

# SHIRE OF EAST PILBARA

## BUDGET

### FOR THE YEAR ENDED 30 JUNE 2021

#### LOCAL GOVERNMENT ACT 1995

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#### **SHIRE'S VISION**

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

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

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
		\$	\$	\$
<b>Revenue</b>				
Rates	1(a)	13,963,600	13,396,215	13,619,600
Operating grants, subsidies and contributions	9(a)	5,525,800	4,998,690	5,157,700
Fees and charges	8	21,073,400	20,584,309	17,462,200
Interest earnings	11(a)	570,700	750,782	1,181,500
Other revenue	11(b)	957,700	1,438,388	1,467,500
		42,091,200	41,168,384	38,888,500
<b>Expenses</b>				
Employee costs		(13,907,400)	(12,502,214)	(14,117,150)
Materials and contracts		(17,760,800)	(11,831,607)	(14,651,750)
Utility charges		(1,663,600)	(1,601,460)	(2,299,800)
Depreciation on non-current assets	5	(16,013,200)	(14,756,067)	(16,549,200)
Interest expenses	11(d)	(310,600)	(250,756)	(386,000)
Insurance expenses		(923,100)	(1,020,068)	(986,400)
Other expenditure		(733,200)	(651,453)	(933,700)
		(51,311,900)	(42,613,625)	(49,924,000)
<b>Subtotal</b>		(9,220,700)	(1,445,241)	(11,035,500)
Non-operating grants, subsidies and contributions	9(b)	9,189,400	5,235,309	5,647,200
Profit on asset disposals	4(b)	33,600	100,687	128,600
Loss on asset disposals	4(b)	(35,500)	(273,915)	(31,100)
		9,187,500	5,062,081	5,744,700
<b>Net result</b>		<b>(33,200)</b>	<b>3,616,840</b>	<b>(5,290,800)</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>(33,200)</b>	<b>3,616,840</b>	<b>(5,290,800)</b>

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

# SHIRE OF EAST PILBARA FOR THE YEAR ENDED 30 JUNE 2021

## BASIS OF PREPARATION

The budget has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations. The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this budget. This is not in accordance with the requirements of *AASB 1051 Land Under Roads* paragraph 15 and *AASB 116 Property, Plant and Equipment* paragraph 7.

Accounting policies which have been adopted in the preparation of this budget have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the budget 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 of East Pilbara controls resources to carry on its functions have been included in the financial statements forming part of this budget.

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 13 to the budget.

## 2019/20 ACTUAL BALANCES

Balances shown in this budget as 2019/20 Actual are estimates as forecast at the time of budget preparation and are subject to final adjustments.

## CHANGE IN ACCOUNTING POLICIES

On the 1 July 2020 the following new accounting policies are to be adopted and may impact the preparation of the budget:

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

AASB 1059 is not expected to impact the annual budget. Specific impacts of AASB 2018-7 have not been identified.

## KEY TERMS AND DEFINITIONS - NATURE OR TYPE

### REVENUES

#### RATES

All rates levied under the *Local Government Act 1995*. Includes general, differential, specified area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts and concessions offered. Exclude administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

#### SERVICE CHARGES

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services.

Excludes rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

#### PROFIT ON ASSET DISPOSAL

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

## REVENUES (CONTINUED)

### OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

### NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

### FEES AND CHARGES

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

### INTEREST EARNINGS

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

### OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, and rebates. Reimbursements and recoveries should be separated by note to ensure the correct calculation of ratios.

## EXPENSES

### EMPLOYEE COSTS

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences safety expenses, medical examinations, fringe benefit tax, etc.

### MATERIALS AND CONTRACTS

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

### UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

### INSURANCE

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

### LOSS ON ASSET DISPOSAL

Loss on the disposal of fixed assets includes loss on disposal of long term investments.

### DEPRECIATION ON NON-CURRENT ASSETS

Depreciation and amortisation expense raised on all classes of assets.

### INTEREST EXPENSES

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

### OTHER EXPENDITURE

Statutory fees, taxes, provision for bad debts, member's fees or State taxes. Donations and subsidies made to community groups.

**SHIRE OF EAST PILBARA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
<b>Revenue</b>	1,8,9(a),11(a),11(b)	\$	\$	\$
Governance		108,800	194,409	349,900
General purpose funding		16,112,600	15,591,096	16,043,600
Law, order, public safety		95,800	79,512	121,200
Health		86,800	78,958	90,000
Education and welfare		10,500	191,692	585,100
Housing		301,600	345,144	359,800
Community amenities		5,891,100	5,117,461	4,575,900
Recreation and culture		2,180,900	2,062,905	2,316,100
Transport		15,441,600	16,177,316	13,508,200
Economic services		1,651,300	806,717	733,700
Other property and services		210,200	523,174	205,000
		42,091,200	41,168,384	38,888,500
<b>Expenses excluding finance costs</b>	4(a),5,11(c),(e),(f)			
Governance		(700,200)	(462,921)	(259,600)
General purpose funding		(385,400)	(279,329)	(486,500)
Law, order, public safety		(1,262,300)	(1,405,224)	(1,480,300)
Health		(540,200)	(488,957)	(694,900)
Education and welfare		(2,518,900)	(2,146,974)	(2,998,400)
Housing		(703,600)	(1,003,453)	(753,800)
Community amenities		(5,711,900)	(4,805,921)	(5,416,200)
Recreation and culture		(12,903,300)	(9,956,490)	(12,382,500)
Transport		(22,330,200)	(19,345,437)	(22,239,700)
Economic services		(2,546,600)	(1,595,446)	(2,123,700)
Other property and services		(1,398,700)	(872,717)	(702,400)
		(51,001,300)	(42,362,869)	(49,538,000)
<b>Finance costs</b>	.6(a),11(d)			
Governance		0	(5,875)	(7,300)
Housing		(77,700)	(87,360)	(94,000)
Community amenities		(210,900)	(100,301)	(219,800)
Transport		(22,000)	(57,220)	(64,900)
		(310,600)	(250,756)	(386,000)
<b>Subtotal</b>		(9,220,700)	(1,445,241)	(11,035,500)
Non-operating grants, subsidies and contributions	9(b)	9,189,400	5,235,309	5,647,200
Profit on disposal of assets	4(b)	33,600	100,687	128,600
(Loss) on disposal of assets	4(b)	(35,500)	(273,915)	(31,100)
		9,187,500	5,062,081	5,744,700
<b>Net result</b>		<b>(33,200)</b>	<b>3,616,840</b>	<b>(5,290,800)</b>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets		0	0	0
<b>Total other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>(33,200)</b>	<b>3,616,840</b>	<b>(5,290,800)</b>

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

**SHIRE OF EAST PILBARA  
FOR THE YEAR ENDED 30 JUNE 2021**

**KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS**

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

**OBJECTIVE**

**ACTIVITIES**

**GOVERNANCE**

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

Members of council, general governance including administration, finance and other corporate services, computer administration and community liaison.

**GENERAL PURPOSE FUNDING**

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

**LAW, ORDER, PUBLIC SAFETY**

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

Supervision of Local Laws, fire prevention, emergency services and animal control.

**HEALTH**

To provide an operational framework for environmental and community health.

Health inspection services, food and water quality control, mosquito control and public health.

**EDUCATION AND WELFARE**

To provide services to children and youth.

Community services and support and services for children and youth.

**HOUSING**

to provide and maintain staff and community housing.

Aged person housing, staff housing and community housing.

**COMMUNITY AMENITIES**

To provide services required to the community.

Rubbish collection services, maintenance of cemeteries and public toilets, the maintenance of the Newman Waste Water Treatment Plant and planning services.

**RECREATION AND CULTURE**

To establish and effectively manage infrastructure and resources which will help the social and physical wellbeing of the community.

Maintenance of public halls, Newman and Marble Bar aquatic centres, Newman Recreation Centre, public parks and gardens, libraries and recreation services.

**TRANSPORT**

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

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.

**ECONOMIC SERVICES**

To help promote the Shire and its economic wellbeing.

Tourism support, building services and controls, caravan parks and bus services.

**OTHER PROPERTY AND SERVICES**

To monitor and control the Shire's overheads and operating accounts.

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.

**SHIRE OF EAST PILBARA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Rates	15,533,838	12,930,746	14,735,466
Operating grants, subsidies and contributions	5,281,499	7,783,122	4,973,453
Fees and charges	21,073,400	20,584,309	21,952,300
Interest earnings	570,700	750,782	1,181,500
Goods and services tax	1,400,521	13,335	783,684
Other revenue	957,700	1,438,388	934,000
	44,817,658	43,500,682	44,560,403
<b>Payments</b>			
Employee costs	(13,746,667)	(12,664,912)	(14,174,725)
Materials and contracts	(21,302,540)	(11,157,416)	(16,856,761)
Utility charges	(1,663,600)	(1,601,460)	(2,299,800)
Interest expenses	(344,645)	(250,756)	(427,875)
Insurance expenses	(923,100)	(1,020,068)	(986,400)
Goods and services tax	(1,400,000)	0	(700,000)
Other expenditure	(733,200)	(651,453)	(933,700)
	(40,113,752)	(27,346,065)	(36,379,261)
<b>Net cash provided by (used in) operating activities</b>	3	4,703,906	16,154,617
		8,181,142	8,181,142
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of property, plant & equipment	4(a)	(5,064,000)	(4,200,829)
Payments for construction of infrastructure	4(a)	(18,863,600)	(5,079,294)
		9,189,400	5,235,309
Non-operating grants, subsidies and contributions			5,647,200
Proceeds from sale of plant and equipment	4(b)	233,000	247,945
			268,000
<b>Net cash provided by (used in) investing activities</b>		(14,505,200)	(3,796,869)
			(13,827,500)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings	6(a)	(1,209,500)	(1,003,337)
Proceeds on disposal of financial assets at amortised cost - term deposits		0	20,943,296
Proceeds from new borrowings	6(b)	4,700,000	0
			5,500,000
<b>Net cash provided by (used in) financing activities</b>		3,490,500	19,939,959
			4,350,100
<b>Net increase (decrease) in cash held</b>		(6,310,794)	32,297,707
Cash at beginning of year		59,665,355	27,367,649
			47,079,259
<b>Cash and cash equivalents at the end of the year</b>	3	<b>53,354,561</b>	<b>59,665,356</b>
			<b>45,783,001</b>

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

**SHIRE OF EAST PILBARA  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
<b>OPERATING ACTIVITIES</b>			
<b>Net current assets at start of financial year - surplus/(deficit)</b>	5,227,957	4,020,594	4,245,019
<b>Revenue from operating activities (excluding rates)</b>	5,227,957	4,020,594	4,245,019
Governance	116,800	194,409	349,900
General purpose funding	2,149,000	2,194,881	2,424,000
Law, order, public safety	98,500	111,199	121,200
Health	86,800	116,015	125,000
Education and welfare	10,500	191,692	585,100
Housing	301,600	345,144	359,800
Community amenities	5,893,100	5,117,461	4,575,900
Recreation and culture	2,183,600	2,062,905	2,316,100
Transport	15,459,800	16,195,777	13,566,800
Economic services	1,651,300	806,717	768,700
Other property and services	210,200	536,657	205,000
	28,161,200	27,872,857	25,397,500
<b>Expenditure from operating activities</b>			
Governance	(700,200)	(480,317)	(277,900)
General purpose funding	(385,400)	(279,329)	(486,500)
Law, order, public safety	(1,262,300)	(1,465,674)	(1,484,300)
Health	(540,200)	(488,957)	(694,900)
Education and welfare	(2,518,900)	(2,146,974)	(2,998,400)
Housing	(781,300)	(1,090,813)	(847,800)
Community amenities	(5,922,800)	(5,036,190)	(5,636,000)
Recreation and culture	(12,903,300)	(9,965,939)	(12,382,500)
Transport	(22,387,700)	(19,421,148)	(22,320,700)
Economic services	(2,546,600)	(1,639,483)	(2,123,700)
Other property and services	(1,398,700)	(872,717)	(702,400)
	(51,347,400)	(42,887,541)	(49,955,100)
Non-cash amounts excluded from operating activities	2 (a)(i) 14,793,235	16,151,160	16,451,700
<b>Amount attributable to operating activities</b>	(3,165,008)	5,157,070	(3,860,881)
<b>INVESTING ACTIVITIES</b>			
Non-operating grants, subsidies and contributions	9(b) 9,189,400	5,235,309	5,647,200
Purchase property, plant and equipment	4(a) (5,064,000)	(4,200,829)	(12,582,000)
Purchase and construction of infrastructure	4(a) (18,863,600)	(5,079,294)	(7,160,700)
Proceeds from disposal of assets	4(b) 233,000	247,945	268,000
<b>Amount attributable to investing activities</b>	(14,505,200)	(3,796,869)	(13,827,500)
<b>FINANCING ACTIVITIES</b>			
Repayment of borrowings	6(a) (1,209,500)	(1,003,337)	(1,149,900)
Proceeds from new borrowings	6(b) 4,700,000	0	5,500,000
Transfers to cash backed reserves (restricted assets)	7(a) (2,890,800)	(13,700,845)	(8,587,054)
Transfers from cash backed reserves (restricted assets)	7(a) 3,183,600	5,175,723	8,377,431
<b>Amount attributable to financing activities</b>	3,783,300	(9,528,459)	4,140,477
<b>Budgeted deficiency before general rates</b>	(13,886,908)	(8,168,258)	(13,547,904)
<b>Estimated amount to be raised from general rates</b>	1 13,963,600	13,396,215	13,619,600
<b>Net current assets at end of financial year - surplus/(deficit)</b>	2 (a)(iii) <b>76,692</b>	<b>5,227,957</b>	<b>71,696</b>

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

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FOR THE YEAR ENDED 30 JUNE 2021**

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SHIRE OF EAST PILBARA  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2020/21 Budgeted rate revenue	2020/21 Budgeted interim rates	2020/21 Budgeted back rates	2020/21 Budgeted total revenue	2019/20 Actual total revenue	2019/20 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
<b>Differential general rate or general rate</b>									
<b>Gross rental valuations</b>									
GRV - General Rate	0.07366	2,038	75,644,134	5,572,139			5,572,139	5,565,753	5,567,053
<b>Unimproved valuations</b>									
UV - Pastoral / Special Leases	0.08590	46	8,282,212	711,442			711,442		
UV - Other	0.17180	1,141	44,215,816	7,596,277	190,000		7,786,277	7,650,294	7,872,325
<b>Sub-Totals</b>		3,225	128,142,162	13,879,858	190,000	0	14,069,858	13,216,047	13,439,378
<b>Minimum</b>									
<b>Minimum payment</b>									
	\$								
<b>Gross rental valuations</b>									
GRV - General Rate	663	690	2,223,748	457,470			457,470	447,200	456,144
<b>Unimproved valuations</b>									
UV - Pastoral / Special Leases	230	21	8,107	4,830			4,830		
UV - Other	430	795	872,276	341,850			341,850	347,770	347,770
<b>Sub-Totals</b>		1,506	3,104,131	804,150	0	0	804,150	794,970	803,914
		4,731	131,246,293	14,684,008	190,000	0	14,874,008	14,011,017	14,243,292
Concessions (Refer note 1(g))							(910,408)	(614,802)	(623,692)
<b>Total amount raised from general rates</b>							13,963,600	13,396,215	13,619,600

All land (other than exempt land) in the Shire of East Pilbara is rated according to its Gross Rental Value (GRV) in townsites or Unimproved Value (UV) in the remainder of the Shire of East Pilbara.

The general rates detailed for the 2020/21 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

The minimum rates have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of local government services/facilities.

## 1. RATES AND SERVICE CHARGES (CONTINUED)

### (b) Interest Charges and Instalments - Rates and Service Charges

The following instalment options are available to ratepayers for the payment of rates and service charges.

Instalment options	Date due	Instalmen plan admi charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one		0	0.0%	8.0%
Option three			4.0%	8.0%
		15	4.0%	8.0%
		15	4.0%	8.0%
		15	4.0%	8.0%

	2020/21 Budget revenue	2019/20 Actual revenue	2019/20 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	5,000	11,109	10,000
Instalment plan interest earned	12,000	15,931	18,000
Unpaid rates and service charge interest earned	80,000	146,278	50,000
	97,000	173,318	78,000

## 1. RATES AND SERVICE CHARGES (CONTINUED)

### (c) Objectives and Reasons for Differential Rating

To provide equity in the rating of properties across the Shire the following rate categories have been determined for the implementation of differential rating.

#### Differential general rate

Description	Characteristics	Objects	Reasons
UV - Other	This rate in the valuation dollar is applicable to mining related assessments and includes, although is not limited to, mining tenements, permits, drilling reservations, leases or licences held, extracting, processing or refining of minerals and the extraction, processing or refining of fuel sources.	The objective for this category aligns with the overall objective, and is the main source for the rating of properties with Unimproved Valuations, which is to provide for the shortfall in revenue required to enable Council to provide works and services in the coming financial year after taking into account all non-rate sources of revenue.	The reason of the proposed rate in the valuation dollar is to ensure that the proportion of total rate revenue derived from mining related activities reflects the financial impact associated with activities from these assessments, which is generally considered higher than other assessments.
UV - Pastoral / Special Leases	This category applies to all properties that are rated using the Unimproved Valuation, and excludes any other properties also rated on this basis that are included in other Unimproved Valuation differential rating categories.	The objective for this category aligns with the overall objective which is to provide for the shortfall in revenue required to enable Council to provide works and services in the coming financial year after taking into account all non-rate sources of revenue.	The reason of the proposed rate in the valuation dollar is to ensure that the proportion of total rate revenue derived from pastoral and other lease activities reflects the financial impact associated with activities from these assessments, which is generally considered lower than other assessments.

### (d) Differential Minimum Payment

SHIRE OF EAST PILBARA  
 NOTES TO AND FORMING PART OF THE BUDGET  
 FOR THE YEAR ENDED 30 JUNE 2021

Description	Characteristics	Objects	Reasons
UV - Other	This rate in the valuation dollar is applicable to mining related assessments and includes, although is not limited to, mining tenements, permits, drilling reservations, leases or licences held, extracting, processing or refining of minerals and the extraction, processing or refining of fuel sources.	The objective for this category aligns with the overall objective, and is the main source for the rating of properties with Unimproved Valuations, which is to provide for the shortfall in revenue required to enable Council to provide works and services in the coming financial year after taking into account all non-rate sources of revenue.	The reason of the proposed rate in the valuation dollar is to ensure that the proportion of total rate revenue derived from mining related activities reflects the financial impact associated with activities from these assessments, which is generally considered higher than other assessments.
UV - Pastoral / Special Leases	This category applies to all properties that are rated using the Unimproved Valuation, and excludes any other properties also rated on this basis that are included in other Unimproved Valuation differential rating categories.	The objective for this category aligns with the overall objective which is to provide for the shortfall in revenue required to enable Council to provide works and services in the coming financial year after taking into account all non-rate sources of revenue.	The reason of the proposed rate in the valuation dollar is to ensure that the proportion of total rate revenue derived from pastoral and other lease activities reflects the financial impact associated with activities from these assessments, which is generally considered lower than other assessments.

SHIRE OF EAST PILBARA  
 NOTES TO AND FORMING PART OF THE BUDGET  
 FOR THE YEAR ENDED 30 JUNE 2021

1. RATES AND SERVICE CHARGES (CONTINUED)

(e) Specified Area Rate

The Shire did not raise specified area rates for the year ended 30 June 2021.

(f) Service Charges

The Shire did not raise service charges for the year ended 30 June 2021.

1. RATES AND SERVICE CHARGES (CONTINUED)

(g) Waivers or concessions

Rate or fee and charge to which the waiver or concession is granted	Type	Discount %	Discount (\$)	2020/21 Budget	2019/20 Actual	2019/20 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
GRV - Industrial	Concession	52.0%		\$ 492,423	\$ 493,078	\$ 493,078	All assessments categories with the exception of minimums	To implement consistency to general rate through staged increases
GRV - Mixed Business	Concession	28.0%		26,884	28,065	28,065		
UV - Pastoral / Special	Concession	55.0%		391,100	93,659	102,549		
				910,408	614,802	623,692		

## 2 (a). NET CURRENT ASSETS

### Items excluded from calculation of budgeted deficiency

When calculating the budget deficiency for the purpose of Section 6.2 (2)(c) of the *Local Government Act 1995* the following amounts have been excluded as provided by *Local Government (Financial Management) Regulation 32* which will not fund the budgeted expenditure.

Note	2020/21 Budget 30 June 2021	2019/20 Actual 30 June 2020	2019/20 Budget 30 June 2020
	\$	\$	\$
<b>(i) Operating activities excluded from budgeted deficiency</b>			
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.			
<b>Adjustments to operating activities</b>			
Less: Profit on asset disposals	4(b) (33,600)	(100,687)	(128,600)
Less: Movement in contract liabilities associated with restricted cash	(1,221,865)	1,221,865	
Add: Loss on disposal of assets	4(b) 35,500	273,915	31,100
Add: Depreciation on assets	5 16,013,200	14,756,067	16,549,200
<b>Non cash amounts excluded from operating activities</b>	<b>14,793,235</b>	<b>16,151,160</b>	<b>16,451,700</b>
<b>(ii) Current assets and liabilities excluded from budgeted deficiency</b>			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.			
<b>Adjustments to net current assets</b>			
Less: Cash - restricted reserves	3 (54,640,013)	(54,933,678)	(44,619,000)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	1,209,500	1,003,337	1,149,900
- Current portion of contract liability held in reserve	0	1,221,865	0
- Employee benefit provisions	0	0	119,000
Add: Movement in provisions between current and non-current provisions			(283,379)
<b>Total adjustments to net current assets</b>	<b>(53,430,513)</b>	<b>(52,708,476)</b>	<b>(43,633,479)</b>

2 (a). NET CURRENT ASSETS (CONTINUED)

EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)

	Note	2020/21 Budget 30 June 2021	2019/20 Actual 30 June 2020	2019/20 Budget 30 June 2020
		\$	\$	\$
<b>(iii) Composition of estimated net current assets</b>				
<b>Current assets</b>				
Cash and cash equivalents- unrestricted	3	(1,285,452)	4,731,677	1,164,000
Cash and cash equivalents - restricted				
Cash backed reserves	3	54,640,013	54,933,678	44,619,000
Unspent grants, subsidies and contributions	9	1,221,000	1,221,865	0
Receivables		570,257	3,118,580	477,076
Inventories		80,000	97,770	80,000
		55,225,818	64,103,570	46,340,076
<b>Less: current liabilities</b>				
Trade and other payables		672,523	(2,760,299)	(485,000)
Contract liabilities		0	(1,221,865)	
Long term borrowings		(1,209,500)	(1,003,337)	(1,149,900)
Provisions		(1,181,636)	(1,181,636)	(1,000,001)
		(1,718,613)	(6,167,137)	(2,634,901)
<b>Net current assets</b>		53,507,205	57,936,433	43,705,175
<b>Less: Total adjustments to net current assets</b>	2 (a)(ii)	(53,430,513)	(52,708,476)	(43,633,479)
<b>Closing funding surplus / (deficit)</b>		76,692	5,227,957	71,696

**SHIRE OF EAST PILBARA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2 (b). NET CURRENT ASSETS (CONTINUED)**

**SIGNIFICANT ACCOUNTING POLICIES**

**CURRENT AND NON-CURRENT CLASSIFICATION**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

**TRADE AND OTHER PAYABLES**

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

**CONTRACT ASSETS**

A contract asset is the right to consideration in exchange for goods or services the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

**PROVISIONS**

Provisions are recognised when the Shire has a 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.

**INVENTORIES**

**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.

**Superannuation**

The Shire of East Pilbara contributes to a number of superannuation funds on behalf of employees.

All funds to which the Shire of East Pilbara contributes are defined contribution plans.

**LEASE LIABILITIES**

The present value of future lease payments not paid at the reporting date discounted using the incremental borrowing rate where the implicit interest rate in the lease is not readily determined.

**TRADE AND OTHER RECEIVABLES**

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

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

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

**EMPLOYEE BENEFITS**

**Short-term employee benefits**

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

**LAND HELD FOR RESALE**

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

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

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

**CONTRACT LIABILITIES**

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. Grants to acquire or construct recognisable non-financial assets to be controlled by the Shire are recognised as a liability until such time as the Shire satisfies its obligations under the agreement.



**SHIRE OF EAST PILBARA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**3. RECONCILIATION OF CASH**

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

Note	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Cash at bank and on hand	663,434	6,974,228	1,164,000
Term deposits	52,691,127	52,691,127	44,619,000
	53,354,561	59,665,355	45,783,000
- Unrestricted cash and cash equivalents	(1,285,452)	4,731,677	1,164,000
- Restricted cash and cash equivalents	54,640,013	54,933,678	44,619,000
	53,354,561	59,665,355	45,783,000
The following restrictions have been imposed by regulation or other externally imposed requirements on cash and cash equivalents:			
Alice Springs Road Reserve	220,783	218,083	119,000
Heavy Road Plant Reserve	1,500,330	1,863,130	1,656,700
Cape Keraudren Reserve	172,108	367,508	187,400
Computer Technology reserve	461,704	673,304	454,300
Newman Airport Reserve	38,334,992	36,932,592	32,122,000
Newman Town Centre Revitalisation Reserve	0	0	2,300
Public Art Reserve	127,676	126,076	125,600
Newman House Reserve	746,837	737,637	737,600
Public Building Reserve	1,926,273	2,416,873	2,224,400
Martumili Operations Reserve	881,969	905,069	843,800
Martumili Infrastructure Reserve	366,513	311,513	209,700
Future Infrastructure Reserve	2,559,216	1,924,616	1,647,700
Employee Entitlements	991,061	978,861	980,200
Staff and Community Housing	574,290	567,190	757,600
Waste Management Reserve	1,447,277	1,972,777	347,800
Recreation Facilities Maintenance Reserve	1,955,726	2,564,326	2,202,900
Bonds and Deposits Held	1,152,258	1,152,258	0
Unspent grants, subsidies and contributions	9 1,221,000	1,221,865	0
	54,640,013	54,933,678	44,619,000
<b>Reconciliation of net cash provided by operating activities to net result</b>			
<b>Net result</b>	(33,200)	3,616,840	(5,290,800)
Depreciation	5 16,013,200	14,756,067	16,549,200
(Profit)/loss on sale of asset	4(b) 1,900	173,228	(97,500)
(Increase)/decrease in receivables	2,548,323	1,015,830	4,971,903
(Increase)/decrease in inventories	17,770	26,829	38,002
Increase/(decrease) in payables	(3,432,822)	484,664	(2,327,603)
Increase/(decrease) in contract liabilities	(1,221,865)	1,316,468	
Increase/(decrease) in employee provisions	0	0	(14,860)
Non-operating grants, subsidies and contributions	(9,189,400)	(5,235,309)	(5,647,200)
<b>Net cash from operating activities</b>	4,703,906	16,154,617	8,181,142

**SIGNIFICANT ACCOUNTING POLICES**

**CASH AND CASH EQUIVALENTS**

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 2 - Net Current Assets.

**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.

SHIRE OF EAST PILBARA  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021

4. FIXED ASSETS

(a) Acquisition of Assets

The following assets are budgeted to be acquired during the year.

Asset class	Reporting program											2020/21 Budget total	2019/20 Actual total	2019/20 Budget total
	Governance	General purpose funding	Law, order, public safety	Health	Education and welfare	Housing	Community amenities	Recreation and culture	Transport	Economic services	Other property and services			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Property, Plant and Equipment</b>														
Buildings - non-specialised	0		0	0	0	1,269,700	0	0	0	0	0	1,269,700	1,557,580	1,039,600
Buildings - specialised	135,000		54,300	0	60,000	0	152,000	90,000	450,000	570,000		1,511,300	557,949	1,752,000
Furniture and equipment	105,000		0	0	0	0	0	0	0	0		105,000	66,357	476,000
Plant and equipment	55,000		565,000	0	0	0	55,000	385,000	1,118,000	0		2,178,000	2,018,943	9,314,400
	295,000	0	619,300	0	60,000	1,269,700	207,000	475,000	1,568,000	570,000	0	5,064,000	4,200,829	12,582,000
<b>Infrastructure</b>														
Infrastructure - Roads							0	0	7,839,200	0		7,839,200	4,342,352	4,240,000
Infrastructure - Footpaths							0	0	0	0		0	153,412	150,000
Infrastructure - Drainage							0	0	0	0		0	21,111	950,000
Infrastructure - Parks & Gardens and C	50,000						7,129,400	485,000	130,000	280,000		8,074,400	278,683	938,000
Infrastructure - Airport							0	0	2,950,000	0		2,950,000	283,736	882,700
	50,000	0	0	0	0	0	7,129,400	485,000	10,919,200	280,000	0	18,863,600	5,079,294	7,160,700
<b>Total acquisitions</b>	<b>345,000</b>	<b>0</b>	<b>619,300</b>	<b>0</b>	<b>60,000</b>	<b>1,269,700</b>	<b>7,336,400</b>	<b>960,000</b>	<b>12,487,200</b>	<b>850,000</b>	<b>0</b>	<b>23,927,600</b>	<b>9,280,123</b>	<b>19,742,700</b>

A detailed breakdown of acquisitions on an individual asset basis can be found in the supplementary information attached to this budget document.

SIGNIFICANT ACCOUNTING POLICIES

RECOGNITION OF ASSETS

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.

SHIRE OF EAST PILBARA  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021

4. FIXED ASSETS

(b) Disposals of Assets

The following assets are budgeted to be disposed of during the year.

	2020/21 Budget Net Book Value	2020/21 Budget Sale Proceeds	2020/21 Budget Profit	2020/21 Budget Loss	2019/20 Actual Net Book Value	2019/20 Actual Sale Proceeds	2019/20 Actual Profit	2019/20 Actual Loss	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>By Program</b>												
Governance	9,000	17,000	8,000	0	59,682	48,161	0	(11,521)	55,000	44,000	0	(11,000)
Law, order, public safety	22,291	24,991	2,700	0	60,450	31,687	31,687	(60,450)	39,000	35,000	0	(4,000)
Health		0	0	0		37,057	37,057	0		35,000	35,000	0
Community amenities	12,993	14,993	2,000	0	129,968	0	0	(129,968)		0	0	0
Recreation and culture	22,299	24,999	2,700	0	9,449	0	0	(9,449)		0	0	0
Transport	168,317	151,017	18,200	(35,500)	75,492	75,462	18,461	(18,491)	76,500	119,000	58,600	(16,100)
Economic services		0	0	0	67,103	23,066	0	(44,037)		35,000	35,000	0
Other property and services		0	0	0	19,029	32,512	13,483	0		0	0	0
	234,900	233,000	33,600	(35,500)	421,173	247,945	100,688	(273,916)	170,500	268,000	128,600	(31,100)
<b>By Class</b>												
<u>Property, Plant and Equipment</u>												
Buildings - non-specialised		0			1,695	0		(1,695)		0		
Buildings - specialised		0			210,385	0	0	(210,385)		0		
Furniture and equipment		0			4,469	1		(4,468)		0		
Plant and equipment	234,900	233,000	33,600	(35,500)	195,175	247,944	100,688	(47,919)	170,500	268,000	128,600	(31,100)
<u>Infrastructure</u>												
Infrastructure - Airport		0			9,449	0		(9,449)		0		
	234,900	233,000	33,600	(35,500)	421,173	247,945	100,688	(273,916)	170,500	268,000	128,600	(31,100)

A detailed breakdown of disposals on an individual asset basis can be found in the supplementary information attached to this budget document

SIGNIFICANT ACCOUNTING POLICIES

GAINS AND LOSSES ON DISPOSAL

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

SHIRE OF EAST PILBARA  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021

5. ASSET DEPRECIATION

By Program

Governance
Law, order, public safety
Health
Education and welfare
Housing
Community amenities
Recreation and culture
Transport
Economic services
Other property and services

By Class

Buildings - non-specialised
Buildings - specialised
Furniture and equipment
Plant and equipment
Infrastructure - Roads
Infrastructure - Footpaths
Infrastructure - Drainage
Infrastructure - Parks & Gardens and Other
Infrastructure - Airport

2020/21 Budget	2019/20 Actual	2019/20 Budget
\$	\$	\$
502,000	442,073	503,300
178,200	158,174	204,600
13,400	11,190	26,700
408,000	365,831	458,800
452,200	429,132	450,900
633,400	569,899	705,100
2,091,200	1,895,328	2,313,700
10,540,800	9,835,360	10,604,700
646,200	573,905	699,700
547,800	475,175	581,700
16,013,200	14,756,067	16,549,200
600,000	581,461	500,000
2,741,000	2,803,684	2,833,300
287,200	240,407	276,000
1,375,500	1,160,268	1,478,400
7,839,500	6,804,794	6,933,300
380,000	396,593	345,900
300,000	302,840	265,300
390,000	386,867	1,404,800
2,100,000	2,079,153	2,512,200
16,013,200	14,756,067	16,549,200

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

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

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

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

Major depreciation periods used for each class of depreciable asset are:

Buildings	40 years
Plant and Equipment	3 - 10 years
Computer Equipment & Software	3 years
Furniture & Equipment	5 years
Tools	3 Years
Infrastructure Assets:	
Bridges	75 years
Car Parks	20 years
Culverts	50 years
Cycle Ways	50 years
Drains	25 years
Footpath - in situ concrete	50 years
Footpath - slab	20 years
Irrigation	20 years

AMORTISATION

The depreciable amount of all intangible assets with a finite useful life, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

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

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income.

Kerbs and Channel	50 years
Manholes	50 years
Median strips	50 years
Road seals - aggregate	15 years
Road seals - asphalt	25 years
Road (sealed) - pavement	50 years
Road (unsealed) - formed	20 years
Road (unsealed) - gravel	20 years
Street Lights	25 years
Street signs	10 years
Water reticulation system	20 years
Parks & Gardens	20 years

SHIRE OF EAST PILBARA  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

Movement in borrowings and interest between the beginning and the end of the current financial year.

Purpose	Loan Number	Interest Institution	Interest Rate	Budget Principal 1 July 2020	2020/21	2020/21	Budget	2020/21	Actual Principal 1 July 2019	2019/20	2019/20	Actual	2019/20	Budget Principal 1 July 2019	2019/20	2019/20	Budget	2019/20	
					Budget New Loans	Budget Principal Repayments	Principal outstanding 30 June 2021	Budget Interest Repayments		Actual New Loans	Actual Principal Repayments	Principal outstanding 30 June 2020	Actual Interest Repayments		Budget New Loans	Budget Principal Repayments	Principal outstanding 30 June 2020	Budget Interest Repayments	
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Governance</b>																			
Newman Office (65)				0			0		117,082			(117,082)	0	(5,875)	117,082		(117,100)	(18)	(7,300)
<b>Housing</b>																			
Staff Housing (67)				193,958		(93,900)	100,058	(12,300)	282,059		(88,101)	193,958	(17,394)	282,059		(88,100)	193,959	(19,600)	
Staff Housing (71)				929,661		(131,300)	798,361	(65,400)	1,052,832		(123,171)	929,661	(69,966)	1,052,832		(123,200)	929,632	(74,400)	
<b>Community amenities</b>																			
Sewerage Plant (72)				1,354,944		(125,200)	1,229,744	(69,500)	1,474,731		(119,787)	1,354,944	(69,913)	1,474,731		(119,800)	1,354,931	(76,100)	
Sewerage Plant (73)				823,455		(92,400)	731,055	(30,800)	913,063		(89,608)	823,455	(30,388)	913,063		(89,600)	823,463	(36,200)	
Sewerage Plant TBA				0	4,700,000	(271,600)	4,428,400	(110,600)	0			0		0	5,500,000	(146,500)	5,353,500	(107,500)	
<b>Transport</b>																			
Newman Airport (66)				495,142		(495,100)	42	(22,000)	960,730		(465,588)	495,142	(57,220)	960,730		(465,600)	495,130	(64,900)	
				3,797,160	4,700,000	(1,209,500)	7,287,660	(310,600)	4,800,497	0	(1,003,337)	3,797,160	(250,756)	4,800,497	5,500,000	(1,149,900)	9,150,597	(386,000)	
				3,797,160	4,700,000	(1,209,500)	7,287,660	(310,600)	4,800,497	0	(1,003,337)	3,797,160	(250,756)	4,800,497	5,500,000	(1,149,900)	9,150,597	(386,000)	

All borrowing repayments, other than self supporting loans, will be financed by general purpose revenue.  
The self supporting loan(s) repayment will be fully reimbursed.

SHIRE OF EAST PILBARA  
 NOTES TO AND FORMING PART OF THE BUDGET  
 FOR THE YEAR ENDED 30 JUNE 2021

6. INFORMATION ON BORROWINGS

(b) New borrowings - 2020/21

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
Sewerage Plant	WATC		15	2.0%	\$ 4,700,000	\$ 763,484	\$ 4,700,000	\$ 0
					4,700,000	763,484	4,700,000	0

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30 June 2020 nor is it expected to have unspent borrowing funds as at 30 June 2021.

(d) Credit Facilities

	2020/21 Budget	2019/20 Actual	2019/20 Budget
<b>Undrawn borrowing facilities credit standby arrangements</b>	\$	\$	\$
Credit card limit	80,000	80,000	50,000
Credit card balance at balance date	(10,000)	(10,943)	0
<b>Total amount of credit unused</b>	70,000	69,057	50,000
<b>Loan facilities</b>			
Loan facilities in use at balance date	7,287,660	3,797,160	9,150,597

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.

SHIRE OF EAST PILBARA  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2020/21 Budget Opening Balance	2020/21 Budget Transfer to	2020/21 Budget Transfer (from)	2020/21 Budget Closing Balance	2019/20 Actual Opening Balance	2019/20 Actual Transfer to	2019/20 Actual Transfer (from)	2019/20 Actual Closing Balance	2019/20 Budget Opening Balance	2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Alice Springs Road Reserve	218,083	2,700		220,783	213,699	4,384		218,083	213,699	5,301	(100,000)	119,000
(b) Heavy Road Plant Reserve	1,863,130	23,200	(386,000)	1,500,330	2,452,816	50,314	(640,000)	1,863,130	2,445,921	60,779	(850,000)	1,656,700
(c) Cape Keraudren Reserve	367,508	4,600	(200,000)	172,108	360,121	7,387		367,508	358,508	8,892	(180,000)	187,400
(d) Computer Technology reserve	673,304	8,400	(220,000)	461,704	542,182	181,122	(50,000)	673,304	540,855	13,445	(100,000)	454,300
(e) Newman Rec Centre Maintenance R	0			0	127,535		(127,535)	0	126,811		(126,811)	0
(f) Newman Sewerage Treatment Plant	0			0	115,770		(115,770)	0	115,444		(115,444)	0
(g) Newman Airport Reserve	36,932,592	2,012,400	(610,000)	38,334,992	29,098,198	9,200,451	(1,366,057)	36,932,592	29,802,690	2,755,010	(435,700)	32,122,000
(h) Oval Lights Maintenance Reserve	0			0	13,201		(13,201)	0	12,799		(12,799)	0
(i) Long Serve Leave Reserve	0			0	464,411		(464,411)	0	462,985		(462,985)	0
(j) Recreation Facilities Maintenance R	0			0	0			0	2,005,254		(2,005,254)	0
(k) Staff Housing Reserve	0			0	0			0	1,154,133		(1,154,133)	0
(l) Newman Town Centre Revitalisation	0			0	340,271	6,778	(347,049)	0	339,315		(337,015)	2,300
(m) Waste Management Reserve	0			0	0			0	660,692		(660,692)	0
(n) Public Art Reserve	126,076	1,600		127,676	123,542	2,534		126,076	123,195	2,405		125,600
(o) Annual Leave Reserve	0			0	0			0	493,383		(493,383)	0
(p) Newman House Reserve	737,637	9,200		746,837	722,810	14,827		737,637	720,919	16,681		737,600
(q) Public Building Reserve	2,416,873	36,400	(527,000)	1,926,273	2,368,293	548,580	(500,000)	2,416,873	2,361,107	63,293	(200,000)	2,224,400
(r) Martumili Operations Reserve	905,069	26,900	(50,000)	881,969	990,312	450,031	(535,273)	905,069	1,097,269	13,531	(267,000)	843,800
(s) Martumili Infrastructure Reserve	311,513	55,000		366,513	256,156	239,500	(184,143)	311,513	155,818	53,882		209,700
(t) Future Infrastructure Reserve	1,924,616	634,600		2,559,216	1,493,970	430,646		1,924,616	1,194,365	453,335		1,647,700
(u) Community Housing Reserve	0			0	24,283		(24,283)	0	24,215		(24,215)	0
(v) Employee Entitlements	978,861	12,200		991,061	494,774	484,087		978,861	0	980,200		980,200
(w) Staff and Community Housing	567,190	7,100		574,290	1,156,682	218,508	(808,000)	567,190	0	1,207,600	(450,000)	757,600
(x) Waste Management Reserve	1,972,777	24,500	(550,000)	1,447,277	663,964	1,308,813		1,972,777	0	807,800	(460,000)	347,800
(y) Recreation Facilities Maintenance R	2,564,326	32,000	(640,600)	1,955,726	2,011,442	552,884		2,564,326	0	2,144,900	58,000	2,202,900
	52,559,555	2,890,800	(3,183,600)	52,266,755	44,034,433	13,700,845	(5,175,723)	52,559,555	44,409,377	8,587,054	(8,377,431)	44,619,000

**SHIRE OF EAST PILBARA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**7. CASH BACKED RESERVES (CONTINUED)**

**(b) Cash Backed Reserves - Purposes**

In accordance with Council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

<b>Reserve name</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
(a) Alice Springs Road Reserve	Ongoing	To establish a road link to Alice Springs from Marble Bar to the Northern Territory border.
(b) Heavy Road Plant Reserve	Ongoing	To fund the purchase of heavy plant that is needed for the operation of the Shire.
(c) Cape Keraudren Reserve	Ongoing	For the maintenance, development & enhancement of the Cape Keraudren Reserve.
(d) Computer Technology reserve	Ongoing	For the replacement, enhancement and upgrading of computer hardware and software.
(e) Newman Rec Centre Maintenance R	Deleted	
(f) Newman Sewerage Treatment Plant	Deleted	
(g) Newman Airport Reserve	Ongoing	For the upgrading, maintenance and enhancement of the Newman Airport .
(h) Oval Lights Maintenance Reserve	Deleted	
(i) Long Serve Leave Reserve	Deleted	
(j) Recreation Facilities Maintenance R	Deleted	
(k) Staff Housing Reserve	Deleted	
(l) Newman Town Centre Revitalisation	Ongoing	For the revitalisation, upgrade and maintenance of the Newman Town Centre Precinct.
(m) Waste Management Reserve	Deleted	
(n) Public Art Reserve	Ongoing	For the development, maintenance & enhancement of Public Art within the three towns of the East Pilbara Shire.
(o) Annual Leave Reserve	Deleted	
(p) Newman House Reserve	Ongoing	For the upgrade, maintenance and enhancement of Newman House.
(q) Public Building Reserve	Ongoing	For the upgrading, maintenance and enhancement of Public Buildings.
(r) Martumili Operations Reserve	Ongoing	To hold and utilise the allocation of Martumili's funds.
(s) Martumili Infrastructure Reserve	Ongoing	For the upgrading, maintenance and enhancement of Martumili Buildings.
(t) Future Infrastructure Reserve	Ongoing	For the development of new or replacement infrastructure with total project cost of greater than one (1) million dollars.
(u) Community Housing Reserve	Deleted	
(v) Employee Entitlements	Ongoing	Provision for the employee entitlements for staff of the Shire.
(w) Staff and Community Housing	Ongoing	For the upgrading and maintenance of staff and community housing assets.
(x) Waste Management Reserve	Ongoing	For the development, maintenance & enhancement of waste facilities including the sewerage plant.
(y) Recreation Facilities Maintenance R	Ongoing	For the upgrading and enhancement of recreation facilities.



SHIRE OF EAST PILBARA  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2021

8. FEES & CHARGES REVENUE

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
Governance	500	214	5,000
General purpose funding	7,000	13,669	16,000
Law, order, public safety	26,000	27,590	48,200
Health	68,800	69,390	72,000
Education and welfare	2,500	2,318	2,700
Housing	275,500	301,240	291,000
Community amenities	5,505,100	4,840,604	4,372,200
Recreation and culture	565,000	574,505	717,500
Transport	14,140,000	14,095,267	11,660,500
Economic services	478,000	655,606	267,100
Other property and services	5,000	3,905	10,000
	21,073,400	20,584,309	17,462,200

9. GRANT REVENUE

	Unspent grants, subsidies and contributions liability					Grants, subsidies and contributions revenue		
	Liability 1 July 2020	Increase in Liability	Liability Reduction (As revenue)	Total Liability 30 June 2021	Current Liability 30 June 2021	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$	\$	\$	\$	\$	\$
<b>By Program:</b>								
<b>(a) Operating grants, subsidies and contributions</b>								
Governance	250,000	25,000	(275,000)	0	0	25,000	0	0
General purpose funding		2,000,000	(2,000,000)	0	0	2,000,000	2,284,708	2,250,000
Law, order, public safety	536,409	24,000	(560,409)	(0)	0	24,000	42,551	27,200
Health	6,642	18,000	(24,642)	0	0	18,000	9,568	18,000
Education and welfare		3,000	(3,000)	0	0	3,000	189,374	568,500
Housing		243,500	(243,500)	0	0			
Community amenities		1,157,800	(1,157,800)	0	0	243,500	142,636	142,000
Recreation and culture	283,143	900,000	(1,183,143)	0	0	1,157,800	897,093	1,042,000
Transport	100,000	1,154,500	(1,254,500)	0	0	900,000	1,310,522	1,000,000
Economic services	45,671		(45,671)	0	0	1,154,500	122,239	110,000
	1,221,865	5,525,800	(6,747,665)	(0)	0	5,525,800	4,998,690	5,157,700
<b>(b) Non-operating grants, subsidies and contributions</b>								
Law, order, public safety		577,300	(577,300)	0	0	577,300	0	500,000
Health		1,500,000	(1,500,000)	0	0	0	0	0
Education and welfare		6,612,100	(6,612,100)	0	0	0	0	0
Housing		500,000	(500,000)	0	0	0	0	0
Community amenities				0	0	1,500,000	0	0
Transport				0	0	6,612,100	5,235,309	5,047,200
Economic services				0	0	500,000	0	100,000
	0	9,189,400	(9,189,400)	0	0	9,189,400	5,235,309	5,647,200
<b>Total</b>	1,221,865	14,715,200	(15,937,065)	(0)	0	14,715,200	10,233,999	10,804,900

(c) Unspent grants, subsidies and contributions were restricted as follows:

	Budget Closing Balance 30 June 2021	Actual Balance 30 June 2020
Unspent grants, subsidies and contributions	0	1,221,865
	0	1,221,865

**SHIRE OF EAST PILBARA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**10. REVENUE RECOGNITION**

**SIGNIFICANT ACCOUNTING POLICIES**

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:

<b>Revenue Category</b>	<b>Nature of goods and services</b>	<b>When obligations typically satisfied</b>	<b>Payment terms</b>	<b>Returns/Refunds / Warranties</b>	<b>Determination of transaction price</b>	<b>Allocating transaction price</b>	<b>Measuring obligations for returns</b>	<b>Revenue recognition</b>
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments Licences/ Registrations/ Approvals	General appropriations and contributions with no Building, planning, development and animal management, having the	No obligations  Single point in time	Not applicable  Full payment prior to issue	Not applicable  None	Cash received  Set by State legislation or limited by legislation to the cost of provision	On receipt of funds  Based on timing of issue of the associated rights	Not applicable  No refunds	When assets are controlled  On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle

**SHIRE OF EAST PILBARA**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2021**

Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to On entry to facility
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/departure event
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

## 11. OTHER INFORMATION

	2020/21 Budget	2019/20 Actual	2019/20 Budget
	\$	\$	\$
<b>The net result includes as revenues</b>			
<b>(a) Interest earnings</b>			
Investments			
- Reserve funds	428,700	854,278	1,023,500
- Other funds	50,000	(265,705)	90,000
Other interest revenue (refer note 1b)	92,000	162,209	68,000
	570,700	750,782	1,181,500
<b>(b) Other revenue</b>			
Reimbursements and recoveries	957,700	1,438,388	1,467,500
	957,700	1,438,388	1,467,500
<b>The net result includes as expenses</b>			
<b>(c) Auditors remuneration</b>			
Audit services	45,000	31,771	42,000
Other services	10,000	1,500	10,000
	55,000	33,271	52,000
<b>(d) Interest expenses (finance costs)</b>			
Borrowings (refer Note 6(a))	310,600	250,756	386,000
	310,600	250,756	386,000
<b>(e) Elected members remuneration</b>			
Meeting fees	182,600	172,230	182,600
Mayor/President's allowance	44,000	44,440	44,000
Deputy Mayor/President's allowance	11,000	11,110	11,000
Travelling expenses	30,000	21,334	30,000
Telecommunications allowance	12,000	11,309	12,000
Members' Expenses Reimbursed	2,600	578	100
	282,200	261,001	279,700
<b>(f) Write offs</b>			
General rate	150,000	94,457	270,000
Fees and charges	10,000	0	25,000
	160,000	94,457	295,000

## 12. INTERESTS IN JOINT ARRANGEMENTS

It is not anticipated the Shire will be party to any joint venture arrangements during 2020/21.

### 13. TRUST FUNDS

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

Detail	Balance 30 June 2020	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2021
	\$	\$	\$	\$
Cash in Lieu of Public Open Space	758,464	0	0	758,464
	758,464	0	0	758,464

## 14. SIGNIFICANT ACCOUNTING POLICIES - OTHER INFORMATION

### 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.

### CRITICAL ACCOUNTING ESTIMATES

The preparation of a budget 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.

### ROUNDING OFF FIGURES

All figures shown in this statement are rounded to the nearest dollar.

### COMPARATIVE FIGURES

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

### BUDGET COMPARATIVE FIGURES

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