



AGENDA

SPECIAL AUDIT RISK AND GOVERNANCE COMMITTEE MEETING

NOTICE IS HEREBY GIVEN

that a SPECIAL Meeting of the Audit, Risk and Governance
Committee will be held in Newman Council Chambers
5.00pm, Thursday, 14 March 2024

A handwritten signature in black ink, appearing to read 'S. Harding', is positioned above the printed name of the Chief Executive Officer.

Steven Harding
CHIEF EXECUTIVE OFFICER

OUR VISION

A cohesive community providing an economic hub for the region linked by vibrant local centres and shared spaces – a place to live and call home

Our towns have survived fluctuations of fortune for more than a century. Resourcefulness and resilience, along with planning, will hold them in good stead throughout the 21st century. The energy of our people will ensure that the heart of the Pilbara will beat on, and will beat strong.

The Shire of East Pilbara is not just about resources - it's also about resourcefulness.

From our Indigenous people to early pastoralists and miners, and through to the present day, people have shown their capacity to not only survive but thrive in the heart of the Pilbara.

DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of East Pilbara for any act, omission or statement or intimation occurring during Council or Committee Meetings. The Shire of East Pilbara disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or Committee Meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council or Committee Meeting does so at that person's or legal entity's own risk.

In particular and without derogating any planning application or application of a licence, any statement or intimation of approval made by any member or Officer of the Shire of East Pilbara during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of East Pilbara.

The Shire of East Pilbara advises that anyone who has any application lodged with the Shire must obtain and should only rely upon: **WRITTEN CONFIRMATION** of the outcome of the application and any conditions pertaining to the decision made by the Shire of East Pilbara in respect of the application.

Please be advised this Agenda may include the names of people who are deceased.



Steven Harding
CHIEF EXECUTIVE OFFICER

AUDIT, RISK AND GOVERNANCE COMMITTEE

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**SHIRE OF EAST PILBARA
SPECIAL AUDIT RISK & GOVERNANCE COMMITTEE AGENDA 14 MARCH 2024**

Shire of **EAST
Pilbara**
THE HEART OF THE PILBARA

8 March 2024

Mr Steven Harding
Chief Executive Officer
Shire of East Pilbara
PMB 22
NEWMAN WA 6753

Dear Mr Harding

NOTICE PURSUANT TO CLAUSE 3.4 – SPECIAL MEETING OF AUDIT, RISK AND GOVERNANCE COMMITTEE

Pursuant to clause 3.4 of the *Shire of East Pilbara Meeting Procedures Local Law 2019*, I request that a Special Meeting of the Audit, Risk and Governance Committee to be convened on Thursday, 14 January 2023 commencing at 5.00 pm.

The purpose of the Special Meeting is to consider the following matter:

- 2022/23 Annual Financial Statements; and

any other items that are considered by you to be necessary for inclusion on the Agenda.

Yours sincerely



Anthony Middleton
Shire President

1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

2 ATTENDANCE BY ELECTRONIC MEANS

3 RECORD OF ATTENDANCES/APOLOGIES/LEAVE OF ABSENCE

3.1 ATTENDANCES

Council Members

Anthony Middleton
Cr Peta Baer
Cr Lee Anderson

Shire President (Presiding Member)
Council Member
Council Member

Deputy Members

Cr Wendy McWhirter-Brooks
Cr David Everett
Cr Lou Lockyer

Deputy Shire President
Council Member
Council Member

Officers

Steven Harding
Cherie Delmage
Joshua Brown

Chief Executive Officer
Acting Director Corporate Services
Manager Governance, Risk &
Procurement

3.2 APOLOGIES

Council Member Apologies

Officer Apologies

3.3 LEAVE OF ABSENCE

4 DISCLOSURES OF INTEREST

5 DECLARATIONS BY COUNCIL MEMBERS TO HAVE GIVEN DUE CONSIDERATION TO ALL MATTERS CONTAINED IN THE BUSINESS PAPER BEFORE THE MEETING

6 OFFICER'S REPORTS

6.1 CHIEF EXECUTIVE OFFICER

6.1.1 2022/23 ANNUAL FINANCIAL STATEMENTS

Attachments:	Appendix 1 2022/23 Annual Financial Statements
Responsible Officer:	Steven Harding Chief Executive Officer
Author:	Joshua Brown Manager Governance, Risk and Procurement
Proposed Meeting Date:	14 March 2024
Location/Address:	N/A
Name of Applicant:	N/A
Author Disclosure of Interest:	Nil

REPORT PURPOSE

For the Audit, Risk and Governance Committee to receive the Annual Financial Statements for the year ended 30 June 2023, and recommend that Council accepts the Audited Annual Financial Statements for the year ended 30 June 2023, as presented.

BACKGROUND

Section 6.4 of the *Local Government Act 1995* requires that each local government prepare an annual financial report for the preceding financial year for inclusion in the Annual Report. The Annual Report is to be accepted by the Council within two months of the auditor's report becoming available (if it is received after 31 December). Following acceptance by Council, the Annual Report, including financial statements, is to be presented to the Annual Electors' General Meeting, which must be held within 56 days of the Council's acceptance of the Annual Report.

COMMENTS/OPTIONS/DISCUSSIONS

A copy of the Annual Financial Statements for the year ended 30 June 2023 is attached as **Appendix 1**.

STATUTORY IMPLICATIONS/REQUIREMENTS

Recommended action is consistent with ss.5.53 and 6.4 of the *Local Government Act 1995*, regulation 19B of the *Local Government (Administration) Regulations 1996* and regulation 16 of the *Local Government (Audit) Regulations 1996*.

POLICY IMPLICATIONS

There are no known policy implications at the time of writing this report.

STRATEGIC COMMUNITY PLAN

5: Governance

Demonstrated accountability and corporate governance.

G1 Provide efficient, accountable and ethical governance.

G1.1 Enhance governance capability to deliver sustainable outcomes, roads and buildings

RISK MANAGEMENT CONSIDERATIONS

Acceptance of the recommended action will eliminate the compliance and reputational risks associated with failure to review and accept the Annual Financial Statements.

FINANCIAL IMPLICATIONS

There are no known financial implications at the time of writing this report.

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That the Committee receives the Audited Financial Statements for the year ended 30 June 2023 and recommends to Council, their inclusion in the Shire's 2022/2023 Annual Report.

Our Ref: OFM24-43125

Your Ref: IFM24-83847

8 March 2024

Ms Caroline Spencer
Auditor General
Office of the Auditor General
7th Floor, Albert Facey House
469 Wellington Street
PERTH WA 6000

Dear Ms Spencer

REPRESENTATION LETTER IN RESPECT OF SHIRE OF EAST PILBARA ("SHIRE") ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

This representation letter is provided in connection with your audit of the Shire's annual financial report for the year ended 30 June 2023 for the purpose of expressing an opinion as to whether the annual financial report is fairly presented in accordance with the *Local Government Act 1995* (the Act), the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

We submit the following representations for the year ended after making appropriate enquiries and according to the best of our knowledge and belief. This representation covers all material items in each of the categories listed below.

1. GENERAL

- a. We have fulfilled our responsibilities for the preparation and fair presentation of the annual financial report in accordance with the *Local Government Act 1995* (the Act), the *Local Government (Financial Management) Regulations 1996* and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.
- b. We have advised your auditors of all material contentious methods used in the presentation of the financial report.
- c. There have been no changes in accounting policies or application of those policies that would have a material effect on the financial report.
- d. The prior period comparative information in the financial report has not been restated.
- e. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We confirm the disclosures related to accounting estimates are complete and appropriate.

- f. We have established and maintained an adequate internal control structure and adequate financial records as we have determined are necessary to facilitate the preparation of the financial report that is free from material misstatement, whether due to fraud or error.
- g. We have provided your auditors with
 - i. Access to all information of which we are aware that is relevant to the preparation of the financial report, such as records, documentation and other matters.
 - ii. Additional information that your auditors have requested for the purpose of the audit.
 - iii. Unrestricted access to staff and councillors of the Shire from whom your auditors determined it necessary to obtain audit evidence.
- h. All transactions have been recorded in the accounting and other records and are reflected in the financial report.
- i. All internal audit reports and reports resulting from other management reviews, including legal issues and legal opinions which have the capacity to be relevant to the fair presentation of the financial report including, where relevant, minutes of meetings, have been brought to your auditors' attention and made available to them.
- j. We have advised your auditors of all known instances of non-compliance or suspected non-compliance with laws and regulations, and all known data or security breaches whose effects should be considered when preparing the financial report.
- k. We have provided to your auditors the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.
- l. No frauds or suspected frauds affecting the Shire involving:
 - i. Management;
 - ii. Employees who have significant roles in internal control; or
 - iii. Othershave occurred to the knowledge of management of the Shire.
- m. To our knowledge no allegations of fraud or suspected fraud affecting the Shire's financial report has been communicated to us by employees, former employees, analysts, regulators or others.
- n. We have disclosed to your auditors all known actual or possible litigation and claims whose effects should be considered when preparing the financial report, and they have been accounted for and disclosed in accordance with Australian Accounting Standards.

2. FAIR VALUE MEASUREMENTS AND DISCLOSURES

We confirm that where assets and liabilities are recorded at fair value, the value attributed to these assets and liabilities is the fair value.

We confirm that the carrying amount of each physical noncurrent asset does not materially differ from its fair value at the end of the reporting period. Significant fair value assumptions, including those with high estimation uncertainty, are reasonable.

We confirm the measurement methods, including related assumptions, used by management in determining fair values are appropriate and have been consistently applied.

Specifically, we confirm that the valuation increment to infrastructure assets is largely due to applying unit rates (based on new and current information). We have reviewed the valuation approach and the unit rates used by the external valuer and are comfortable that the entire increase pertains to the current year.

We confirm that the fair value disclosures in the financial report are complete and appropriate.

3. GOING CONCERN

We confirm that the going concern basis of accounting is appropriate for the annual financial report.

4. CONTINGENT LIABILITIES

There are no material contingent liabilities at year end that have not been completely and adequately disclosed in the Notes to the financial report.

5. COMMITMENTS FOR CAPITAL AND OTHER EXPENDITURE

Other than those commitments reported in the Notes to the financial report, there were no significant commitments for capital or other expenditure contracts carrying over at year end.

6. FINANCIAL LIABILITY FOR CONTAMINATED SITES

We are aware of our obligations under the *Contaminated Sites Act 2003* and have reported to the Department of Water and Environmental Regulation, all land owned, vested or leased by the Shire that is known to be, or is suspected of being, contaminated. All actual liabilities or contingent liabilities, if any, have been recognised and/or disclosed in the financial report as appropriate.

7. RELATED ENTITIES

We acknowledge our responsibility under section 17(1) of the *Auditor General Act 2006* (as applied by section 7.12AL of the *Local Government Act 1995*) to give written notice to the Auditor General if any of the Shire's functions are being performed in partnership or jointly with another person or body, through the instrumentality of another person or body, and/or by means of a trust. We confirm that we have provided the Auditor General with details of all related entities in existence at 30 June 2023.

8. RELATED PARTIES

We have disclosed to your auditors the identity of the Shire's related parties, as defined in Australian Accounting Standards, of which we are aware, and all the related party relationships and transactions of which we are aware. These include the Shire's key management personnel (KMP) and their related parties, including their close family members and their controlled and jointly controlled entities.

We have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of Australian Accounting Standards.

9. KEY MANAGEMENT PERSONNEL COMPENSATION

We confirm the Shire's key management personnel (KMP) have not received any other money, consideration or benefit (except amounts being reimbursements for out of pocket expenses) which has not been included in the compensation disclosed in the Notes to the financial report.

10. SUBSEQUENT EVENTS

No matters or occurrences have come to our attention between the date of the financial report and the date of this letter which would materially affect the financial report or disclosures therein, or which are likely to materially affect the future results or operations of the Shire.

11. INTERNAL CONTROL

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

12. INSURANCE

We have established procedures to assess the adequacy of insurance cover on all assets and insurable risks. We believe, where appropriate, assets and insurable risks are adequately covered by insurance.

13. RISK MANAGEMENT

We confirm that we have established and maintained a risk management framework that is appropriate to the Shire.

Item 6.1.1 Appendix 1

14. ACCOUNTING MISSTATEMENTS

The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these uncorrected misstatements is listed below.

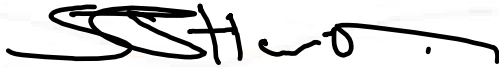
Account	Reported balance Dr \$/ (Cr \$)	Actual balance Dr \$/ (Cr \$)	Variance Dr \$/ (Cr \$)
Property, plant and equipment	87,159,964	87,169,744	9,780
Infrastructure Assets	627,236,174	627,297,594	61,420
Depreciation Expense	19,546,709	19,621,569	74,860
Revaluation Surplus	(521,789,914)	(521,935,974)	146,060
<i>Being reconciliation between FAR and Trial Balance not taken up by Management</i>			
Property, plant and equipment	87,159,964	87,008,003	(151,961)
Loss on asset disposals	6,517	158,478	151,961
<i>Being disposals of assets not written off</i>			

15. ELECTRONIC PRESENTATION OF THE AUDITED ANNUAL FINANCIAL REPORT AND AUDITOR'S REPORT

- a. We acknowledge that we are responsible for the electronic presentation of the annual financial report.
- b. We will ensure that the electronic version of the audited annual financial report and the auditor's report presented on the Shire's website is the same as the final signed versions of the audited annual financial report and the auditor's report.
- c. We have clearly differentiated between audited and unaudited information in the construction of the Shire's website and understand the risk of potential misrepresentation in the absence of appropriate controls.
- d. We have assessed the security controls over the audited annual financial report and the auditor's report and are satisfied that procedures in place are adequate to ensure the integrity of the information provided.
- e. We will ensure that where the auditor's report on the annual financial report is provided on the website, the annual financial report is also provided in full.

16. OTHER (UNAUDITED) INFORMATION IN THE ANNUAL REPORT

We will provide the final version of the annual report to you when available, to enable you to complete your required procedures.



Chief Executive Officer
NAME: Steven Harding

8/3/2024

Date



Acting Director Corporate Services
NAME: Cherie Delmage

8 March 2024

Date

Item 6.1.1 Appendix 1

SHIRE OF EAST PILBARA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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

A diverse community thriving in a vast landscape that offers a world of opportunity and rich heritage and culture.

Principal place of business:
Cnr Kalgan & Newman Drive
Newman WA 6753

**SHIRE OF EAST PILBARA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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

STATEMENT BY CEO

The accompanying financial report of the Shire of East Pilbara has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the 04 day of March 2024



Chief Executive Officer

Steven Harding

Name of Chief Executive Officer

Item 6.1.1 Appendix 1

SHIRE OF EAST PILBARA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
Revenue				
Rates	2(a),26	28,389,246	28,202,472	21,181,469
Grants, subsidies and contributions	2(a)	15,166,304	5,207,450	7,889,391
Fees and charges	2(a)	24,741,641	23,881,336	23,132,292
Service charges	2(a)	120,328	124,800	0
Interest revenue	2(a)	2,736,422	1,065,450	578,778
Other revenue	2(a)	1,537,003	1,483,101	2,238,295
		<u>72,690,944</u>	<u>59,964,609</u>	<u>55,020,225</u>
Expenses				
Employee costs	2(b)	(16,378,792)	(16,910,139)	(13,635,742)
Materials and contracts		(22,502,662)	(22,982,229)	(16,673,452)
Utility charges		(2,154,829)	(2,416,200)	(1,969,104)
Depreciation		(19,546,709)	(15,511,700)	(16,061,765)
Finance costs	2(b)	(779,769)	(170,348)	(515,827)
Insurance		(1,489,975)	(1,201,700)	(1,301,887)
Other expenditure	2(b)	(1,223,688)	(1,387,747)	(942,416)
		<u>(64,076,424)</u>	<u>(60,580,063)</u>	<u>(51,100,193)</u>
		8,614,520	(615,454)	3,920,032
Capital grants, subsidies and contributions	2(a)	13,592,165	42,098,283	6,509,379
Profit on asset disposals		539,329	223,839	76,352
Loss on asset disposals		(6,517)	0	(145,702)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	4,607	0	4,996
		<u>14,129,584</u>	<u>42,322,122</u>	<u>6,445,025</u>
Net result for the period	25(b)	22,744,104	41,706,668	10,365,057
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	17	400,003,854	0	1,224,731
Total other comprehensive income for the period	17	400,003,854	0	1,224,731
Total comprehensive income for the period		422,747,958	41,706,668	11,589,788

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

**SHIRE OF EAST PILBARA
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	NOTE	2023	2022
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	16,056,785	34,028,491
Trade and other receivables	5	7,248,896	3,392,276
Other financial assets	4(a)	69,500,000	42,637,421
Inventories	6	97,409	255,878
Other assets	7	1,613,992	4,261,841
TOTAL CURRENT ASSETS		94,517,082	84,575,907
NON-CURRENT ASSETS			
Trade and other receivables	5	15,317	10,026
Other financial assets	4(b)	101,862	97,255
Property, plant and equipment	8	87,159,964	69,243,644
Infrastructure	9	627,236,174	225,179,068
TOTAL NON-CURRENT ASSETS		714,513,317	294,529,993
TOTAL ASSETS		809,030,399	379,105,900
CURRENT LIABILITIES			
Trade and other payables	12	6,215,525	6,477,223
Other liabilities	13	849,410	3,744,310
Borrowings	14	3,417,822	384,436
Employee related provisions	15	1,140,566	1,245,399
TOTAL CURRENT LIABILITIES		11,623,323	11,851,368
NON-CURRENT LIABILITIES			
Borrowings	14	10,091,124	2,008,676
Employee related provisions	15	341,293	143,553
Other provisions	16	14,920,035	15,795,637
TOTAL NON-CURRENT LIABILITIES		25,352,452	17,947,866
TOTAL LIABILITIES		36,975,775	29,799,234
NET ASSETS		772,054,624	349,306,666
EQUITY			
Retained surplus		172,716,249	158,939,675
Reserve accounts	29	77,548,461	68,580,931
Revaluation surplus	17	521,789,914	121,786,060
TOTAL EQUITY		772,054,624	349,306,666

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

**SHIRE OF EAST PILBARA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2021		159,103,801	58,051,748	120,561,329	337,716,878
Comprehensive income for the period					
Net result for the period		10,365,057	0	0	10,365,057
Other comprehensive income for the period	17	0	0	1,224,731	1,224,731
Total comprehensive income for the period		10,365,057	0	1,224,731	11,589,788
Transfers from reserve accounts	29	389,144	(389,144)	0	0
Transfers to reserve accounts	29	(10,918,327)	10,918,327	0	0
Balance as at 30 June 2022		158,939,675	68,580,931	121,786,060	349,306,666
Comprehensive income for the period					
Net result for the period		22,744,104	0	0	22,744,104
Other comprehensive income for the period	17	0	0	400,003,854	400,003,854
Total comprehensive income for the period		22,744,104	0	400,003,854	422,747,958
Transfers from reserve accounts	29	1,309,965	(1,309,965)	0	0
Transfers to reserve accounts	29	(10,277,495)	10,277,495	0	0
Balance as at 30 June 2023		172,716,249	77,548,461	521,789,914	772,054,624

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

Item 6.1.1 Appendix

**SHIRE OF EAST PILBARA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2022 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		27,271,763	20,701,283
Grants, subsidies and contributions		12,234,702	9,265,381
Fees and charges		23,036,018	23,364,386
Service charges		120,328	0
Interest revenue		2,736,422	578,778
Other revenue		1,537,003	2,238,295
		<u>66,936,236</u>	<u>56,148,123</u>
Payments			
Employee costs		(16,285,885)	(13,600,155)
Materials and contracts		(19,936,133)	(20,014,939)
Utility charges		(2,154,829)	(1,969,104)
Finance costs		(175,302)	(143,905)
Insurance paid		(1,489,975)	(1,301,887)
Goods and services tax net		(69,252)	(127,409)
Other expenditure		(725,220)	(1,064,841)
		<u>(40,836,596)</u>	<u>(38,222,240)</u>
Net cash provided by (used in) operating activities	18(b)	26,099,640	17,925,883
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	8(a)	(5,336,056)	(3,741,067)
Payments for construction of infrastructure	9(a)	(36,107,410)	(11,078,748)
Capital grants, subsidies and contributions		12,138,936	6,126,880
Payments for financial assets at amortised cost		(26,862,577)	(22,685,739)
Proceeds from sale of property, plant & equipment		979,927	43,702
Proceeds from sale of infrastructure		0	55,592
		<u>(55,187,180)</u>	<u>(31,279,380)</u>
Net cash provided by (used in) investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	28(a)	(384,166)	(466,131)
Proceeds from new borrowings	28(a)	11,500,000	0
		<u>11,115,834</u>	<u>(466,131)</u>
Net cash provided by (used in) financing activities			
Net increase (decrease) in cash held		(17,971,706)	(13,819,628)
Cash at beginning of year		<u>34,028,491</u>	<u>47,848,119</u>
Cash and cash equivalents at the end of the year	18(a)	<u>16,056,785</u>	<u>34,028,491</u>

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

**SHIRE OF EAST PILBARA
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
Rates	26	28,389,246	28,202,472	21,181,469
Grants, subsidies and contributions		15,166,304	5,207,450	7,889,391
Fees and charges		24,741,641	23,881,336	23,132,292
Service charges		120,328	124,800	0
Interest revenue		2,736,422	1,065,450	578,778
Other revenue		1,537,003	1,483,101	2,238,295
Profit on asset disposals		539,329	223,839	76,352
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	4,607	0	4,996
		<u>73,234,880</u>	<u>60,188,448</u>	<u>55,101,573</u>
Expenditure from operating activities				
Employee costs		(16,378,792)	(16,910,139)	(13,635,742)
Materials and contracts		(22,502,662)	(22,982,229)	(16,673,452)
Utility charges		(2,154,829)	(2,416,200)	(1,969,104)
Depreciation		(19,546,709)	(15,511,700)	(16,061,765)
Finance costs		(779,769)	(170,348)	(515,827)
Insurance		(1,489,975)	(1,201,700)	(1,301,887)
Other expenditure		(1,223,688)	(1,387,747)	(942,416)
Loss on asset disposals		(6,517)	0	(145,702)
		<u>(64,082,941)</u>	<u>(60,580,063)</u>	<u>(51,245,895)</u>
Non-cash amounts excluded from operating activities	27(a)	19,806,207	15,287,861	16,433,146
Amount attributable to operating activities		<u>28,958,145</u>	<u>14,896,246</u>	<u>20,288,824</u>
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		13,592,165	42,098,283	6,509,379
Proceeds from disposal of assets		979,927	618,750	99,294
		<u>14,572,092</u>	<u>42,717,033</u>	<u>6,608,673</u>
Outflows from investing activities				
Purchase of property, plant and equipment	8(a)	(5,336,056)	(8,886,188)	(3,741,067)
Purchase and construction of infrastructure	9(a)	(36,107,410)	(64,579,065)	(11,078,745)
		<u>(41,443,466)</u>	<u>(73,465,253)</u>	<u>(14,819,812)</u>
Amount attributable to investing activities		<u>(26,871,374)</u>	<u>(30,748,220)</u>	<u>(8,211,139)</u>
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	28(a)	11,500,000	15,000,000	0
Transfers from reserve accounts	29	1,309,964	2,969,611	389,144
		<u>12,809,964</u>	<u>17,969,611</u>	<u>389,144</u>
Outflows from financing activities				
Repayment of borrowings	28(a)	(384,166)	(384,436)	(466,131)
Transfers to reserve accounts	29	(10,277,495)	(1,733,201)	(10,918,328)
		<u>(10,661,661)</u>	<u>(2,117,637)</u>	<u>(11,384,459)</u>
Amount attributable to financing activities		<u>2,148,303</u>	<u>15,851,974</u>	<u>(10,995,315)</u>
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	27(b)	4,528,045	0	3,445,675
Amount attributable to operating activities		28,958,146	14,896,246	20,288,824
Amount attributable to investing activities		(26,871,374)	(30,748,220)	(8,211,139)
Amount attributable to financing activities		2,148,303	15,851,974	(10,995,315)
Surplus or deficit after imposition of general rates	27(b)	<u>8,763,120</u>	<u>(0)</u>	<u>4,528,045</u>

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

**SHIRE OF EAST PILBARA
FOR THE YEAR ENDED 30 JUNE 2023
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**SHIRE OF EAST PILBARA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

1. BASIS OF PREPARATION

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

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board except for disclosures requirements of:

AASB 7 Financial Instruments Disclosures
AASB 16 Lease paragraph 58
AASB 101 Presentation of Financial Statements paragraph 61
AASB 107 Statement of Cashflow paragraphs 43 and 45
AASB 116 Property Plant and Equipment paragraph 79
AASB 137 Provisions, Contingent Liabilities and Contingent Assets paragraph 85
AASB 140 Investment Properties paragraph 75(f)
AASB 1052 paragraph 11
AASB 1054 Australian Additional Disclosures paragraph 16

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

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

The local government reporting entity

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

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

Judgements and estimates

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

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

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.
- estimation uncertainties made in relation to lease accounting

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date
- AASB 2021-7a Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]
- AASB 2022-3 Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

These amendments have no material impact on the current annual financial report

New accounting standards for application in future years

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

- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
This standard will result in a terminology change for significant accounting policies
- AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
- AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

**SHIRE OF EAST PILBARA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Grants, subsidies and contributions	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	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
Fees and Charges - Use of Facilities general	Permission to enter and use facilities and equipment, attend functions and events.	Single point in time	Full payment in advance or on entry, where applicable credit provided on normal trading terms.	None	On entry to facility or at time of confirming booking
Fees and charges - sale of stock	kiosk and art centre stock on hand sales, aviation fuel	Single point in time	Full payment in advance or credit provided on normal trading terms.	None	Output method based on goods sold
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	Output method based on works done

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

Revenue Recognition

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

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	28,389,246	(0)	28,389,246
Grants, subsidies and contributions	15,166,304	0	0	0	15,166,304
Fees and charges	22,972,250	0	1,769,391	0	24,741,641
Service charges	0	0	120,328	0	120,328
Interest revenue	2,404,368	0	332,054	0	2,736,422
Other revenue	0	0	0	1,537,003	1,537,003
Capital grants, subsidies and contributions	0	13,592,165	0	0	13,592,165
Total	40,542,922	13,592,165	30,611,019	1,537,003	86,283,109

For the year ended 30 June 2022

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	21,181,469	0	21,181,469
Grants, subsidies and contributions	7,477,146	0	0	412,245	7,889,391
Fees and charges	21,467,671	0	1,664,621	0	23,132,292
Interest revenue	364,507	0	214,271	0	578,778
Other revenue	0	0	0	2,238,295	2,238,295
Capital grants, subsidies and contributions	0	6,509,379	0	0	6,509,379
Total	29,309,324	6,509,379	23,060,361	2,650,540	61,529,604

SHIRE OF EAST PILBARA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Note	2023	2022
	Actual	Actual
	\$	\$
Interest revenue		
Interest on reserve account funds	2,313,872	265,430
Trade and other receivables overdue interest	332,054	214,271
Other interest revenue	90,496	99,077
	<u>2,736,422</u>	<u>578,778</u>

The 2023 original budget estimate in relation to:
Trade and other receivables overdue interest was \$97,000

The 2023 original budget estimate in relation to:
Charges on instalment plan was \$Nil.

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report	70,523	68,262
- Other services	500	0
	<u>71,023</u>	<u>68,262</u>

Employee Costs

Employee benefit costs	14,832,923	12,489,737
Other employee costs	1,545,869	1,146,005
	<u>16,378,792</u>	<u>13,635,742</u>

Finance costs

Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	175,302	143,905
Other provisions: unwinding of discount	604,467	371,922
	<u>779,769</u>	<u>515,827</u>

Other expenditure

Impairment losses on trade receivables	460,975	354,519
Impairment losses on other receivables	37,493	(122,425)
Sundry expenses	725,220	710,322
	<u>1,223,688</u>	<u>942,416</u>

Item 6.1.1 Appendix 1

SHIRE OF EAST PILBARA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

3. CASH AND CASH EQUIVALENTS

	Note	2023 \$	2022 \$
Cash at bank and on hand		13,056,785	16,449,341
Term deposits		3,000,000	17,579,150
Total cash and cash equivalents	18(a)	16,056,785	34,028,491
Held as			
- Unrestricted cash and cash equivalents		5,659,860	3,085,863
- Restricted cash and cash equivalents	18(a)	<u>10,396,925</u>	<u>30,942,628</u>
		16,056,785	34,028,491

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.

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

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

Restricted financial assets

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

4. OTHER FINANCIAL ASSETS

(a) Current assets

		2023 \$	2022 48
Financial assets at amortised cost		<u>69,500,000</u>	<u>42,637,421</u>
		69,500,000	42,637,421
Other financial assets at amortised cost			
Term deposits		<u>69,500,000</u>	<u>42,637,421</u>
		69,500,000	42,637,421
Held as			
- Restricted other financial assets at amortised cost	18(a)	<u>69,500,000</u>	<u>42,637,421</u>
		69,500,000	42,637,421

(b) Non-current assets

Financial assets at fair value through profit or loss		<u>101,862</u>	<u>97,255</u>
		101,862	97,255
Financial assets at fair value through profit or loss			
Units in Local Government House Trust - opening balance		97,255	92,259
Movement attributable to fair value increment		<u>4,607</u>	<u>4,996</u>
Units in Local Government House Trust - closing balance		101,862	97,255

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 28(a) as self supporting loans. Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

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

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

Financial assets at fair value through profit or loss

The Shire has elected to classify the following financial assets at fair value through profit or 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 elected to recognise as fair value gains and losses through profit or loss.

Impairment and risk

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

Restricted assets

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

**SHIRE OF EAST PILBARA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

5. TRADE AND OTHER RECEIVABLES

	Note	2023 \$	2022 \$
Current			
Rates and statutory receivables		3,483,069	2,387,494
Trade receivables		5,499,190	2,345,311
GST receivable		600,720	531,469
Allowance for credit losses of rates and statutory receivables	22(b)	(2,167,708)	(1,730,271)
Allowance for credit losses of trade receivables	22(b)	(166,375)	(141,727)
		7,248,896	3,392,276
Non-current			
Pensioner's rates and ESL deferred		15,317	10,026
		15,317	10,026

Disclosure of opening and closing balances related to contracts with customers

		30 June 2023 Actual \$	30 June 2022 Actual \$
Information about receivables 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:	Note		
Contract assets	7	542,464	2,769,294
Total trade and other receivables from contracts with customers		542,464	2,769,294

SIGNIFICANT ACCOUNTING POLICIES

Rates and statutory receivables

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations as part of the ordinary course of business.

Other receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers including grants for the construction of recognisable non financial assets.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

Classification and subsequent measurement

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

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

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

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 7.

**SHIRE OF EAST PILBARA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

6. INVENTORIES

Current	Note	2023	2022
		\$	\$
Fuel and materials		80,204	238,242
History Books		0	3,247
Baskets		17,205	14,389
		97,409	255,878

The following movements in inventories occurred during the year:

Balance at beginning of year	255,878	95,483
Inventories expensed during the year	(824,445)	(428,565)
Additions to inventory	665,973	588,960
Balance at end of year	97,409	255,878

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Item 6.1.1 Appendix 1

**SHIRE OF EAST PILBARA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

7. OTHER ASSETS

	<u>2023</u>	<u>2022</u>
	\$	\$
Other assets - current		
Prepayments	48,494	26,866
Accrued income	1,023,034	1,465,681
Contract assets	<u>542,464</u>	<u>2,769,294</u>
	1,613,992	4,261,841

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

Contract assets

Contract assets primarily relate to the Shire's right to . consideration for work completed but not billed at the end of the year.

Accrued Income

Accrued income primarily relates to the Shire's right to . consideration for services provided but not billed at the end of the year.

Impairment of assets associated with contracts with customers are detailed at Note 2(b).

Item 6.1.1 Appendix 1

SHIRE OF EAST PILBARA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings - non- specialised	Buildings - specialised	Total land and buildings not subject to operating lease	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	1,580,000	18,512,000	40,937,200	61,029,200	61,029,200	738,250	7,632,182	69,399,632
Additions	2,512	1,795,955	364,916	2,163,383	2,163,383	108,803	1,468,881	3,741,067
Disposals			(122,844)	(122,844)	(122,844)		(42,679)	(165,523)
Depreciation	0	(694,738)	(1,317,448)	(2,012,186)	(2,012,186)	(210,672)	(1,508,674)	(3,731,532)
Balance at 30 June 2022	1,582,512	19,613,217	39,861,824	61,057,553	61,057,553	636,381	7,549,710	69,243,644
Comprises:								
Gross balance amount at 30 June 2022	1,582,512	20,307,955	41,173,416	63,063,883	63,063,883	2,041,583	15,592,562	80,698,028
Accumulated depreciation at 30 June 2022	0	(694,738)	(1,311,592)	(2,006,330)	(2,006,330)	(1,405,202)	(8,042,852)	(11,454,384)
Balance at 30 June 2022	1,582,512	19,613,217	39,861,824	61,057,553	61,057,553	636,381	7,549,710	69,243,644
Additions	0	2,108,757	214,623	2,323,380	2,323,380	133,100	2,879,576	5,336,056
Disposals	0	0	0	0	0	0	(447,116)	(447,116)
Revaluation increments / (decrements) transferred to revaluation surplus	1,998,588	6,362,395	11,156,833	19,517,816	19,517,816	0	0	19,517,816
Depreciation	0	(1,271,622)	(3,410,272)	(4,681,894)	(4,681,894)	(179,529)	(1,629,013)	(6,490,436)
Balance at 30 June 2023	3,581,100	26,812,747	47,823,008	78,216,855	78,216,855	589,952	8,353,157	87,159,964
Comprises:								
Gross balance amount at 30 June 2023	3,581,100	28,084,369	51,233,280	82,898,749	82,898,749	2,174,683	17,239,725	102,313,157
Accumulated depreciation at 30 June 2023	0	(1,271,622)	(3,410,272)	(4,681,894)	(4,681,894)	(1,584,731)	(8,886,568)	(15,153,193)
Balance at 30 June 2023	3,581,100	26,812,747	47,823,008	78,216,855	78,216,855	589,952	8,353,157	87,159,964

**SHIRE OF EAST PILBARA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	3	Market Approach using recent observable market data for similar properties	Independent registered valuer	July 2022	While the unit rates based on square metre could be supported by market evidence (Level 2) other inputs such as zoning, restrictions, accessibility (Level 3) required extensive professional judgement and impacted significantly on the final determination.
Buildings - non-specialised	2	Market approach using recent observable market data or similar properties	Independent registered valuer	July 2022	Price per square metre
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuer and management valuation	July 2022	This required estimating the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. Other inputs such as residual value, useful life, pattern of consumption and asset condition required extensive professional judgement and impacted significantly on the final determination.
Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.					
During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.					
(ii) Cost					
Furniture and equipment		NA	Cost	NA	Purchase Cost
Plant and equipment		NA	Cost	NA	Purchase Cost

**SHIRE OF EAST PILBARA
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9. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Other infrastructure - Footpaths	Other infrastructure Drainage	Other infrastructure Parks and Gardens and Other	Other infrastructure Airport Infrastructure	Other infrastructure Landfill Rehabilitation	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	137,854,847	8,155,095	11,398,750	17,455,242	36,351,870	15,490,657	226,706,461
Additions	6,053,504	274,382	194,282	4,297,719	258,858	0	11,078,745
(Disposals)	0	0	0	(3,121)	0	0	(3,121)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	(272,784)	(272,784)
Depreciation	(7,997,674)	(435,488)	(319,735)	(1,763,860)	(1,168,097)	(645,379)	(12,330,233)
Balance at 30 June 2022	135,910,677	7,993,989	11,273,297	19,985,980	35,442,631	14,572,494	225,179,068
Comprises:							
Gross balance at 30 June 2022	165,810,581	9,719,574	12,578,039	26,819,201	40,605,323	15,795,637	271,328,355
Accumulated depreciation at 30 June 2022	(29,899,904)	(1,725,585)	(1,304,742)	(6,833,221)	(5,162,692)	(1,223,143)	(46,149,287)
Balance at 30 June 2022	135,910,677	7,993,989	11,273,297	19,985,980	35,442,631	14,572,494	225,179,068
Additions	7,192,516	83,358	0	11,805,907	17,025,629	0	36,107,410
Revaluation increments / (decrements) transferred to revaluation surplus	373,973,890	(1,536,224)	9,930,959	1,237,405	(3,799,659)	679,668	380,486,039
Reduction in provision for remediation costs	0	0	0	0	0	(1,480,069)	(1,480,069)
Depreciation	(8,456,312)	(444,808)	(319,736)	(2,048,985)	(1,174,862)	(611,571)	(13,056,274)
Balance at 30 June 2023	508,620,771	6,096,315	20,884,520	30,980,307	47,493,739	13,160,522	627,236,174
Comprises:							
Gross balance at 30 June 2023	508,620,771	6,096,315	20,884,520	30,980,307	47,493,739	14,920,036	628,995,688
Accumulated depreciation at 30 June 2023	0	0	0	0	0	(1,759,514)	(1,759,514)
Balance at 30 June 2023	508,620,771	6,096,315	20,884,520	30,980,307	47,493,739	13,160,522	627,236,174

SHIRE OF EAST PILBARA
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9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Other infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Other infrastructure Drainage	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Other infrastructure Parks and Gardens	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Other infrastructure Airport Infrastructu	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2023	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Other infrastructure Landfill Rehabilitat	2	Cost approach using depreciated replacement cost	Independent & Management Valuation	June 2023	Price per metre/square metre units, future inflation discount rate (Level 2)

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.

The Shire of East Pilbara undertook an independent revaluation as at 30th June 2023 of its roads, footpaths and other assets, in line with AASB 13 Fair Value Measurement and Local Government (Financial Management) Regulations 1996. The revaluation resulted in a material increase in the fair value of the Shire's road assets. The independent valuation involved a visual road condition survey of the Shire's entire road and footpath.

The 2023 valuation increment to infrastructure assets is largely due to applying unit rates (based on new and current information), that are more relevant to the Shire than previously applied in the prior valuation performed for the year ended 30 June 2018.

**SHIRE OF EAST PILBARA
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10. FIXED ASSETS

(a) Depreciation

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
Land - freehold land	
Buildings - non-specialised	10 - 60 years
Buildings - specialised	10 - 60 years
Furniture and equipment	3 - 5 years
Plant and equipment	3 - 10 years
Infrastructure - roads	15 - 60 years
Other infrastructure - Footpaths	20 - 60 years
Other infrastructure Drainage	20 - 60 years
Other infrastructure Parks and Gardens and Other	20 - 60 years
Other infrastructure Airport Infrastructure	20 - 60 years
Other infrastructure Landfill Rehabilitation	10 - 31 years

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**SHIRE OF EAST PILBARA
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10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

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

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

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

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

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

Revaluation

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

At the end of each period, the carrying amount for each asset class is reviewed and, where appropriate, the fair value is updated to reflect current market conditions consistent with *Financial Management Regulation 17A(2)* which requires land, buildings infrastructure, investment properties and vested improvements to be shown at fair value.

Revaluation (continued)

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

Depreciation

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

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

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

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

Depreciation on revaluation

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

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

Amortisation

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

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

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

**SHIRE OF EAST PILBARA
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11. LEASES

(a) Lessor - Property, Plant and Equipment Subject to Lease

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

Less than 1 year
1 to 2 years

	2023 Actual	2022 Actual
	\$	\$
	504,625	740,729
	519,764	300,493
	<u>1,024,389</u>	<u>1,041,222</u>

Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease

Rental income

903,108 901,238

The Shire leases houses to staff and aged persons with rentals payable monthly. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The staff houses are not considered investment property as they are leased for use in the supply of services to the community. The aged persons housing are considered a joint operation and are not considered investment property as the primary purpose is provision of community housing.

Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Although the Shire is exposed to changes in the residual value at the end of the current leases, the Shire typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

SIGNIFICANT ACCOUNTING POLICIES

The Shire as Lessor

Upon entering into each contract as a lessor, the Shire assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Shire applies AASB 15 to allocate the consideration under the contract to each component.

**SHIRE OF EAST PILBARA
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12. TRADE AND OTHER PAYABLES

	<u>2023</u>	<u>2022</u>
	\$	\$
Current		
Sundry creditors	3,622,315	4,086,719
Prepaid rates	106,338	128,246
Bonds and deposits held	1,499,053	1,254,808
Accrued salaries and wages	377,170	167,801
Other accruals	515,839	824,496
Accrued interest on long term borrowings	94,810	15,153
	<u>6,215,525</u>	<u>6,477,223</u>

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are initially recognised at fair value when the Shire becomes a party to the contractual Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Financial liabilities are derecognised where the related profit or loss.

Bonds and Deposits Held

Bonds and deposits held represent a payment made to the Shire as a security bond. These are normally payable after by construction

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are 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

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**SHIRE OF EAST PILBARA
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13. OTHER LIABILITIES

	<u>2023</u>	<u>2022</u>
	\$	\$
Current		
Contract liabilities	293,510	1,735,181
Capital grant/contributions liabilities	555,900	2,009,129
	<u>849,410</u>	<u>3,744,310</u>
Reconciliation of changes in contract liabilities		
Opening balance	1,735,181	1,132,588
Additions	293,510	1,735,181
Revenue from contracts with customers included as a contract liability at the start of the period	(1,735,181)	(1,132,588)
	<u>293,510</u>	<u>1,735,181</u>

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

Reconciliation of changes in capital grant/contribution liabilities

Opening balance	2,009,129	2,391,628
Additions	555,900	2,009,129
Revenue from capital grant/contributions held as a liability at the start of the period	(2,009,129)	(2,391,628)
	<u>555,900</u>	<u>2,009,129</u>

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

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

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

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 0(i)) due to the unobservable inputs, including own credit risk.

**SHIRE OF EAST PILBARA
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14. BORROWINGS

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
WA treasury Corporation		3,417,822	10,091,124	13,508,946	384,436	2,008,676	2,393,112
Total secured borrowings	28(a)	3,417,822	10,091,124	13,508,946	384,436	2,008,676	2,393,112

The Shire of East Pilbara has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 years.

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

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

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

Risk

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

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

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15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2023	2022
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	739,255	713,018
Long service leave	401,311	532,381
	<u>1,140,566</u>	<u>1,245,399</u>
Total current employee related provisions	<u>1,140,566</u>	<u>1,245,399</u>
Non-current provisions		
Employee benefit provisions		
Long service leave	183,627	143,553
Other employee leave provisions	157,666	0
	<u>341,293</u>	<u>143,553</u>
Total non-current employee related provisions	<u>341,293</u>	<u>143,553</u>
Total employee related provisions	<u>1,481,859</u>	<u>1,388,952</u>

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

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

	2023	2022
	\$	\$
Amounts are expected to be settled on the following basis:		
Less than 12 months after the reporting date	1,140,566	713,018
More than 12 months from reporting date	341,293	675,934
	<u>1,481,859</u>	<u>1,388,952</u>

Expected reimbursements of employee related provisions from other WA local governments included within other receivables

95,395

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

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16. OTHER PROVISIONS

	<u>Provision for remediation costs</u>
	\$
Opening balance at 1 July 2022	
Non-current provisions	15,795,637
	<u>15,795,637</u>
Additional provision / (reduction in provision)	(1,480,069)
Charged to profit or loss	
- unwinding of discount	604,467
Balance at 30 June 2023	<u>14,920,035</u>
Comprises	
Non-current	14,920,035
	<u>14,920,035</u>

During the year, the remediation costs were reviewed as part of the revaluation of Infrastructure - Landfill Rehabilitation with decreases in the provision being recognised in Other Comprehensive Income as part of the revaluation.

Other provisions

Amounts which are expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on factors beyond the control of the local government.

Make good provisions

Under the licence for the operation of the Newman, Marble Bar and Nullagine landfill sites, the Shire has a legal obligation to restore the sites.

A provision for remediation is recognised when:

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

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

The provision for future remediation costs is the best estimate of the present value of the expenditure required to settle the remediation obligation at the reporting date. Future remediation costs are reviewed annually and any changes in the estimate are reflected in the present value of the remediation provision at each reporting date.

Provisions

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

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

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17. REVALUATION SURPLUS

	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance	2022 Opening Balance	Total Movement on Revaluation	2022 Closing Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	1,575,000	1,998,588	3,573,588	1,575,000	0	1,575,000
Revaluation surplus - Buildings - non-specialised	14,173,539	6,362,395	20,535,934	14,173,539	0	14,173,539
Revaluation surplus - Buildings - specialised	0	11,156,833	11,156,833	0	0	0
Revaluation surplus - Furniture and equipment	215,604	0	215,604	215,604	0	215,604
Revaluation surplus - Plant and equipment	3,367,076	0	3,367,076	3,367,076	0	3,367,076
Revaluation surplus - Infrastructure - roads	66,828,070	373,973,890	440,801,960	66,828,070	0	66,828,070
Revaluation surplus - Other infrastructure - Footpaths	3,361,744	(1,536,224)	1,825,520	3,361,744	0	3,361,744
Revaluation surplus - Other infrastructure Drainage	8,937,971	9,930,959	18,868,930	8,937,971	0	8,937,971
Revaluation surplus - Other infrastructure Parks and Gardens and Other	1,282,573	1,237,405	2,519,978	1,282,573	0	1,282,573
Revaluation surplus - Other infrastructure Airport Infrastructure	20,819,752	(3,799,659)	17,020,093	20,819,752	0	20,819,752
Revaluation surplus - Other infrastructure Landfill Rehabilitation	1,224,731	679,667	1,904,398	0	1,224,731	1,224,731
	121,786,060	400,003,854	521,789,914	120,561,329	1,224,731	121,786,060

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18. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	Note	2023 Actual \$	2022 Actual \$
Cash and cash equivalents	3	16,056,785	34,028,491

Restrictions

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

- Cash and cash equivalents	3	10,396,925	30,942,628
- Financial assets at amortised cost	4	69,500,000	42,637,421
		<u>79,896,925</u>	<u>73,580,049</u>

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

Restricted reserve accounts	29	77,548,461	68,580,931
Contract liabilities	13	293,510	1,735,181
Capital grant liabilities	13	555,900	2,009,129
Bonds & Deposits Held	28(b)	1,499,053	1,254,808
Total restricted financial assets		<u>79,896,925</u>	<u>73,580,049</u>

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

Net result		22,744,104	10,365,057
Non-cash items:			
Adjustments to fair value of financial assets at fair value through profit or loss		(4,607)	(4,996)
Depreciation/amortisation		19,546,709	16,061,765
(Profit)/loss on sale of asset		(532,813)	69,350
Changes in assets and liabilities:			
(Increase)/decrease in trade and other receivables		(3,861,912)	187,489
(Increase)/decrease in other assets		2,647,849	(3,861,549)
(Increase)/decrease in inventories		158,472	(160,395)
Increase/(decrease) in trade and other payables		(261,698)	794,303
Increase/(decrease) in employee related provisions		92,907	9,722
Increase/(decrease) in other provisions		604,467	371,922
Increase/(decrease) in other liabilities		(2,894,901)	220,095
Capital grants, subsidies and contributions		(12,138,936)	(6,126,880)
Net cash provided by/(used in) operating activities		<u>26,099,640</u>	<u>17,925,883</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit	0	
Bank overdraft at balance date	0	
Credit card limit	90,000	50,000
Credit card balance at balance date	(38,415)	(14,678)
Total amount of credit unused	<u>51,585</u>	<u>35,322</u>

Loan facilities

Loan facilities - current	3,417,822	384,436
Loan facilities - non-current	10,091,124	2,008,676
Total facilities in use at balance date	<u>13,508,946</u>	<u>2,393,112</u>

Unused loan facilities at balance date 0

**SHIRE OF EAST PILBARA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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19. CONTINGENT LIABILITIES

The Shire does not have any contingent assets or contingent liabilities that should be included in this financial report.

20. CAPITAL COMMITMENTS

	<u>2023</u>	<u>2022</u>
	\$	\$
Contracted for:		
- capital expenditure projects	733,598	943,000
- plant & equipment purchases	1,343,641	0
	<u>2,077,239</u>	<u>943,000</u>
Payable:		
- not later than one year	2,077,239	943,000

The capital expenditure projects outstanding at the end of the current reporting period includes Outstanding Purchase Orders for multiple light & heavy plant, CCTV systems, renewal & replacement of several recreational facilities & works at the Waste Water Treatment Plant & the Marble Bar Airport Carpark.

Item 6.1.1 Appendix 1

**SHIRE OF EAST PILBARA
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21. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

	2023 Actual	2023 Budget	2022 Actual
	\$	\$	\$
President's annual allowance	60,570	56,903	50,451
Deputy President's annual allowance	15,142	14,225	12,612
Meeting attendance fees	230,367	237,109	196,823
Child care expenses	0	0	0
Annual allowance for ICT expenses	28,224	29,670	19,455
Travel and accommodation expenses	32,730	0	26,238
	367,033	337,907	305,579

(b) Key Management Personnel (KMP) Compensation

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

	2023 Actual	2022 Actual
Note	\$	\$
Short-term employee benefits	1,232,116	1,200,786
Post-employment benefits	166,182	158,632
Employee - other long-term benefits	130,462	43,176
Employee - termination benefits	0	121,070
Council member costs	21(a) 367,033	305,579
	1,895,793	1,829,243

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

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

Council member costs

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

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

Transactions with related parties

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

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

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 21(a) and 21(b)

ii. Other Related Parties

Outside of normal citizen type transactions with the Shire, there were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

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

There were no such entities requiring disclosure during the current or previous year.

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.

Item 6.1.1 Appendix 1

**SHIRE OF EAST PILBARA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

22. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2023					
Cash and cash equivalents	0.10%	16,056,785	3,000,000	13,056,785	
Financial assets at amortised cost - term deposits	4.60%	69,500,000	69,500,000		
Financial assets at amortised cost - Treasury bonds					
2022					
Cash and cash equivalents	1.69%	34,028,491	17,579,150	16,449,341	
Financial assets at amortised cost - term deposits	2.10%	42,637,421	42,637,421		
Financial assets at amortised cost - Treasury bonds					

Sensitivity

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

	2023	2022
	\$	\$
Impact of a 1% movement in interest rates on profit or loss and equity*	130,568	164,493

* 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 28(a).

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

(b) Credit risk

Trade and Other Receivables

The Shire's major trade and other receivables comprise contractual non-statutory user fees and charges, grants, contributions and reimbursements. 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.

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 and other receivables. To measure the expected credit losses, receivables from grants, contributions and reimbursements are separated from other trade receivables due to the difference in payment terms and security.

The expected loss rates are based on the payment profiles of trade and other receivables over a period of 36 months before 1 July 2022 or 1 July 2023 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 users to settle the receivables.

The loss allowance as at 30 June 2023 and 30 June 2022 was determined as follows for trade and other receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2023					
Trade receivables					
Expected credit loss	0.00%	0.01%	0.19%	0.27%	
Gross carrying amount	3,238,689	1,765,929	78,109	416,463	5,499,190
Loss allowance	11,970	25,931	14,578	113,895	166,375
Other receivables					
Expected credit loss	0.59%	0.28%	0.89%	0.94%	
Gross carrying amount	28,850	1,629,640	392,413	1,432,166	3,483,069
Loss allowance	17,142	453,776	347,730	1,349,060	2,167,708
30 June 2022					
Trade receivables					
Expected credit loss	0.00%	0.01%	0.02%	0.25%	
Gross carrying amount	1,506,794	194,169	135,083	509,265	2,345,311
Loss allowance	6,479	2,854	2,918	129,476	141,727
Other receivables					
Expected credit loss	0.02%	0.79%	0.46%	38.74%	
Gross carrying amount	1,211,555	448,458	700,760	26,721	2,387,494
Loss allowance	19,317	355,054	320,652	1,035,248	1,730,271

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

(b) Credit risk

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

	Rates Receivable		Trade and Other receivables	
	2023	2022	2023	2022
	Actual	Actual	Actual	Actual
Opening loss allowance as at 1 July	\$ 1,730,271	\$ 1,375,752	\$ 141,727	\$ 264,152
Increase in loss allowance recognised in profit or loss during the year	460,975	354,519	37,493	(122,425)
Receivables written off during the year as uncollectible	36,383	15,169	166,375	5,179
Unused amount reversed	(59,921)	(15,169)	(179,220)	(5,179)
Closing loss allowance at 30 June	2,167,708	1,730,271	166,375	141,727

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

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

Contract Assets

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

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22. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2023					
Trade and other payables	6,215,525	0	0	6,215,525	6,215,525
Borrowings	3,906,943	10,625,150	184,672	14,716,765	13,508,946
Other liabilities	849,410	0	0	849,410	849,410
	<u>10,971,878</u>	<u>10,625,150</u>	<u>184,672</u>	<u>21,781,700</u>	<u>20,573,881</u>
2022					
Trade and other payables	6,479,985	0	0	6,479,985	6,477,223
Borrowings	490,985	1,774,405	486,123	2,751,513	2,393,112
Other liabilities	3,744,310	0	0	3,744,310	3,744,310
	<u>10,715,280</u>	<u>1,774,405</u>	<u>486,123</u>	<u>12,975,808</u>	<u>12,614,645</u>

Item 6. Appendix

**SHIRE OF EAST PILBARA
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23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There are no events that have occurred after the end of the reporting period that have a material impact on information reported.

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**SHIRE OF EAST PILBARA
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24. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

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

k) Initial application of accounting standards

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

**SHIRE OF EAST PILBARA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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25. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

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

Objective	Description
<p>Governance To provide a decision making process for the efficient allocation of scarce resources.</p>	Members of council, general governance including administration, finance and other corporate services, computer administration and community liaison.
<p>General purpose funding To collect revenue to allow for the provision of services.</p>	Rates, general purpose government grants, normalisation grants and interest revenue.
<p>Law, order, public safety To provide services to help ensure a safer and environmentally conscious community.</p>	Supervision of Local Laws, fire prevention, emergency services and animal control.
<p>Health To provide an operational framework for environmental and community health.</p>	Maintenance of infant health clinic, health inspection services, food and water quality control and immunisation.
<p>Education and welfare To provide services to children and youth.</p>	Community services and sponsored support of community and youth.
<p>Housing To provide and maintain housing.</p>	Aged persons housing, and maintenance of leased properties.
<p>Community amenities To provide services required to the community.</p>	Rubbish collection services, maintenance of cemeteries and public toilets, the maintenance of the Newman Waste Water Treatment Plant and planning services.
<p>Recreation and culture To establish and effectively manage infrastructure and resources which will help the social and physical wellbeing of the community.</p>	Maintenance of public halls, Newman and Marble Bar aquatic centres, Newman Recreation Centre, public parks and gardens, libraries and recreation services.
<p>Transport To provide safe, effective and efficient transport services to the community.</p>	Construction and maintenance of roads, footpaths, drainage works, parking facilities, traffic signs, street lighting, depot operations, street cleaning and operation of the Newman airport and Marble Bar and Nullagine airstrips.
<p>Economic services To help promote the Shire and its economic wellbeing.</p>	Tourism support, building services and controls, caravan parks and bus services.
<p>Other property and services To monitor and control the Shire's overheads and operating accounts.</p>	Private works carried out by the Shire and allocations to works and service of all salaries and wages, overheads and plant costs incurred. Miscellaneous unclassified areas.

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25. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

	2023 Actual	2022 Actual
	\$	\$
Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions		
Governance	285,753	96,357
General purpose funding	28,838,262	21,640,386
Law, order, public safety	155,934	35,434
Health	74,991	51,877
Education and welfare	23,801	1,045
Housing	445,880	399,892
Community amenities	6,137,529	5,222,739
Recreation and culture	1,751,654	1,452,691
Transport	19,082,420	16,347,002
Economic services	1,281,570	881,250
Other property and services	631,723	1,078,512
	<u>58,709,517</u>	<u>47,207,185</u>
Income from grants, subsidies and contributions and capital grants, subsidies and contributions		
Governance	149,961	46,605
General purpose funding	4,852,564	4,555,857
Law, order, public safety	426,878	454,217
Health	6,010	10,102
Education and welfare	123,859	8,051
Housing	27,163	37,042
Community amenities	2,052,810	379,245
Recreation and culture	1,889,320	2,265,707
Transport	17,185,232	5,960,589
Economic services	737,211	327,260
Other property and services	1,307,460	354,095
	<u>28,758,468</u>	<u>14,398,770</u>
Total Income	<u>87,467,985</u>	<u>61,605,955</u>
Expenses		
Governance	(1,961,295)	627,149
General purpose funding	(775,432)	(711,262)
Law, order, public safety	(1,509,911)	(1,243,770)
Health	(552,367)	(536,429)
Education and welfare	(2,387,566)	(2,121,571)
Housing	(1,913,425)	(1,025,797)
Community amenities	(8,868,299)	(6,749,608)
Recreation and culture	(13,787,307)	(11,127,002)
Transport	(26,780,518)	(22,711,147)
Economic services	(3,586,053)	(2,468,419)
Other property and services	(2,601,708)	(3,178,042)
Total expenses	<u>(64,723,881)</u>	<u>(51,245,898)</u>
Net result for the period	<u>22,744,104</u>	<u>10,360,057</u>
(c) Total Assets		
Governance	15,210,818	10,743,256
Law, order, public safety	3,198,667	2,670,661
Health	48,637	64,118
Education and welfare	7,466,029	5,619,276
Housing	26,361,751	15,840,342
Community amenities	30,836,340	24,443,016
Recreation and culture	32,420,487	37,832,695
Transport	664,524,587	260,832,981
Economic services	8,562,175	4,765,285
Other property and services	2,679,867	545,912
Unallocated	17,721,040	15,748,358
	<u>809,030,399</u>	<u>379,105,900</u>

SHIRE OF EAST PILBARA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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26. RATING INFORMATION

(a) General Rates

RATE TYPE Rate Description	Basis of valuation	Rate in \$	Number of Properties	2022/23 Actual Rateable Value*	2022/23 Actual Rate Revenue	2022/23 Actual Reassessed Rates	2022/23 Actual Total Revenue	2022/23 Budget Rate Revenue	2022/23 Budget Reassessed Rate	2022/23 Budget Total Revenue	2021/22 Actual Total Revenue
		\$		\$	\$	\$	\$	\$	\$	\$	\$
GRV - Residential		0.060000	1,813	52,612,935	3,164,516		3,164,516	3,153,021		3,153,021	2,403,002
GRV - Transient		0.120000	19	39,066,500	3,502,680		3,502,680	3,476,280	1,093,000	4,569,280	3,267,173
GRV Non Residential - Town Centre		0.060000	27	5,519,260	323,416		323,416	336,782		336,782	241,580
GRV Non Residential - Industrial		0.060000	118	16,347,200	980,832		980,832	972,521		972,521	677,826
GRV Non Residential - Mixed Business		0.060000	9	1,872,130	112,328		112,328	112,328		112,328	71,534
UV - Pastoral/ Special Leases		0.150000	41	10,455,582	1,568,337		1,568,337	1,568,337		1,568,337	1,026,122
UV - Other		0.300000	0	0	0		0	0		0	13,162,632
UV - Mining Prospecting		0.282900	151	528,328	149,464		149,464	149,464	180,110	329,574	0
UV - Mining Other		0.300000	1,001	51,095,662	15,325,336		15,325,336	15,355,844		15,355,844	0
Interim and Back Rate Prior Year						1,464,067	1,464,067			0	0
Total general rates			3,179	177,497,597	25,126,909	1,464,067	26,590,976	25,124,577	1,273,110	26,397,687	20,849,869
Minimum payment											
		\$									
GRV - Residential	0	1,000	682	3,406,166	681,000		681,000	682,000		682,000	494,780
GRV - Transient	0	1,200	0	0	0		0	1,200		1,200	0
GRV Non Residential - Town Centre	0	1,200	20	326,339	21,600		21,600	24,000		24,000	13,008
GRV Non Residential - Industrial	0	1,200	4	166,775	4,800		4,800	4,800		4,800	4,065
GRV Non Residential - Mixed Busin	0	1,200	0	0	0		0	0		0	0
UV - Pastoral/ Special Leases	0	1,000	26	30,705	26,000		26,000	26,000		26,000	7,508
UV - Other	0			0	0		0	0		0	584,870
UV - Mining Prospecting	0	715	99	149,143	0		0	70,785		70,785	0
UV - Mining Other	0	1,200	830	2,865,942	1,064,870		1,064,870	996,000		996,000	0
Total minimum payments			1,661	6,945,070	1,798,270	0	1,798,270	1,804,785	0	1,804,785	1,104,231
Total general rates and minimum payments			4,840	184,442,667	26,925,179	1,464,067	28,389,246	26,929,362	1,273,110	28,202,472	21,954,100
Concessions							0			0	(772,631)
Total Rates							28,389,246			28,202,472	21,181,469
Rate instalment interest							26,121				
Rate overdue interest							296,369				

The rate revenue was recognised from the rate record as soon as practicable after the Shire resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

*Rateable Value at time of raising of rate.

SHIRE OF EAST PILBARA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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27. DETERMINATION OF SURPLUS OR DEFICIT

Note	2022/23	2022/23	2022/23
	(30 June 2023 Carried Forward)	Budget (30 June 2023 Carried Forward)	(1 July 2022 Brought Forward)
	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	(539,329)	(223,839)	(76,352)
Less: Fair value adjustments to financial assets at fair value through profit or loss	(4,607)	0	(4,996)
Add: Loss on disposal of assets	6,517	0	145,702
Add: Depreciation	19,546,709	15,511,700	16,061,765
Non-cash movements in non-current assets and liabilities:			
Pensioner deferred rates	(5,290)	0	(1,606)
Employee benefit provisions	197,740	0	(63,289)
Other provisions	604,467	0	371,922
Non-cash amounts excluded from operating activities	19,806,207	15,287,861	16,433,146
(b) Surplus or deficit after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity 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: Reserve accounts	29 (77,548,461)	(60,259,620)	(68,580,932)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	14 3,417,822	3,417,822	384,436
Total adjustments to net current assets	(74,130,639)	(56,841,798)	(68,196,496)
Net current assets used in the Statement of Financial Activity			
Total current assets	94,517,082	0	84,575,907
Less: Total current liabilities	(11,623,323)	0	(11,851,368)
Less: Total adjustments to net current assets	(74,130,639)	(56,841,798)	(68,196,496)
Surplus or deficit after imposition of general rates	8,763,120	(56,841,798)	4,528,043

SHIRE OF EAST PILBARA
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FOR THE YEAR ENDED 30 JUNE 2023

28. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual						Budget				
		Principal		Principal		Principal		Principal		Principal		
		Principal at 1 July 2021	New Loans During 2021-22	Repayments During 2021-22	Principal at 30 June 2022	New Loans During 2022-23	Repayments During 2022-23	Principal at 30 June 2023	Principal at 1 July 2022	New Loans During 2022-23	Repayments During 2022-23	Principal at 30 June 2023
Loan 67 - Staff Housing		\$ 100,066	\$ 0	\$ (100,066)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Loan 71 - Staff Housing		798,364	0	(139,954)	658,410	0	(149,184)	509,226	658,411		(149,184)	509,227
Loan 72 - Sewerage Upgrade		1,229,720	0	(130,910)	1,098,810	0	(136,855)	961,955	1,098,810		(136,855)	961,955
Loan 73 - Sewerage Upgrade		731,093	0	(95,201)	635,892	0	(98,127)	537,765	635,892		(98,397)	537,495
Loan 76 -Liquid Waste		0	0	0	0	6,500,000	0	6,500,000	0	6,500,000		6,500,000
Loan TBD -Water Treatment Plant		0	0	0	0	0	0	0	0	3,500,000		3,500,000
Loan 75 -Marble Bar Airport		0	0	0	0	5,000,000	0	5,000,000	0	5,000,000		5,000,000
Total		2,859,243	0	(466,131)	2,393,112	11,500,000	(384,166)	13,508,946	2,393,113	15,000,000	(384,436)	17,008,677

Borrowing Finance Cost Payments

Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending	Budget for year ending	Actual for year ending	Function and activity
						30 June 2023	30 June 2023	30 June 2022	
Loan 67 - Staff Housing		67	WATC*	6.47%		\$ 0	\$ 0	\$ (3,975)	Housing
Loan 71 - Staff Housing		71	WATC*	6.49%	1/03/2026	(39,639)		(51,686)	Housing
Loan 72 - Sewerage Upgrade		72	WATC*	4.49%	23/06/2029	(51,707)		(61,804)	Community amenities
Loan 73 - Sewerage Upgrade		73	WATC*	3.05%	26/06/2028	(20,957)		(26,440)	Community amenities
Loan 76 -Liquid Waste		76	WATC*	3.77%	8/05/2026	(35,944)		0	Community amenities
Loan 75 -Marble Bar Airport		75	WATC*	3.69%	8/05/2028	(27,054)		0	Transport
Total						(175,301)	0	(143,905)	
Total Finance Cost Payments						(175,301)	0	(143,905)	

* WA Treasury Corporation

SHIRE OF EAST PILBARA
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28. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2022/23

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2023 Actual	2023 Budget	2023 Actual	2023 Budget		
Loan 76 -Liquid Waste	WATC	Fixed Interest	3	3.77%	\$ 6,500,000	\$ 6,500,000	\$ 6,500,000	\$ 6,500,000	\$ (35,944)	\$ 0
Loan TBD -Water Treatment Plan	WATC	Fixed Interest			0	3,500,000			0	0
Loan 75 -Marble Bar Airport	WATC	Fixed Interest	5	3.69%	5,000,000	5,000,000	5,000,000	5,000,000	(27,054)	0
					11,500,000	15,000,000	11,500,000	11,500,000	(62,998)	0

* WA Treasury Corporation

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29. RESERVE ACCOUNTS

	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance	2023 Budget Opening Balance	2023 Budget Transfer to	2023 Budget Transfer (from)	2023 Budget Closing Balance	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council					It is mapped in budget under legislation							
(a) Alice Springs Road Reserve	217,314	7,332	0	224,646	217,024	7,700	0	224,724	216,847	467	0	217,314
(b) Cape Keraudren Reserve	594,581	20,060	0	614,641	594,623	9,600	0	604,223	293,390	301,191	0	594,581
(c) Heavy Plant Reserve	1,514,350	51,095	(742,000)	823,445	1,511,495	23,200	(1,165,000)	369,695	1,511,097	3,253	0	1,514,350
(d) Computer Technology Reserve	672,375	522,685	0	1,195,060	671,477	13,400	0	684,877	670,931	1,444	0	672,375
(e) Newman Airport Reserve	50,109,329	8,321,192	0	58,430,521	43,675,938	270,000	(1,531,697)	42,414,241	42,392,849	7,716,480	0	50,109,329
(f) Rec'n Facilities Maint Reserve	2,367,500	79,878	0	2,447,378	2,364,342	36,440	0	2,400,782	2,062,501	304,999	0	2,367,500
(g) Staff Housing Reserve	864,829	29,180	0	894,009	863,676	7,100	(150,000)	720,776	563,058	301,771	0	864,829
(h) Public Art Reserve	225,821	7,620	0	233,441	225,520	6,600	0	232,120	125,365	100,456	0	225,821
(i) Waste Management Reserve	1,967,189	66,370	(567,964)	1,465,595	1,964,565	24,500	0	1,989,065	1,962,963	4,226	0	1,967,189
(j) Employee Entitlements Reserve	974,978	32,894	0	1,007,872	973,678	15,000	0	988,678	972,884	2,094	0	974,978
(k) Newman House Reserve	735,590	24,818	0	760,408	734,609	19,200	0	753,809	734,010	1,580	0	735,590
(l) Public Building Maintenance Reserve	2,333,445	78,729	0	2,412,174	2,580,658	36,000	0	2,616,658	2,028,519	304,926	0	2,333,445
(m) Martumili Operations Reserve	598,193	135,963	0	734,156	815,596	7,100	0	822,696	814,612	126,867	(343,286)	598,193
(n) Martumili Infrastructure Project Reserve	909,052	30,670	0	939,722	908,636	5,000	(122,914)	790,722	311,104	643,806	(45,858)	909,052
(o) Future Infrastructure Reserve	4,008,290	738,654	0	4,746,944	3,157,073	1,158,561	0	4,315,634	3,154,499	853,791	0	4,008,290
(p) Insurance Reserve	488,095	16,466	0	504,561	237,120	4,000	0	241,120	237,119	250,976	0	488,095
(q) Security & Surveillance Service Charge Reserve	0	113,889	0	113,889	0	89,800	0	89,800	0			0
	68,580,931	10,277,495	(1,309,964)	77,548,461	61,496,030	1,733,201	(2,969,611)	60,259,620	58,051,748	10,918,327	(389,144)	68,580,931
	68,580,931	10,277,495	(1,309,964)	77,548,461	61,496,030	1,733,201	(2,969,611)	60,259,620	58,051,748	10,918,327	(389,144)	68,580,931

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

**SHIRE OF EAST PILBARA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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29. RESERVE ACCOUNTS

Name of reserve account	Purpose of the reserve account
Restricted by council	
(a) Alice Springs Road Reserve	To establish a road link to Alice Springs from Marble Bar to the Northern Territory border.
(b) Cape Keraudren Reserve	For the maintenance, development & enhancement of the Cape Keraudren Reserve.
(c) Heavy Plant Reserve	To fund the purchase of heavy plant that is needed for the operation of the Shire.
(d) Computer Technology Reserve	For the replacement, enhancement and upgrading of computer hardware and software.
(e) Newman Airport Reserve	For the upgrading, maintenance and enhancement of the Newman Airport .
(f) Rec'n Facilities Maint Reserve	For the upgrading and enhancement of recreation facilities.
(g) Staff Housing Reserve	For the upgrading and maintenance of staff and community housing assets.
(h) Public Art Reserve	For the development, maintenance & enhancement of Public Art within the three towns of the East Pilbara Shire.
(i) Waste Management Reserve	For the development, maintenance & enhancement of waste facilities including the sewerage plant.
(j) Employee Entitlements Reserve	Provision for the employee entitlements for staff of the Shire
(k) Newman House Reserve	For the upgrade, maintenance and enhancement of Newman House.
(l) Public Building Maintenance Reserve	For the upgrading, maintenance and enhancement of Public Buildings.
(m) Martumili Operations Reserve	To hold and utilise the allocation of Martumili's funds.
(n) Martumili Infrastructure Project Reserve	For the upgrading, maintenance and enhancement of Martumili Buildings.
(o) Future Infrastructure Reserve	For the development of new or replacement infrastructure with total project cost of greater than one (1) million dollars.
(p) Insurance Reserve	To provide for the liabilities that may arise from the Shire's insurance requirements
(q) Security & Surveillance Service Charge Reserve	To Provide for the maintenance and future replacement of the Shire CCTV Network

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**SHIRE OF EAST PILBARA
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30. TRUST FUNDS

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

	1 July 2022	Amounts Received	Amounts Paid	30 June 2023
	\$	\$	\$	\$
Cash in Lieu of Public Open Space	758,224	0	0	758,224
Impounded Vehicle Income	4,545	0	0	4,545
Pilbara Regional Council	27,335	0	(27,335)	0
	<u>790,104</u>	<u>0</u>	<u>(27,335)</u>	<u>762,769</u>

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7 CLOSURE