management, health and ranger services.

Services are provided to meet State and local laws and Shire schemes, standards and policies.

Overview

Our Shire is mostly low density residential development (i.e. single detached houses) with flats and a few apartments developed along the Stirling Highway. The commercial areas adjacent to Stirling Highway include the Grove Civic precinct, and Cottesloe Central shopping centre.

Due to the size, scale and complexity of many of the homes format, planning applications are required to accurately assess design and for Council to exercise discretion to consider and support if design variations reflect Council policy to meet community standards for aesthetic and functional design.

The Shire engages additional technical support in commercial partnerships to deliver services.

- Town of Cottesloe – Health and Rangers
- City of Nedlands – Building Certification and Compliance
- City of Nedlands – Pool Compliance

The Shire manages the Grove Centre which includes a library, community centre rooms, café, Shire offices and parking station and civic gardens. The building and grounds has been progressively upgraded to maintain a high standard of amenity and safety for public use.

Improvements over the period to June 2021 include:

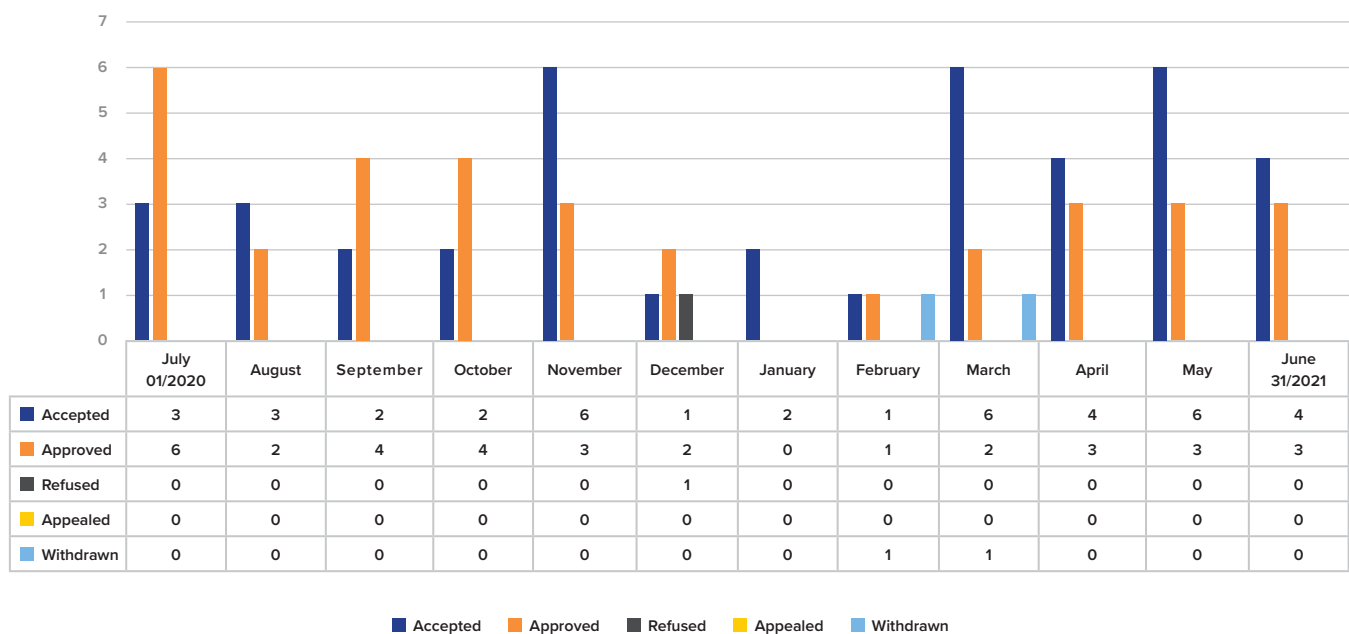
- Precinct safety audit
- New COVID safe drinking water fountain
- Upgrades to the HVAC in Grove Centre
- Signage and information improvements at Grove Centre

Urban Planning – refreshing and facilitating reinvestment in our neighbourhood.

Highlights:

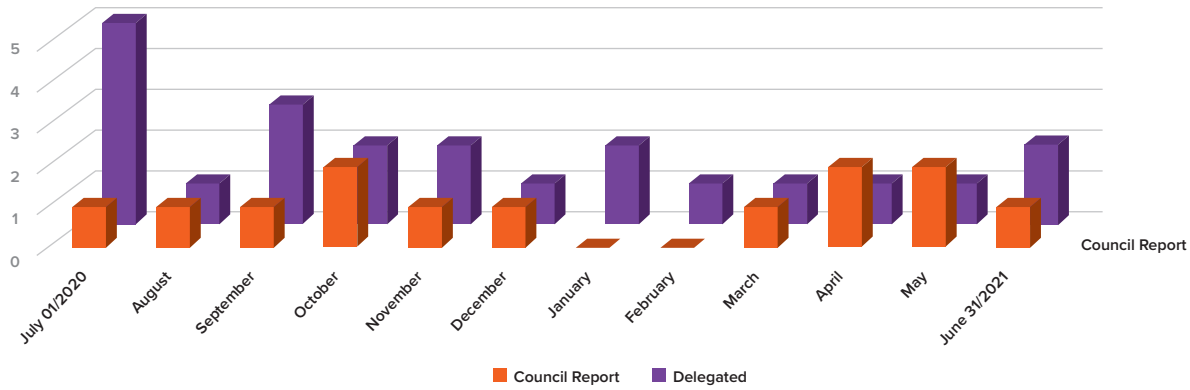
- Cott Village Project continues
- Resolving good residential design for neighbourhood amenity - site by site
- Local Planning Policy review
- 101 Assessment Reports to Council for decision
- Improved Building and Planning Compliance Inspection
- Partnering neighbouring LGAs
- Development (Building and Planning) projects worth almost \$103.2 million - local jobs

Development (Planning) Applications 2020-2021



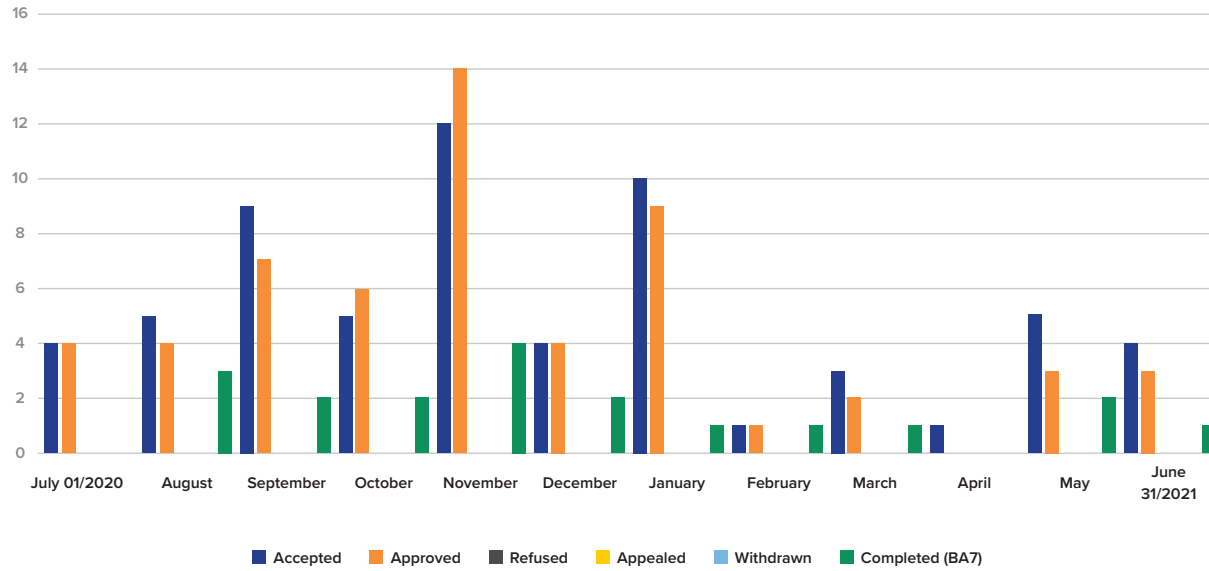
Total: 28 received

Development (Planning) Applications 2020-2021 - Reports



Total: 36 reports completed

Building Applications 2020-2021



Total: 63 received

Development Services (cont.)

Cott Village – working with the Town of Cottesloe and Government

The Cottesloe village on Stirling Highway (Cott Village) is the community local centre for shopping and leisure uses. The centre has grown over the past 100 years with many businesses coming and others closing, it does however remain our local focus for business and social life.

In August 2019 the Shire joined with the Town of Cottesloe to initiate research into how best to reinvigorate the Cott Village, improve resilience during turbulent global and local economic and social circumstances. This will produce design guidance for future sites and for the centre overall. The design guidelines will seek to retain our local character but encourage investment to update buildings, facilities and service offerings.

The Cott Village study is to discover what exists and why, discussing our future with local residents and businesses, and setting the scene for what will be a major visioning and urban revitalisation project.

The initial research has already identified several areas for improvement including:

- Improved offering of niche goods and services
- Focus on high quality of experiences and places (design and services)
- Upgrades to infrastructure and buildings to connect with the railway station
- Maintaining the scale and human appeal of buildings and spaces
- Calming highway traffic – better connection by encouraging local walking and cycling and access for all ages and abilities
- Making decisions which shape Cottesloe Village as a local place which appeals to locals and visitors who appreciate our values and an attractive natural setting.

The Shire has limited authority in many of these areas which affect the quality and vitality of a centre, however by research and better understanding of how these outcomes can be influenced, The Shire may better engage with private sector and other levels of government and their agencies. Our challenge will be to work together to address overarching design issues and to reinvigorate the centre and its setting for the next 100 years.

This positivity will encourage businesses to re-invest and to deliver better quality of service, goods and customer experience, and will also attract fresh investment and local interest.

Development Services

In 2020/21 there was a steady recovery to the local economy reflected in property redevelopment, in particular residential properties and land subdivision.

Several large residential properties were subdivided into smaller lots and these will flow through to new housing applications. Redevelopments of heritage listed houses resulted in some innovative re-thinking of how an older style house may be refreshed to give it contemporary appeal.

Urban infill and redevelopment works result in increased pressure on local roads and rights of way. Whilst the community advised they do not want changes to current rights of way, redevelopment pressures will inevitably raise issues for residents due to restriction of rights of way less than 8m in width. Infill and subdivision is a planning process controlled by the Western Australian Planning Commission. Although the Shire provides advice to the WAPC on subdivision and in particular local rights of way this is not always heeded. In the case of right of ways the Shire undertook research about vehicular access, engineering and what minimum standards are required for rights of way to be capable of servicing infill subdivision. Although the findings did not alter the WAPC approach, the The Shire continues to work with developers to find low-impact ways of executing the work with a minimal nuisance to other property owners. Shire accepts ultimately that the issues surrounding subdivision and infill are the responsibility of the WAPC to manage in their remit as decision maker.

The Shire staff receive and assess applications for an assortment of development (planning and building) projects. 33 matters were referred to the Council for a decision. Each application required careful assessment by a technical officer referring to Local Planning Scheme 4, R-Codes and Building certification compliance. Some matters are referred to neighbours for information and comment which is presented to Council for consideration leading to the decision.

The development services of reporting and administration is conducted by 2 technical staff. The teams provides assistance to the community in all matters to do with building, planning health and local laws in the Shire. In the planning sphere there are often updates and changes and this resulted in revised learning and practices.

The WA Government advocates planning reform to 'cut red tape'. Changes to legislation, policy and procedure has introduced compulsory additional steps for local government. In order to deliver this additional service without impact on resources, the Shire staff will refer customers to the appropriate WA Government of Australian Government information where the enquiry relates to an area which is not the responsibility of the Shire.

Whereas in the past the Shire may have provided free assistance to the WAPC and private sector to discharge conditions and technical assessment without reliance on local government advice, this will be scaled back to focus on core business.

The Shire accepts the quest for reform and these economies promise a more efficient use of local staff to do local planning and building assessment work.

Most of the planning applications referred to Council sought approval to vary design requirements of the LPS 4 and R Codes and/or involved a property on the Shire heritage list. This involved a high degree of specialised design to tailor projects to meet the Shire Policies and strategy. Staff invest time working with architects and applicants to produce refine designs ahead of decisions.

Contract services (planning building and health) are engaged to fulfil statutory requirements to meet technical standards.

The Shire continues its pre-lodgement discussion for development applications which refines and improves design quality. In 2020/21 no Council decisions were referred for review to the State Administrative Tribunal because there was a broad acceptance of the Council decisions and the processes which led to their formation by the applicants.

Acceptance of decisions by the applicant and the community leads to downstream efficiencies in the issue of building permits and commencement of building works. This saved costs and time for the community and development industry.



Star of Sea Columbarium



Woburn House



Dinghy Sail Centre

Infrastructure Services

The ongoing maintenance and renewal of the Shire's assets were a priority for the Infrastructure team in 2020/2021. Some key achievements include:

Johnston St, Venn St, Harvey St, Solomon St and Palmerston St - Road Resurfacing Projects

The Shire resurfaced a number of roads in the Johnston St area as well as rebuilding the Venn St roundabout. This project included paving repairs, kerb replacement, drainage improvements, linemarking and signage renewal.



Park Reticulation Renewal Project

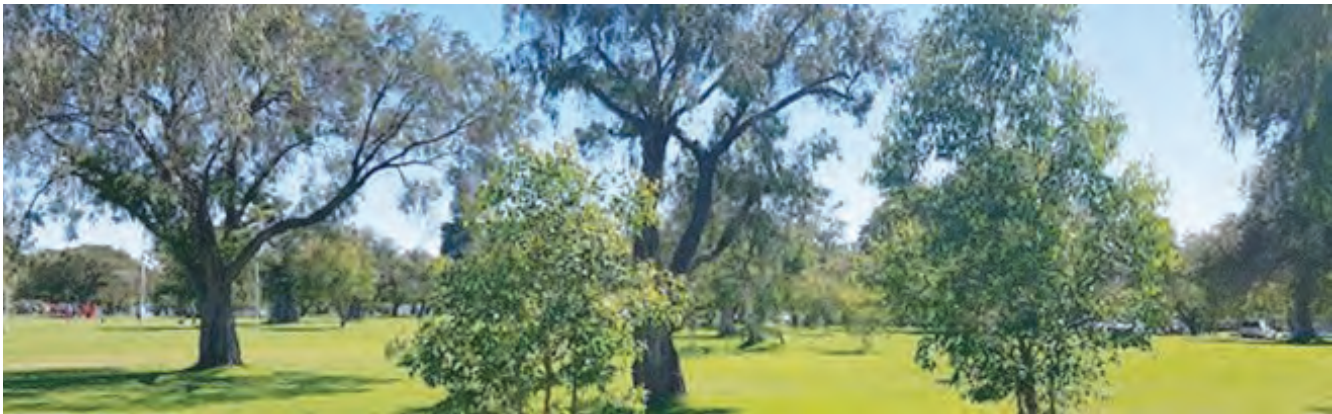
The Shire's ageing reticulation network was replaced with a brand new system that will improve efficiency, increase reliability and reduce downtime. The new system has electronically monitored flow meters and a controller unit that can be programmed remotely by staff via the mobile phone network.





Street Trees

The Shire's tree maintenance and replacement program continued resulting in many new Peppermint and Tuart trees being planted on verges and in parks throughout the area. This ongoing process will ensure that Peppermint Grove's beautiful streetscapes will continue to be enjoyed for many years to come.



Stirling Highway Paving Project

The tired old brick pavers were replaced with a new exposed aggregate product along the Stirling Hwy frontage north of Irvine St.



Infrastructure Services (cont.)



Administration Building and Grove Library Landscaping

Work continued on landscaping the grounds of the Shire's Administration Building and Grove Library.



Manners Hill Park Pavilion Paving

Last year the Manners Hill Park Pavilion received some important structural repairs and upgrades including new footings, roof bracing and electrical works. Upon completion these works, all the old paving was replaced with new exposed aggregate pavers in 2020.



Infrastructure Services (cont.)

Cottesloe Primary School Pedestrian Crossing

A new pedestrian crossing was constructed on Johnston St at the southern entrance to Cottesloe Primary School. The design meets current State Government standards for provision of a crossing guard which will increase safety for students.



Turf replacement

Manners Hill Park and Keanes Point had sections of damaged and compacted turf replaced with new roll-on Kikuyu.



Accessible Paths Construction

Paths linking existing footpaths and parking areas to key assets were constructed at Keanes Point and Manners Hill Park.



Infrastructure Services (cont.)

Fencing upgrades

A new safety fence was installed on the upper Foreshore path. An electric gate and perimeter fence was also installed at the Shire Depot.



Drainage Improvements and Maintenance

Work continued on cleaning and maintaining the Shire's stormwater drainage system. New grates and pits are being installed on an ongoing basis with a focus on laneways.



Footpath maintenance

The footpath maintenance and replacement program continued with damaged sections replaced.



Infrastructure Services (cont.)

Foreshore art installation

The sculpture titled 'Portal to the River' by local artist Tony Pankiw was installed on the Freshwater Bay foreshore.



Right of way upgrades

All the unpaved Rights of Way are being systematically tidied and re-sheeted with recycled road profilings.



Flagpoles

Three new flagpoles were installed at the front of the Shire's Administration Building along with LED night lighting.



Library and Community Centre

The Grove Library has continued to provide a quality service to the community during these uncertain times.



Children's Rhyme Time and Story Time have continued to be popular, with the Youth Services Coordinator increasing the number of Rhyme Time sessions to allow for larger numbers and social distancing. Community History has produced a number of excellent exhibitions on notable locals and working with Adult Services have undertaken a series of Memories events to harvest photos and oral histories from residents.

E-Services has provided quality Tech help to the community through PLC tech help, group workshops and Friday volunteer tech help.

The continued effects of Covid 19 have seen a return of parents and children to the library with a subsequent increase in circulation for the junior collection, but the adult and senior patrons have been slower to return. E-Services have continued to grow throughout the year especially in the E-Audio books and E-Magazines that have both benefitted from direct promotion to the patrons.

Active library memberships are down from the previous year, but the majority of the fall can be attributed to a 700 reduction in library use by people from outside on the WSLG area.

The Community Centre hosts numerous community groups such as West Coast Community Centre, Men's and Women's Probus Clubs, and U3A, which provide a wide range of recreational and social programs for local residents.

Grove Library and Community Centre

- Book loans increased by 6.3% to 189,636, with the use of E-Services increasing by 33% to a total of 34,391 at around 15% of total loans. The rise in E-services can be primarily be put down to the promotion of E-Audio books as the library moves away from the CD audio book format.

- Technology help for seniors was offered in conjunction with students from PLC, and a small team of dedicated volunteers.
- The Grove Classics, our annual series of classical music concerts, were postponed until October due to Covid restrictions on numbers. The events once staged, proved to be well supported by local audiences. The inclusion of a one off event, the Valentine's Day Champagne Concert, also proved very popular.
- Eight book groups held their regular meetings at The Grove.
- Four art exhibitions featuring local artists were held.
- West Coast Community Centre hosted 196 events, down from 279 pre-Covid. These events were impacted by the reduced capacity in the Community Centre (down from 100 to 48 maximum capacity) and cancellation of some programs by users due to lockdowns and restrictions. Total attendance of all events at the Community Centre was 8045.

Library Services to Children and Students

- Due to the Covid restrictions on numbers Baby Rhyme Time sessions were doubled to reduce the number of patrons in each session. The library now runs 6 sessions a week. These sessions continued through the school holidays. Total sessions run 253; Attendance 9955 toddlers and parents.
- The Youth Services Librarian visited every school, kindergarten and playgroup in the Shire throughout the year.
- 114,701 children's books were loaned an increase of 13% on the previous year.
- 890 students came to the Library from local schools for Children's Book Week, with an additional 482 attending CBW school outreach events.
- Turning Points in History for 9 – 12 year olds. A new series specifically designed to cover historical events not covered by current school curriculums. Attendance for each session ranges from 18 - 24 students per session.

Community History

The Grove's Community History Librarian collects and curates the history of the suburbs of Mosman Park, Cottesloe and Peppermint Grove, with an emphasis on digital preservation and dissemination.

- The Community History Librarian raided the archives for an exhibitions to help celebrate the 10th anniversary of the opening of The Grove Library.
- Two themed “Memories” events were held. These events were designed to help bring in photos and oral histories from the people who grew up in the area during the 50's and 60's. The event presented the attendees with a panel discussion that allowed them to share their childhood memories of growing up in the area.
- Two Community History exhibitions, held in the library main hall, celebrated the lives of prominent residents. The exhibitions, for Dr Blackall who served the needs of local residents during the first half of the 20th century and the Earle Sisters who crusaded for women's rights were both well attended.
- Community History undertook 211 enquiry searches (property searches etc.) and 17 Oral history interviews within the year.



Community Development

The aim of Council's Community Development area is to bring people together to identify and respond to problems and opportunities; to participate with other local governments and organisations to deliver community programs and to generally improve the quality of life of Peppermint Grove residents.

During 2020-2021, despite the restrictions and limitations of COVID-19 Community Development activities conducted by Council supported community events including Seniors' Week Morning Tea, Seniors' First Aid Training, Carols by Candlelight and Australia Day. Improvements continued to be made for people with disabilities and health and fitness programs were run for seniors.

The Combined Councils' Australia Day event on 26 January 2021 was held at Bay View Park, corner of Bay View Terrace and Johnson Parade, Mosman Park, the location offered an incredible elevated view of Perth and the surrounds. The event was attended by over 450 people and included a citizenship ceremony welcoming 47 new citizens to the community, an Affirmation Ceremony, Citizen of the Year Awards and a free sausage sizzle.

Community Events



The Shire's annual Carols by Candlelight was held at Manners Hill Park on Sunday 13 December 2020. Led by the Mighty Camelot Choir and Salvation Army Band, this always proves to be a very successful event each year, attracting approximately 500 people. As has been the tradition for over twenty years, the Salvation Army gives all proceeds from the night to the Balga Early Learning Centre who in turn use these funds to support those families in need of assistance.



Patti Chong Australia Day Ambassador gave the Australia Day Address. Shire President, Rachel Thomas together with Patti Chong awarded Chloe Feil as *Youth Citizen of the Year* for her service to the Mosman Bay Sea Scout Group based at Blackwatch Outdoor Education Centre in Peppermint Grove. Chloe was also recognized as the chair of the Venturer section of the Sea Scouts, a Youth Helper for the younger cubs section of Mosman Bay Sea Scouts and Assistant Contingent Leader for the WA scouting members.

Shire President, Rachel Thomas together with Patti Chong awarded SHINE as *Community Group of the Year* for providing a range of support services to our senior residents, those with disabilities and their carers for over 40 years. SHINE staff and volunteers are known for going the extra mile to deliver high quality care and support to those who need it in our local area.

Health and Fitness

In 2020-2021, the Shire of Peppermint Grove and the Town of Mosman Park continued their partnership program with the Heart Foundation to provide support for walking groups within our local communities.

The program has been very successful with two registered Walk Organisers each hosting weekly walks. The morning tea which is usually provided for the Heart Foundation Walking Groups at the Pavilion in Manners Hill Park in April was cancelled due to COVID-19.

Seniors



Community initiatives were held for seniors one of which was a talk by COTA (Council on the Ageing Western Australia) who guide and support older Western Australians to live well. It is important all members of our community feel safe and supported with easy access to information and support services. COTA have developed a guide designed as a companion for seniors at home, they consulted with experts to ensure the information is valuable and relevant to those living alone and the vulnerable especially through periods of isolation due to COVID-19.

In May we held two Seniors' First Aid workshops, presented by St John Ambulance Australia, the first was held at the Lesser Hall in Cottesloe and the second at Alf Adams Pavilion in Mosman Park for those seniors who were keen to refresh their first aid knowledge, or learn basic first aid to gain a better understanding of skills required for common injuries and illnesses that can occur in everyday life. St John First Aid trainers provided information, advice and hands-on demonstrations including the recovery position, CPR, defibrillator use and common heart conditions.

The annual Seniors' Week Morning Tea was held in collaboration with the Towns of Mosman Park and Cottesloe at the Mosman Park Bowling Club in November to celebrate Seniors' Week 2020 and to acknowledge seniors and show our appreciation for the valued contribution to the community.

The high-tea style event included entertainment from Iona Presentation College students and 7th Heaven vintage duo. Seniors were also able to enjoy an information display, door prizes and a magnificent view of the Swan River.

Community Safety

A major approach to community safety is based on the simple fact that neighbours who know one another are more likely to look out for each other and take note of activities around their neighbourhood. Street parties are a great way for neighbours to keep in touch with each other and meet new neighbours. Both Keane Street and Irvine Street held street parties prior to Christmas.

Sustainability

The Shire remains supportive of the work done by the WMRC including the courses that are run out of The Grove each year. In conjunction with WMRC we held our first cloth nappy workshop in the Community Room for expectant mothers, new mothers and young families which was very successful detailing the benefits of cloth compared to disposables.

A Recycling Station is located in The Grove foyer for residents and library members to place their batteries, globes and printer cartridges in for recycling.

Unfortunately some of the Shire's usual workshops and seminars scheduled for 2020-2021 were postponed or cancelled due to the COVID-19 pandemic.

Access and Inclusion

The Shire is committed to facilitating the inclusion of people with disabilities through the improvement of access and inclusion to its services and facilities. Implementation of the DAIP across all areas of council is an ongoing process. The seven outcomes of the DAIP are:

1. People with disability have the same opportunities as other people to access the services of, and any events organised by the Shire of Peppermint Grove.
2. People with disability have the same opportunities as other people to access the buildings and other facilities of the Shire of Peppermint Grove.
3. People with disability receive information from the Shire of Peppermint Grove in a format that will enable them to access the information as readily as other people are able to access it.
4. People with disability receive the same level and quality of service from the staff of the Shire of Peppermint Grove as other people receive from the staff of the Shire of Peppermint Grove.
5. People with disability have the same opportunities as other people to make complaints to the Shire of Peppermint Grove.
6. People with disability have the same opportunities as other people to participate in public consultation by the Shire of Peppermint Grove.
7. People with disability have the same opportunities as other people to obtain and maintain employment with the Shire of Peppermint Grove.

Financial Report

for the year ended 30 June 2021

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Community Vision

To remain a Shire valued for its ambience and independence

Principal place of business:

1 Leake Street, Peppermint Grove



Statement By Chief Executive Officer

**SHIRE OF PEPPERMINT GROVE
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 Peppermint Grove 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 Peppermint Grove 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 20 day of December 2021



Chief Executive Officer

Don Burnett

Name of Chief Executive Officer

Statement by Comprehensive Income by nature or type

for the year ended 30 June 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	22(a)	3,347,309	3,326,228	3,316,331
Operating grants, subsidies and contributions	2(a)	215,736	1,149,166	223,581
Fees and charges	2(a)	267,385	246,285	228,728
Interest earnings	2(a)	15,651	22,600	49,033
Other revenue	2(a)	374	33,909	14,183
		3,846,455	4,778,188	3,831,856
Expenses				
Employee costs		(1,370,106)	(2,114,504)	(1,451,770)
Materials and contracts		(1,350,244)	(1,991,474)	(1,667,173)
Utility charges		(69,702)	(100,707)	(70,539)
Depreciation on non-current assets	9(b)	(578,664)	(473,123)	(519,869)
Interest expenses	2(b)	(59,418)	(57,074)	(63,424)
Insurance expenses		(69,293)	(108,267)	(59,342)
Other expenditure	2 (b)	(140,916)	(153,014)	(64,472)
		(3,638,343)	(4,998,163)	(3,896,589)
		208,112	(219,975)	(64,733)
Non-operating grants, subsidies and contributions	2(a)	50,658	154,249	331,264
Profit on asset disposals	9(a)	31,841	12,000	9,818
(Loss) on asset disposals	9(a)	(26,967)	(12,364)	0
Share of net profit of associates accounted for using the equity method	21(a)	(25,000)	0	(17,909)
		30,532	153,885	323,173
		238,644	(66,090)	258,440
Net result for the period				
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	60,094	0	82,965
		60,094	0	82,965
Total other comprehensive income for the period				
		298,738	(66,090)	341,405
Total comprehensive income/loss for the period				

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

Statement by Comprehensive Income by program

for the year ended 30 June 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
	2(a)			
Governance		10,618	4,500	19,925
General purpose funding		3,428,415	3,330,746	3,408,714
Law, order, public safety		8,865	8,005	9,918
Health		10,256	7,000	11,473
Community amenities		93,501	126,100	119,057
Recreation and culture		215,073	1,277,355	182,225
Transport		6,217	0	48,295
Economic services		73,510	24,480	31,021
Other property and services		0	0	1,328
		3,846,455	4,778,186	3,831,956
Expenses				
	2(b)			
Governance		(1,253,345)	(1,491,600)	(1,112,286)
General purpose funding		(1,076)	(2,150)	(102,701)
Law, order, public safety		(35,096)	(1,700)	(37,141)
Health		(16,266)	(11,792)	(33,969)
Education and welfare		(16,955)	(19,500)	(57,470)
Community amenities		(671,277)	(765,349)	(692,483)
Recreation and culture		(829,853)	(1,647,666)	(921,148)
Transport		(498,935)	(604,944)	(743,968)
Economic services		(4,553)	(24,500)	(114,973)
Other property and services		(251,569)	(371,886)	(17,126)
		(3,578,925)	(4,941,087)	(3,833,265)
Finance Costs				
	2(b)			
Recreation and culture		(59,418)	(57,074)	(56,936)
Economic services		0	0	(6,488)
		(59,418)	(57,074)	(63,424)
		208,112	(219,975)	(64,733)
Non-operating grants, subsidies and contributions	2(a)	50,658	154,249	331,264
Profit on disposal of assets	9(a)	31,841	12,000	9,818
(Loss) on disposal of assets	9(a)	(26,967)	(12,364)	0
Share of net profit of associates accounted for using the equity method	21(a)	(25,000)	0	(17,909)
		30,532	153,885	323,173
		238,644	(66,090)	258,440
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	60,094	0	82,965
		60,094	0	82,965
		298,738	(66,090)	341,405

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

Statement of financial position

as at 30 June 2020

	NOTE	2021	2020
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	2,141,936	1,782,107
Trade and other receivables	6	31,694	322,709
TOTAL CURRENT ASSETS		2,173,630	2,104,816
NON-CURRENT ASSETS			
Trade and other receivables	6	98,504	98,505
Other financial assets	4	17,517	17,517
Investment in associate	21(a)	120,045	145,045
Property, plant and equipment	7	15,174,805	15,121,899
Infrastructure	8	14,713,658	14,390,661
Right-of-use assets	10	60,916	93,071
TOTAL NON-CURRENT ASSETS		30,185,445	29,866,698
TOTAL ASSETS		32,359,075	31,971,514
CURRENT LIABILITIES			
Trade and other payables	12	728,482	549,063
Lease liabilities	13(a)	33,762	31,583
Borrowings	14(a)	34,439	32,212
Employee related provisions	15	181,724	216,269
TOTAL CURRENT LIABILITIES		978,407	829,127
NON-CURRENT LIABILITIES			
Lease liabilities	13(a)	31,475	65,237
Borrowings	14(a)	691,029	724,982
Employee related provisions	15	26,919	19,661
TOTAL NON-CURRENT LIABILITIES		749,423	809,880
TOTAL LIABILITIES		1,727,830	1,639,007
NET ASSETS		30,631,245	30,332,507
EQUITY			
Retained surplus		9,841,269	9,729,511
Reserves - cash backed	5	1,290,763	1,163,877
Revaluation surplus	11	19,499,213	19,439,119
TOTAL EQUITY		30,631,245	30,332,507

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

Statement of changes in equity

for the year ended 30 June 2021

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2019		9,303,131	1,331,817	19,356,154	29,991,102
Comprehensive income					
Net result for the period		258,440	0	0	258,440
Other comprehensive income	11	0	0	82,965	82,965
Total comprehensive income		258,440	0	82,965	341,405
Transfers from reserves	5	310,000	(310,000)	0	0
Transfers to reserves	5	(142,060)	142,060	0	0
Balance as at 30 June 2020		9,729,511	1,163,877	19,439,119	30,332,507
Comprehensive income					
Net result for the period		238,644	0	0	238,644
Other comprehensive income	11	0	0	60,094	60,094
Total comprehensive income		238,644	0	60,094	298,738
Transfers to reserves	5	(126,886)	126,886	0	0
Balance as at 30 June 2021		9,841,269	1,290,763	19,499,213	30,631,245

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

Statement of cash flows

for the year ended 30 June 2021

NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates	3,353,594	3,246,228	3,325,658	
Operating grants, subsidies and contributions	500,466	1,281,166	1,398,099	
Fees and charges	267,385	206,285	270,081	
Interest received	15,651	22,600	49,033	
Goods and services tax received	161,324	(220,000)	189,057	
Other revenue	374	21,909	14,183	
	4,298,794	4,558,188	5,246,111	
Payments				
Employee costs	(1,420,914)	(2,069,504)	(2,466,932)	
Materials and contracts	(1,170,588)	(2,076,474)	(2,015,028)	
Utility charges	(69,702)	(100,707)	(124,920)	
Interest expenses	(59,418)	(57,074)	(63,424)	
Insurance paid	(69,293)	(73,267)	(95,829)	
Goods and services tax paid	(161,324)	220,000	(153,034)	
Other expenditure	(117,631)	(148,014)	(129,920)	
	(3,068,870)	(4,305,040)	(5,049,087)	
Net cash provided by operating activities	16	1,229,924	253,148	197,024
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	7(a)	(308,376)	(261,000)	(262,653)
Payments for construction of infrastructure	8(a)	(648,068)	(852,331)	(460,834)
Non-operating grants, subsidies and contributions	2(a)	50,658	154,249	205,257
Proceeds from sale of property, plant & equipment	9(a)	99,000	95,500	21,818
		(806,786)	(863,582)	(496,412)
Net cash used in investment activities		(806,786)	(863,582)	(496,412)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(31,726)	(31,725)	(29,159)
Payments for principal portion of lease liabilities	13(b)	(31,583)	0	(30,616)
Net cash provided by financing activities		(63,309)	(31,725)	(59,775)
Net increase (decrease) in cash held		359,829	(642,157)	(359,163)
Cash at beginning of year		1,782,107	1,225,000	2,141,270
Cash and cash equivalents at the end of the year	16	2,141,936	582,843	1,782,107

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

Rate setting statement

for the year ended 30 June 2021

NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$	
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus	23 (b)	281,423	139,265	129,069
		281,423	139,265	129,069
Revenue from operating activities (excluding rates)				
Governance		10,618	4,505	19,925
General purpose funding		81,106	4,518	92,383
Law, order, public safety		8,865	8,005	9,918
Health		10,256	7,000	11,473
Community amenities		93,501	126,100	119,057
Recreation and culture		215,073	1,289,355	182,225
Transport		38,058	0	48,295
Economic services		48,510	24,449	13,112
Other property and services		0	393	19,135
		505,987	1,464,325	515,523
Expenditure from operating activities				
Governance		(1,253,345)	(1,460,591)	(1,112,286)
General purpose funding		(1,076)	(2,150)	(102,701)
Law, order, public safety		(35,096)	(1,700)	(37,141)
Health		(16,266)	(11,792)	(33,969)
Education and welfare		(16,955)	(19,500)	(57,470)
Community amenities		(671,277)	(775,726)	(692,483)
Recreation and culture		(906,994)	(1,704,740)	(1,010,013)
Transport		(508,179)	(606,213)	(743,968)
Economic services		(4,553)	(24,500)	(121,461)
Other property and services		(251,569)	(372,997)	(16,388)
		(3,665,310)	(4,979,909)	(3,927,880)
Non-cash amounts excluded from operating activities	23(a)	606,047	473,487	510,620
Amount attributable to operating activities		(2,271,853)	(2,902,832)	(2,772,668)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	50,658	154,249	331,264
Proceeds from disposal of assets	9(a)	99,000	95,500	21,818
Purchase of property, plant and equipment	7(a)	(308,376)	(261,000)	(262,653)
Purchase and construction of infrastructure	8(a)	(648,068)	(852,331)	(460,834)
Amount attributable to investing activities		(806,786)	(863,582)	(370,405)
FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(31,726)	(31,725)	(29,159)
Payments for principal portion of lease liabilities	13(b)	(31,583)	(30,616)	(30,616)
Transfers to reserves (restricted assets)	5	(126,886)	(51,600)	(142,060)
Transfers from reserves (restricted assets)	5	0	561,000	310,000
Amount attributable to financing activities		(190,195)	447,059	108,165
(Deficit) before imposition of general rates		(3,268,834)	(3,319,355)	(3,034,908)
Total amount raised from general rates	22(a)	3,347,309	3,326,228	3,316,331
Surplus after imposition of general rates	23(b)	78,475	6,873	281,423

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

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Notes to and forming part of the financial report

for the year ended 30 June 2021

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 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 27 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*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Materiality*

The impact of adoption of these standards is described at Note 25

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
- Right-of-use assets
- Lease liabilities
- Borrowing liabilities
- Provisions

Notes to and forming part of the financial report

for the year ended 30 June 2021

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			
General purpose funding	45,281	29,149	55,327
Health	4,080	7,000	10,569
Community amenities	0	0	14,400
Recreation and culture	149,107	1,113,017	143,285
Transport	16,606	0	0
Other property and services	662	0	0
	215,736	1,149,166	223,581
Non-operating grants, subsidies and contributions			
Recreation and culture	1,000	0	22,707
Transport	0	0	308,557
Economic services	0	0	0
Other property and services	49,658	154,249	0
	50,658	154,249	331,264
	266,394	1,303,415	554,845
Fees and charges			
Governance	4,501	2,400	4,000
General purpose funding	6,300	0	5,265
Law, order, public safety	4,634	2,000	9,918
Health	6,175	5,505	6,355
Community amenities	114,872	150,100	119,057
Recreation and culture	54,576	85,800	48,656
Transport	3,166	0	2,288
Economic services	73,160	480	31,860
Other property and services	0	0	1,329
	267,385	246,285	228,728

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.

Notes to and forming part of the financial report

for the year ended 30 June 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2021 Actual \$	2021 Budget \$	2020 Actual \$
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:			
Operating grants, subsidies and contributions	215,736	1,149,166	223,581
Fees and charges	267,385	246,285	228,728
Other revenue	374	33,909	14,183
Non-operating grants, subsidies and contributions	50,658	154,249	331,264
	534,153	1,583,609	797,756
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 recognised during the year	483,495	1,429,360	466,492
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	50,658	154,249	331,264
	534,153	1,583,609	797,756
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	130,198		421,214

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.

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.

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	3,347,309	3,326,228	3,316,331
	<u>3,347,309</u>	<u>3,326,228</u>	<u>3,316,331</u>
Other revenue			
Other	374	33,909	14,183
	<u>374</u>	<u>33,909</u>	<u>14,183</u>
Interest earnings			
Interest on reserve funds	6,887	16,600	22,060
Rates instalment and penalty interest (refer Note 22(b))	4,815	6,000	16,463
Other interest earnings	3,949	0	10,510
	<u>15,651</u>	<u>22,600</u>	<u>49,033</u>

Other revenue

Other

Interest earnings

Interest on reserve funds

Rates instalment and penalty interest (refer Note 22(b))

Other interest earnings

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

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

External Auditor
Internal Auditor

Interest expenses (finance costs)

Borrowings
Lease liabilities

Sundry expenses

Note	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
	27,400	25,800	16,200
	7,250	0	8,230
	34,650	25,800	24,430
14(b)	52,930	57,074	56,935
13(b)	6,488	6,488	6,488
	59,418	63,562	63,423
	140,916	153,014	64,472
	140,916	153,014	64,472

Notes to and forming part of the financial report

for the year ended 30 June 2021

2. REVENUE AND EXPENSES (continued)

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
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
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
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
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

Notes to and forming part of the financial report

for the year ended 30 June 2021

3. CASH AND CASH EQUIVALENTS

	NOTE	2021 \$	2020 \$
Cash at bank and on hand		851,173	618,230
Term deposits		1,290,763	1,163,877
Total cash and cash equivalents		2,141,936	1,782,107

Restrictions

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

- Cash and cash equivalents

	1,375,571	1,250,855
	1,375,571	1,250,855

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

Reserves - cash backed	5	1,290,763	1,163,877
Bonds & Deposits held	12	84,808	86,978
Total restricted assets		1,375,571	1,250,855

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.

Notes to and forming part of the financial report

for the year ended 30 June 2021

4 OTHER FINANCIAL ASSETS

Non-current asset

Financial assets at fair value through profit and loss

Financial assets at amortised cost

Units in Local Government House Trust

2021	2020
\$	\$
17,517	17,517
17,517	17,517
17,517	17,517
17,517	17,517

SIGNIFICANT ACCOUNTING POLICIES

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 24.

Notes to and forming part of the financial report

for the year ended 30 June 2021

5 RESERVES - CASH BACKED

	2021 Actual		2021 Budget		2021 Budget		2020 Actual		2020 Actual		2020 Actual	
	Opening Balance	Transfer to	Actual Closing Balance	Opening Balance	Transfer to	Budget Closing Balance	Opening Balance	Transfer to	Actual Closing Balance	Transfer (from)	Actual Closing Balance	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave Reserve	105,816	568	106,384	150,329	1,970	0	148,359	2,457	(45,000)	105,816		
(b) Plant Reserve	20,873	112	20,985	20,805	273	0	20,532	341	0	20,873		
(c) Infrastructure/ Building Reserve	589,552	53,431	642,983	363,696	6,419	(250,000)	565,190	129,362	(105,000)	589,552		
(d) Information Technology Reserve	24,073	129	24,202	24,076	396	0	23,681	392	0	24,073		
(e) Arts & Culture Reserve	823	20,111	20,934	674	20,190	0	20,484	339	(20,000)	823		
(f) Legal Cost Reserve	19,867	107	19,974	19,351	2,089	0	157,262	2,605	(140,000)	19,867		
(g) Road & Drainage Reserve	391,739	52,369	444,108	390,474	20,118	(311,000)	385,356	6,383	0	391,739		
(h) Library Infrastructure Reserve	11,134	59	11,193	11,098	145	0	10,953	181	0	11,134		
	1,163,877	126,886	1,290,763	980,503	51,600	(561,000)	1,331,817	142,060	(310,000)	1,163,877		

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave Reserve	on-going	To fund Annual & Long Service Leave entitlements
(b) Plant Reserve	on-going	To fund replacement and upgrading of Council vehicles and plant
(c) Infrastructure/ Building Reserve	on-going	To fund replacement and upgrading of recreational infrastructure and Municipal Buildings
(d) Information Technology Reserve	on-going	To fund replacement and upgrading of Council's Information & Technology Assets
(e) Arts & Culture Reserve	on-going	To fund the purchase of Public Art
(f) Legal Cost Reserve	on-going	To provide for future general expenses including building & planning actions
(g) Road & Drainage Reserve	on-going	To fund renewal and expansion of Council's roads and drainage system
(h) Library Infrastructure Reserve	on-going	To fund Shire's portion of Capital items at the Grove Library & Community Centre

Notes to and forming part of the financial report

for the year ended 30 June 2021

6 TRADE AND OTHER RECEIVABLES

Current

Rates receivable
Other receivables

Non-current

Other receivables- Lease Rental Receivables

	2021	2020
	\$	\$
	14,092	20,378
	17,602	302,331
	<u>31,694</u>	<u>322,709</u>
	98,504	98,505
	<u>98,504</u>	<u>98,505</u>

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 24.

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.

Notes to and forming part of the financial report

for the year ended 30 June 2021

7. 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 - specialised	Total land and buildings	Plant and Equipment	Furniture and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$
Carrying Amount at 1 July 2019	7,121,060	7,603,176	14,724,236	207,267	21,546	14,953,049
Additions	0	105,024	105,024	147,582	10,047	262,653
(Disposals)	0	0	0	(12,000)	0	(12,000)
Revaluation increments transferred to revaluation surplus	63,061	19,905	82,966	0	0	82,966
Depreciation (expense)	0	(130,028)	(130,028)	(32,503)	(2,238)	(164,769)
Carrying Amount at 30 June 2020	7,184,121	7,598,077	14,782,198	310,346	29,355	15,121,899
Comprises:						
Gross balance amount at 30 June 2020	7,184,121	7,937,314	15,121,435	383,271	42,684	15,547,390
Accumulated depreciation at 30 June 2020	0	(339,237)	(339,237)	(72,925)	(13,329)	(425,491)
Carrying Amount at 30 June 2020	7,184,121	7,598,077	14,782,198	310,346	29,355	15,121,899
Additions	0	161,833	161,833	137,176	9,367	308,376
(Disposals)	0	(17,722)	(17,722)	(76,404)	0	(94,126)
Revaluation increments / (decrements) transferred to revaluation surplus	855,879	(795,785)	60,094	0	0	60,094
Depreciation (expense)	0	(154,481)	(154,481)	(63,007)	(3,950)	(221,438)
Carrying Amount at 30 June 2021	8,040,000	6,791,922	14,831,922	308,111	34,772	15,174,805
Comprises:						
Gross balance amount at 30 June 2021	8,040,000	7,280,782	15,320,782	408,324	52,051	15,781,157
Accumulated depreciation at 30 June 2021	0	(488,860)	(488,860)	(100,213)	(17,279)	(606,352)
Carrying Amount at 30 June 2021	8,040,000	6,791,922	14,831,922	308,111	34,772	15,174,805

Notes to and forming part of the financial report

for the year ended 30 June 2021

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings						
Land		Level 3	Current Replacement Costs	Independent	June 2017	Current Replacement Cost/Condition Assessment (Level 2) & Residual Values and Estimated Remaining Lives (Level 3)
Land Freehold land- 1 Gibney St Cottesloe		Level 3	Current Replacement Costs	Independent	June 2021	Current Replacement Cost/Condition Assessment (Level 2) & Residual Values and Estimated Remaining Lives (Level 3)
Buildings - specialised		Level 3	Current Replacement Costs	Independent	June 2017	Current Replacement Cost/Condition Assessment (Level 2) & Residual Values and Estimated Remaining Lives (Level 3)
Building- specialised- 1 Gibney Street Cottesloe		Level 3	Current Replacement Costs	Independent	June 2021	Current Replacement Cost/Condition Assessment (Level 2) & Residual Values and Estimated Remaining Lives (Level 3)

(ii) Cost

Furniture and equipment	Cost	Purchase Cost
Plant and equipment	Cost	Purchase Cost

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.

Building specialised - 1 Gibney Street Cottesloe- The Building was revalued in 2021 as it is partly owned by the Shire of Peppermint Grove and the revaluation is undertaken by a separate valuation cycle to those Building fully owned by the Shire of Peppermint Grove.

Notes to and forming part of the financial report

for the year ended 30 June 2021

8. 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	Other infrastructure- Footpaths	Other infrastructure- Drainage	Other infrastructure- Parks & Ovals	Other infrastructure- Other	Total Infrastructure
Carrying Amount at 1 July 2019	\$ 10,332,460	\$ 2,010,007	\$ 699,940	\$ 898,214	\$ 316,078	\$ 14,256,699
Additions	224,630	0	0	236,204	0	460,834
Depreciation (expense)	(187,118)	(56,314)	(15,607)	(60,886)	(6,947)	(326,872)
Carrying Amount at 30 June 2020	10,369,972	1,953,693	684,333	1,073,532	309,131	14,390,661
Comprises:						
Gross balance at 30 June 2020	10,744,208	2,066,321	715,547	1,198,809	323,025	15,047,910
Accumulated depreciation at 30 June 2020	(374,236)	(112,628)	(31,214)	(125,277)	(13,894)	(657,249)
Carrying Amount at 30 June 2020	10,369,972	1,953,693	684,333	1,073,532	309,131	14,390,661
Additions	324,154	65,918	0	257,997	0	648,068
Depreciation (expense)	(210,348)	(39,552)	(9,774)	(57,390)	(8,008)	(325,071)
Carrying Amount at 30 June 2021	10,483,778	1,980,059	674,559	1,274,139	301,123	14,713,658
Comprises:						
Gross balance at 30 June 2021	11,068,360	2,132,239	715,547	1,456,807	323,025	15,695,978
Accumulated depreciation at 30 June 2021	(584,582)	(152,180)	(40,988)	(182,668)	(21,902)	(982,320)
Carrying Amount at 30 June 2021	10,483,778	1,980,059	674,559	1,274,139	301,123	14,713,658

Notes to and forming part of the financial report

for the year ended 30 June 2021

8. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
	Infrastructure - roads	Level 3	Current Replacement Cost	Independent	June 2018	Current Replacement Cost/Condition Assessment (Level 2) and Estimated Remaining Lives (Level 3)
	Other infrastructure- Footpaths	Level 3	Current Replacement Cost	Independent	June 2018	Current Replacement Cost/Condition Assessment (Level 2) and Estimated Remaining Lives (Level 3)
	Other infrastructure- Drainage	Level 3	Current Replacement Cost	Independent	June 2018	Current Replacement Cost/Condition Assessment (Level 2) and Estimated Remaining Lives (Level 3)
	Other infrastructure- Parks & Ovals	Level 3	Current Replacement Cost	Management	June 2018	Current Replacement Cost/Condition Assessment (Level 2) and Estimated Remaining Lives (Level 3)
	Other infrastructure- Other	Level 3	Current Replacement Cost	Management	June 2018	Current Replacement Cost/Condition Assessment (Level 2) and Estimated Remaining Lives (Level 3)

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.

Notes to and forming part of the financial report

for the year ended 30 June 2021

9. 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 10 that details the significant accounting policies applying to leases (including right-of-use assets).

Notes to and forming part of the financial report

for the year ended 30 June 2021

9. FIXED ASSETS (Continued)

(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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings - specialised	17,722	0	0	(17,722)	0	0	0	0	0	0	0	0
Plant and Equipment	76,404	99,000	31,841	(9,245)	95,864	95,500	12,000	(12,364)	12,000	21,818	0	9,818
	94,126	99,000	31,841	(26,967)	95,864	95,500	12,000	(12,364)	12,000	21,818	0	9,818

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
Land & Buildings				
Recreation and culture				
Forshore Abultion Facilities	17,722	0	0	(17,722)
Plant and Equipment				
Transport				
Subaru	0	14,000	14,000	0
Ford Ranger	29,477	40,909	11,432	0
Toyota Ute	24,046	30,455	6,409	0
Skoda	22,881	13,636	0	(9,245)
	94,126	99,000	31,841	(26,967)

Notes to and forming part of the financial report

for the year ended 30 June 2021

9. FIXED ASSETS (continued)

(b) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - specialised	154,481	81,392	130,028
Plant and Equipment	63,007	8,045	32,503
Furniture and equipment	3,950	38,392	2,238
Infrastructure - roads	210,348	195,352	187,118
Other infrastructure- Footpaths	39,552	58,314	56,314
Other infrastructure- Drainage	9,774	15,607	15,607
Other infrastructure- Parks & Ovals	57,390	64,942	60,886
Other infrastructure- Other	8,008	11,079	6,210
Right-of-use assets - plant and equipment	32,155	0	28,965
	578,664	473,123	519,869

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement	40 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
Footpaths & Dual Use Paths	50 years
Drainage	70 years

Depreciation on revaluation

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

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

Notes to and forming part of the financial report

for the year ended 30 June 2021

10. LEASES

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.

	Right-of-use assets - plant and equipment	Right-of-use assets Total
	\$	
Carrying amount at 1 July 2019	55,343	55,343
Additions	66,693	66,693
Depreciation (expense)	(28,965)	(28,965)
Carrying Amount at 30 June 2020	93,071	93,071
Depreciation (expense)	(32,155)	(32,155)
Carrying amount at 30 June 2021	60,916	60,916

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

	2021 Actual	2020 Actual
	\$	\$
Depreciation expense on lease liabilities	32,156	28,965
Interest expense on lease liabilities	5,521	6,488
Total amount recognised in the statement of comprehensive income	37,677	35,453
Total cash outflow from leases	37,672	(37,104)

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 9 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.

Notes to and forming part of the financial report

for the year ended 30 June 2021

11. REVALUATION SURPLUS

Revaluation surplus - Land - freehold land
 Revaluation Surplus - Land - vested in and under control of Council
 Revaluation Surplus - Buildings - specialised
 Revaluation surplus - Furniture and equipment
 Revaluation surplus - Plant and equipment
 Revaluation surplus - Infrastructure - roads
 Revaluation Surplus- Footpaths
 Revaluation Surplus- Drainage
 Revaluation Surplus- Parks & Ovals
 Revaluation Surplus- Other

	2021 Opening Balance	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance	2020 Opening Balance	2020 Change in Accounting Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance
	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$
Revaluation surplus - Land - freehold land	7,183,921	855,879	0	855,879	8,039,800	7,120,860	0	63,061	0	63,061	7,183,921
Revaluation Surplus - Land - vested in and under control of Council	0	0	0	0	0	831,190	(831,190)	0	0	0	0
Revaluation Surplus - Buildings - specialised	919,546	0	(795,785)	(795,785)	123,761	899,642	0	19,904	0	19,904	919,546
Revaluation surplus - Furniture and equipment	0	0	0	0	0	(89,907)	89,907	0	0	0	0
Revaluation surplus - Plant and equipment	0	0	0	0	0	(26,937)	26,937	0	0	0	0
Revaluation surplus - Infrastructure - roads	9,768,320	0	0	0	9,768,320	9,768,320	0	0	0	0	9,768,320
Revaluation Surplus- Footpaths	920,836	0	0	0	920,836	1,940,281	0	0	(1,019,445)	(1,019,445)	920,836
Revaluation Surplus- Drainage	418,528	0	0	0	418,528	418,528	0	0	0	0	418,528
Revaluation Surplus- Parks & Ovals	0	0	0	0	0	(1,019,445)	0	0	1,019,445	1,019,445	0
Revaluation Surplus- Other	227,968	0	0	0	227,968	227,968	0	0	0	0	227,968
	19,439,119	855,879	(795,785)	60,094	19,499,213	20,070,500	(714,346)	82,965	0	82,965	19,439,119

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

Notes to and forming part of the financial report

for the year ended 30 June 2021

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Accrued salaries and wages
ATO liabilities
Bonds and deposits held
Other payables- Building Levies

2021	2020
\$	\$
563,013	381,188
55,406	52,337
0	26,591
84,808	86,978
25,255	1,971
728,482	549,063

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

Notes to and forming part of the financial report

for the year ended 30 June 2021

13. LEASE LIABILITIES

	2021	2020
(e) Lease Liabilities	\$	\$
Current	33,762	31,563
Non-current	31,475	65,237
	65,237	96,800

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	30 June 2021		30 June 2021		30 June 2021		30 June 2021		30 June 2021		30 June 2021		30 June 2021		30 June 2021	
					Actual Lease Principal	Actual Lease Interest	Budget Lease Principal	Budget Lease Interest	Actual Lease Principal	Actual Lease Interest	Budget Lease Principal	Budget Lease Interest	Actual Lease Principal	Actual Lease Interest	Budget Lease Principal	Budget Lease Interest	Actual Lease Principal	Actual Lease Interest	Budget Lease Principal	Budget Lease Interest
Governance																				
Photocopier			6.90%	60 Months	52,387	(11,025)	41,362	(3,171)	48,212	(11,348)	36,864	5,221	52,387	5,221	52,387	5,221	52,387	5,221	52,387	5,221
Folding Machine			6.90%	36 Months	33,778	(2,154)	31,624	(246)	(11,348)	(2,052)	0	0	33,778	0	33,778	0	33,778	0	33,778	0
Recreation and culture			6.90%	48 Months	4,655	(18,404)	(13,749)	(3,071)	(17,216)	(17,216)	987	987	4,655	987	4,655	987	4,655	987	4,655	987
Photocopier- Library					96,820	(31,583)	65,237	(6,488)	(30,616)	(30,616)	6,488	6,488	96,820	6,488	96,820	6,488	96,820	6,488	96,820	6,488

Notes to and forming part of the financial report

for the year ended 30 June 2021

14. INFORMATION ON BORROWINGS

	2021	2020
(a) Borrowings	\$	\$
Current	34,439	32,212
Non-current	691,029	724,982
	725,468	757,194

(b) Repayments - Borrowings

Particulars	30 June 2021		30 June 2021		30 June 2021		30 June 2021		30 June 2020		30 June 2020		30 June 2020	
	Actual Principal	Actual Interest	Budget Principal	Budget Interest	Actual Principal	Actual Interest	Budget Principal	Budget Interest	Actual Principal	Actual Interest	Budget Principal	Budget Interest	Actual Principal	Actual Interest
Recreation and culture Library Community Centre	757,194	0	757,708	0	724,983	0	724,983	0	786,353	0	786,353	0	757,194	0
	757,194	0	756,708	0	724,983	0	724,983	0	786,353	0	786,353	0	757,194	0

* WA Treasury Corporation

(c) Undrawn Borrowing Facilities Credit Standby Arrangements

	2021	2020
Loan facilities	\$	\$
Loan facilities - current	34,439	32,212
Loan facilities - non-current	691,029	724,982
Lease liabilities - current	33,762	31,583
Lease liabilities - non-current	31,475	65,237
Total facilities in use at balance date	790,705	854,014
Unused loan facilities at balance date	NI	NI

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 24

Notes to and forming part of the financial report

for the year ended 30 June 2021

15 EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Opening balance at 1 July 2020

Current provisions
Non-current provisions

Additional provision

Balance at 30 June 2021

Comprises

Current
Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2020			
Current provisions	175,499	40,770	216,269
Non-current provisions	0	19,661	19,661
	175,499	60,431	235,930
Additional provision	(101,881)	74,594	(27,287)
Balance at 30 June 2021	73,618	135,025	208,643
Comprises			
Current	73,618	108,106	181,724
Non-current	0	26,919	26,919
	73,618	135,025	208,643
	2021	2020	
	\$	\$	
Less than 12 months after the reporting date	73,618	23,315	
More than 12 months from reporting date	135,025	212,615	
	208,643	235,930	

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

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

Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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.

Notes to and forming part of the financial report

for the year ended 30 June 2021

16. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents.

Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	2,141,936	582,843	1,782,107
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	238,644	(66,090)	258,440
Non-cash flows in Net result:			
Depreciation on non-current assets	578,665	473,123	519,869
(Profit)/loss on sale of asset	(4,874)	364	(9,818)
Share of profits of associates	25,000	0	17,909
Changes in assets and liabilities:			
(Increase)/decrease in receivables	291,017	0	(251,244)
Increase in payables	179,417	0	122,862
(Decrease) in employee provisions	(27,287)	0	(129,730)
Non-operating grants, subsidies and contributions	(50,658)	(154,249)	(331,264)
Net cash from operating activities	1,229,924	253,148	197,024

Notes to and forming part of the financial report

for the year ended 30 June 2021

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	4,345,917	9,404,959
Education and welfare	8,340,502	0
Community amenities	1,797,671	1,670,920
Recreation and culture	3,836,161	7,937,314
Transport	13,961,673	12,647,976
Other property and services	77,151	310,345
	<u>32,359,075</u>	<u>31,971,514</u>

18. COMMITMENTS

	2021	2020
	\$	\$
Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	0	22,707
	<u>0</u>	<u>22,707</u>
Payable:		
- not later than one year	0	22,707

Notes to and forming part of the financial report

for the year ended 30 June 2021

19. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cr Rachel Thomas			
President's annual allowance	15,048	15,048	6,810
Meeting attendance fees	18,176	18,176	8,035
	<u>33,224</u>	<u>33,224</u>	<u>14,845</u>
Cr Charles Hohnen			
Deputy President's annual allowance	3,762	3,762	1,298
Meeting attendance fees	9,088	9,088	8,035
	<u>12,850</u>	<u>12,850</u>	<u>9,333</u>
Cr Dawne Horrex			
Meeting attendance fees	9,088	9,088	8,035
	<u>9,088</u>	<u>9,088</u>	<u>8,035</u>
Cr Peter Macintosh			
Meeting attendance fees	9,088	9,088	8,035
	<u>9,088</u>	<u>9,088</u>	<u>8,035</u>
Cr Greg Peters			
Meeting attendance fees	9,088	9,088	8,035
	<u>9,088</u>	<u>9,088</u>	<u>8,035</u>
Cr Karen Farley			
Meeting attendance fees	9,088	9,088	8,035
	<u>9,088</u>	<u>9,088</u>	<u>8,035</u>
Cr Patrick Dawkins			
Meeting attendance fees	9,088	9,088	8,035
	<u>9,088</u>	<u>9,088</u>	<u>8,035</u>
	<u>91,514</u>	<u>91,514</u>	<u>64,353</u>
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	15,048	15,048	6,810
Deputy President's allowance	3,762	3,762	1,298
Meeting attendance fees	72,704	72,704	56,245
	<u>91,514</u>	<u>91,514</u>	<u>64,353</u>

Notes to and forming part of the financial report

for the year ended 30 June 2021

20. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

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

	2021 Actual	2020 Actual
	\$	\$
Short-term employee benefits	695,486	768,007
Post-employment benefits	90,846	105,657
Other long-term benefits	15,381	15,340
Termination benefits	0	46,335
	<u>801,713</u>	<u>935,339</u>

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.

Notes to and forming part of the financial report

for the year ended 30 June 2021

20. 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.

The following transactions occurred with related parties:	2021 Actual	2020 Actual
	\$	\$
Town of Mosman Park		
Contribution to the Library and Community Centre	(632,906)	(731,863)
Town of Cottesloe		
Contributions to the Library and Community Centre	(549,047)	(634,893)
Joint venture entities:		
Distributions received from joint venture entities	(17,908)	(17,908)
Amounts outstanding from related parties:		
Trade and other receivables	0	297,212
Amounts payable to related parties:		
Trade and other payables	255,854	36,779

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

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.

iv. Joint venture entities accounted for under the proportionate consolidation method

The Shire has a one-third interest in an environmental health and building service. The interest in the joint venture entity is accounted for in these financial statements using the proportionate consolidation method of accounting. For details of interests held in joint venture entities, refer to Note 21.

Notes to and forming part of the financial report

for the year ended 30 June 2021

21. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

(a) Balance of investment in associate

The Shire of Peppermint Grove, together with the Town of Cottesloe, Claremont and Mosman Park & the City of Subiaco, have a joint venture arrangement for the provision of a waste transfer Station via the Western Metropolitan Regional Council. The Shire's interest in the joint venture as at the 30 June 2021 is 3.69% (2020: 3.98%) representing its share of the net assets of the Western Metropolitan Regional Council of \$3,253,263 (2020: \$3,644,354)

	2021 \$	2020 \$
Current assets	55,469	79,337
Non current assets	91,983	91,792
Total assets	147,452	171,129
Current liabilities	25,636	26,084
Non current liabilities	1,771	0
Total liabilities	27,407	26,084
Net assets	120,044	145,045
Net increase/(decrease) in share of associate entity's net assets	(25,001)	0
- Share of associates profit from ordinary activities	145,045	162,954
- Share of associates other comprehensive income arising during the period	(25,000)	(17,909)
- Share of associates total comprehensive income arising during the period	120,045	145,045
Balance at 1 July	0	0
- Share of associates total comprehensive income arising during the period	120,045	145,045
Balance at 30 June	120,045	145,045

(b) Share of joint operations

The Shire has a 9.09 per cent interest in the Grove Library, which is involved in the provision of library services for the ratepayers of the Shire of Peppermint Grove, Town of Cottesloe and Town of Mosman Park. The voting rights of the Shire is 33.33 per cent. The principal place of business of the Grove Library is 1 Leake Street, Peppermint Grove, WA 6011.

The Shire's interests in the Gove Library are accounted for as a joint operation using the proportional consolidation method in the financial statements. Summarised financial information of the joint operation, based on its IFRS financial statements as of 30 June 2021 and the year then ended, and adjusted for the Shire's proportional interest (9.09%) is set out below:

Non-current assets		
Property Plant & Equipment	1,210,871	1,204,772
Total assets	1,210,871	1,204,772
Current liabilities		
Trade & Other payables	0	21,468
Employee related Provisions	18,746	2,052
Total liabilities	18,746	23,520
Net Assets	1,192,125	1,181,252
Statement of Comprehensive income		
Revenue		
Operating grants, subsidies and contributions	0	0
Fees & Charges	3,366	4,135
Other Revenue	1,364	316
	4,730	4,451
Expenses		
Employee costs	(72,417)	(85,017)
Materials and Contractors	(32,334)	(32,660)
Utility Charges	(2,829)	(5,437)
Insurance expenses	(2,985)	(3,648)
Other Expenses	(5,576)	(6,617)
	(116,141)	(133,379)
Net result for the period	(111,411)	(128,928)
Total comprehensive income for the period	(111,411)	(128,928)

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements
Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

Interests in joint arrangements (Continued)
Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

Notes to and forming part of the financial report

for the year ended 30 June 2021

22. RATING INFORMATION

(a) Rates

RATE TYPE

Differential general rate / general rate

Gross rental valuations

Residential
Commercial
Clubs

Sub-Total

Minimum payment

Gross rental valuations

Residential
Commercial

Sub-Total

Total amount raised from general rate

Rate in \$	Number of Properties	2020/21 Actual		2020/21 Actual Interim		2020/21 Budget		2020/21 Budget Interim		2020/21 Budget		2019/20 Actual	
		Value	Rateable	Revenue	Rates	Revenue	Rate	Revenue	Rate	Revenue	Revenue	Total	Revenue
0.08599	557	31,618,957		2,718,914	11,237	2,730,151		2,692,944	16,000	2,708,944		2,724,543	
0.08599	38	6,135,100		527,557	0	527,558		464,018	0	464,018		481,538	
	595	37,754,057		3,246,471	11,237	3,257,709		3,220,628	16,000	3,236,628		41,650	
Minimum \$													
1,400	49	649,740		68,600	0	68,600		68,600	0	68,600		47,600	
1,400	15	160,550		21,000	0	21,000		21,000	0	21,000		21,000	
	64	810,290		89,600	0	89,600		89,600	0	89,600		68,600	
	659	38,564,347		3,336,071	11,237	3,347,309		3,310,228	16,000	3,326,228		3,316,331	

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.

Notes to and forming part of the financial report

for the year ended 30 June 2021

22. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	14/08/2020	0.00	0.00%	0.00%
Option Two				
First instalment	14/08/2020	0.00	0.00%	6.00%
Second instalment	16/10/2020	0.00	0.00%	6.00%
Option Three				
First instalment	14/08/2020	0.00	0.00%	6.00%
Second instalment	16/10/2020	0.00	0.00%	6.00%
Third instalment	17/12/2020	0.00	0.00%	6.00%
Fourth instalment	17/02/2021	0.00	0.00%	6.00%
		2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates		4,815	6,000	7,188
Interest on instalment plan		0	0	9,275
		4,815	6,000	16,463

Notes to and forming part of the financial report

for the year ended 30 June 2021

23. 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	9(a)	(31,841)	(12,000)	(9,818)
Add: Share of net profit of associates and joint ventures accounted for using the equity method		25,000	0	17,909
Movement in lease rent receivable		(1)	0	(33,558)
Movement in employee benefit provisions (non-current)		7,258	0	16,218
Add: Loss on disposal of assets	9(a)	26,967	12,364	0
Add: Depreciation on non-current assets	9(b)	578,664	473,123	519,869
Non cash amounts excluded from operating activities		606,047	473,487	510,620
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserves - cash backed	5	(1,290,763)	(471,103)	(1,163,877)
Less: Current assets not expected to be received at end of year				
- Budget consideration		(570)	0	(36,343)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	14(a)	34,439	31,725	32,212
- Leave provisions reserve		106,384	0	105,816
- Current portion of lease liabilities		33,762	0	31,583
Total adjustments to net current assets		(1,116,748)	(439,378)	(994,266)
Net current assets used in the Rate Setting Statement				
Total current assets		2,173,630	824,845	2,104,816
Less: Total current liabilities		(978,407)	(378,594)	(829,127)
Less: Total adjustments to net current assets		(1,116,748)	(439,378)	(994,266)
Net current assets used in the Rate Setting Statement		78,475	6,873	139,265

Notes to and forming part of the financial report

for the year ended 30 June 2021

24. 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 Shire. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. The Shire has 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	0.57%	2,141,936	1,290,763	850,628	545
2020					
Cash and cash equivalents	0.90%	1,782,107	1,163,877	618,230	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.

	2021	2020
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	8,506	6,182

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 14(b).

Notes to and forming part of the financial report

for the year ended 30 June 2021

24. 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 rate	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	7,975	6,117	0	0	14,092
Loss allowance	0	0	0	0	0
30 June 2020					
Rates receivable					
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	20,856	(478)	0	0	20,378
Loss allowance					0

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					
Other receivables					
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	17,602	0	0	0	17,602
Loss allowance	0	0	0	0	0
30 June 2020					
Other receivables					
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	61,807	233,296		7,228	302,331
Loss allowance	0	0	0	0	0

Notes to and forming part of the financial report

for the year ended 30 June 2021

24. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2021					
Payables	728,482	0	0	728,482	728,482
Borrowings	34,439	242,990	450,752	728,181	725,468
Lease liabilities	33,762	31,475	0	65,237	65,237
	<u>796,683</u>	<u>274,465</u>	<u>450,752</u>	<u>1,521,900</u>	<u>1,519,187</u>
2020					
Payables	522,474	0	0	522,474	549,065
Borrowings	32,212	304,442	420,540	757,194	757,194
Lease liabilities	31,583	0	0	0	96,820
	<u>586,269</u>	<u>304,442</u>	<u>420,540</u>	<u>1,279,668</u>	<u>1,403,079</u>

Notes to and forming part of the financial report

for the year ended 30 June 2021

25 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.

AASB 1059 Service Concession Arrangements: Grantors

There was no impact from the application of AASB 1059 on the reported balances at the date of initial application.

26 EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There were no events that occurred after the end of the reporting period.

Notes to and forming part of the financial report

for the year ended 30 June 2021

27 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
	\$	\$	\$	\$
Manners Hill Park Bonds	2,700	6,050	(6,050)	2,700
Community Centre Bonds	388	0	(388)	0
Footpath & Roads Deposits	18,500	14,000	(2,000)	30,500
Local Emergency Management Funds	65,390	0	(13,782)	51,608
	86,978	20,050	(22,220)	84,808

Notes to and forming part of the financial report

for the year ended 30 June 2021

28. 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.

Notes to and forming part of the financial report

for the year ended 30 June 2021

29. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
-----------------------------	------------

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

GOVERNANCE

To provide a decision-making process for the efficient allocation of scarce resources.

Administration and operation of facilities and services to Members of Council. Other costs that relate to the tasks of assisting elected members and ratepayers.

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue. Costs associated with raising of rates and other funding activities.

LAW, ORDER, PUBLIC SAFETY

To provide services to help ensure a safer and environmentally conscious community.

Supervision of various local laws, fire prevention, emergency services and animal control.

HEALTH

To provide an operational framework for environmental and community health.

Maternal and infant health, immunisation control, health inspections, pest control and preventative services.

EDUCATION AND WELFARE

To provide services to disadvantaged persons, the elderly, children and youth.

Contribution towards the operations of a community services provider, Aged Persons Support Service, community centre and other voluntary services.

COMMUNITY AMENITIES

To provide services to the community.

Rubbish collection and recycling services, administration of the Town Planning Scheme, maintenance of bus shelters.

RECREATION AND CULTURE

To establish and effectively manage infrastructure and resources which will help the

Maintenance of parks and reserves. Administration of the library and community centre that services the Cottesloe, Mosman Park and Peppermint Grove localities.

TRANSPORT

To provide safe, effective and efficient transport services to the community.

Construction and maintenance of roads, drainage works, footpaths, parking facilities and traffic signs. Cleaning of streets and maintaining street verges and street trees.

ECONOMIC SERVICES

To help promote the Shire and its economic wellbeing.

Implementation of building controls.

OTHER PROPERTY AND SERVICES

To monitor and control Council's overhead operating accounts.

Plant operation and public works overhead costs.

Notes to and forming part of the financial report

for the year ended 30 June 2021

30. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	0.92	1.18	1.11
Asset consumption ratio	0.95	0.97	0.98
Asset renewal funding ratio	2.12	1.69	0.98
Asset sustainability ratio	1.48	1.35	0.12
Debt service cover ratio	6.73	5.93	5.04
Operating surplus ratio	0.05	(0.02)	(0.03)
Own source revenue coverage ratio	1.00	0.93	0.91

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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

Independent Auditor's report

for the year ended 30 June 2021



Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 Shire of Peppermint Grove

To the Councillors of the Shire of Peppermint Grove

Report on the audit of the annual financial report

Opinion

I have audited the financial report of the Shire of Peppermint Grove (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 Peppermint Grove:

- 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.

Independent Auditor's report

for the year ended 30 June 2021

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 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.

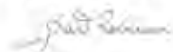
My opinion does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

Independent Auditor's report

for the year ended 30 June 2021

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Peppermint Grove 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
22 December 2021



Shire of Peppermint Grove

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