

SHIRE OF EAST PILBARA

BUDGET

FOR THE YEAR ENDED 30 JUNE 2022

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 2022

	NOTE	2021/22 Budget	2020/21 Actual	2020/21 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	21,015,600	14,327,704	13,963,600
Operating grants, subsidies and contributions	9(a)	4,993,200	5,584,157	5,525,800
Fees and charges	8	21,840,000	21,545,259	21,073,400
Interest earnings	12(a)	406,800	223,376	570,700
Other revenue	12(b)	1,183,100	1,248,858	957,700
		49,438,700	42,929,354	42,091,200
Expenses				
Employee costs		(14,067,500)	(13,197,653)	(13,907,400)
Materials and contracts		(20,502,700)	(13,666,521)	(17,760,800)
Utility charges		(2,036,200)	(1,671,730)	(1,663,600)
Depreciation on non-current assets	5	(16,900,100)	(15,575,143)	(16,013,200)
Interest expenses	12(d)	(248,600)	(191,012)	(310,600)
Insurance expenses		(1,174,600)	(999,885)	(923,100)
Other expenditure		(734,200)	(895,506)	(733,200)
		(55,663,900)	(46,197,450)	(51,311,900)
Subtotal		(6,225,200)	(3,268,096)	(9,220,700)
Non-operating grants, subsidies and contributions	9(b)	6,168,800	6,064,891	9,189,400
Profit on asset disposals	4(b)	152,800	136,855	33,600
Loss on asset disposals	4(b)	(185,800)	(85,932)	(35,500)
		6,135,800	6,115,814	9,187,500
Net result		(89,400)	2,847,718	(33,200)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(89,400)	2,847,718	(33,200)

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

SHIRE OF EAST PILBARA

FOR THE YEAR ENDED 30 JUNE 2022

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

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

Accounting policies which have been adopted in the preparation of this 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.

2020/21 ACTUAL BALANCES

Balances shown in this budget as 2020/21 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 2021 no new accounting policies are to be adopted and no new policies are expected to impact the annual budget.

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 2022

	NOTE	2021/22 Budget	2020/21 Actual	2020/21 Budget
Revenue	1,8,9(a),12(a),12(b)	\$	\$	\$
Governance		66,400	101,540	108,800
General purpose funding		23,449,600	16,984,091	16,112,600
Law, order, public safety		51,800	45,968	95,800
Health		86,800	48,354	86,800
Education and welfare		9,000	37,892	10,500
Housing		344,600	385,338	301,600
Community amenities		6,166,500	5,091,402	5,891,100
Recreation and culture		2,253,600	2,118,900	2,180,900
Transport		15,437,700	16,367,292	15,441,600
Economic services		762,500	920,545	1,651,300
Other property and services		810,200	866,211	210,200
		49,438,700	42,967,533	42,091,200
Expenses excluding finance costs	4(a),5,12(c)(e)(f)			
Governance		(433,100)	89,656	(700,200)
General purpose funding		(459,100)	(189,724)	(385,400)
Law, order, public safety		(1,244,400)	(1,495,877)	(1,262,300)
Health		(555,000)	(416,281)	(540,200)
Education and welfare		(2,637,700)	(2,174,425)	(2,518,900)
Housing		(853,900)	(974,765)	(703,600)
Community amenities		(6,156,500)	(5,397,534)	(5,711,900)
Recreation and culture		(13,139,100)	(11,164,220)	(12,903,300)
Transport		(24,840,800)	(20,367,201)	(22,330,200)
Economic services		(2,079,100)	(1,770,904)	(2,546,600)
Other property and services		(3,016,600)	(2,183,342)	(1,398,700)
		(55,415,300)	(46,044,617)	(51,001,300)
Finance costs	7,6(a),12(d)			
Housing		(62,600)	(73,331)	(77,700)
Community amenities		(144,100)	(91,431)	(210,900)
Transport		(41,900)	(26,250)	(22,000)
		(248,600)	(191,012)	(310,600)
Subtotal		(6,225,200)	(3,268,096)	(9,220,700)
Non-operating grants, subsidies and contributions	9(b)	6,168,800	6,064,891	9,189,400
Profit on disposal of assets	4(b)	152,800	136,855	33,600
(Loss) on disposal of assets	4(b)	(185,800)	(85,932)	(35,500)
		6,135,800	6,115,814	9,187,500
Net result		(89,400)	2,847,718	(33,200)
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		(89,400)	2,847,718	(33,200)

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

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 2022

	NOTE	2021/22 Budget	2020/21 Actual	2020/21 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		21,572,265	14,289,353	15,533,838
Operating grants, subsidies and contributions		7,569,056	8,883,485	5,281,499
Fees and charges		22,050,700	21,545,259	21,073,400
Interest received		406,800	223,376	570,700
Goods and services tax received		1,205,040	1,455,357	1,400,521
Other revenue		1,183,100	1,248,858	957,700
		53,986,961	47,645,688	44,817,658
Payments				
Employee costs		(15,302,629)	(13,289,089)	(13,746,667)
Materials and contracts		(22,709,359)	(15,802,340)	(21,302,540)
Utility charges		(2,036,200)	(1,671,730)	(1,663,600)
Interest expenses		(221,847)	(191,012)	(344,645)
Insurance paid		(1,174,600)	(999,885)	(923,100)
Goods and services tax paid		(1,400,000)	(1,408,086)	(1,400,000)
Other expenditure		(734,200)	(895,506)	(733,200)
		(43,578,835)	(34,257,648)	(40,113,752)
Net cash provided by (used in) operating activities	3	10,408,126	13,388,040	4,703,906
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(4,300,000)	(4,613,043)	(5,064,000)
Payments for construction of infrastructure	4(a)	(34,115,500)	(7,335,657)	(18,863,600)
Non-operating grants, subsidies and contributions	9(b)	6,168,800	6,064,891	9,189,400
Proceeds from sale of plant and equipment	4(b)	383,000	240,476	233,000
Net cash provided by (used in) investing activities		(31,863,700)	(5,643,334)	(14,505,200)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(1,004,100)	(937,917)	(1,209,500)
Proceeds on disposal of financial assets at amortised cost - term deposits		0	11,461,978	0
Proceeds from new borrowings	6(a)	11,500,000	0	4,700,000
Net cash provided by (used in) financing activities		10,495,900	10,524,061	3,490,500
Net increase (decrease) in cash held		(10,959,674)	18,268,767	(6,310,794)
Cash at beginning of year		66,488,721	48,219,954	59,665,355
Cash and cash equivalents at the end of the year	3	55,529,047	66,488,721	53,354,561

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 2022

	NOTE	2021/22 Budget	2020/21 Actual	2020/21 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2(a)	400,000	3,497,150	5,227,957
		400,000	3,497,150	5,227,957
Revenue from operating activities (excluding rates)				
Governance		66,400	101,540	116,800
General purpose funding		2,434,000	2,656,387	2,149,000
Law, order, public safety		51,800	59,364	98,500
Health		86,800	48,354	86,800
Education and welfare		44,000	37,892	10,500
Housing		344,600	385,338	301,600
Community amenities		6,166,500	5,091,402	5,893,100
Recreation and culture		2,253,600	2,126,936	2,183,600
Transport		15,503,700	16,444,536	15,459,800
Economic services		797,500	920,545	1,651,300
Other property and services		827,000	866,211	210,200
		28,575,900	28,738,505	28,161,200
Expenditure from operating activities				
Governance		(433,100)	84,259	(700,200)
General purpose funding		(459,100)	(189,724)	(385,400)
Law, order, public safety		(1,244,400)	(1,495,877)	(1,262,300)
Health		(593,700)	(416,281)	(540,200)
Education and welfare		(2,637,700)	(2,174,425)	(2,518,900)
Housing		(916,500)	(1,048,096)	(781,300)
Community amenities		(6,303,600)	(5,563,973)	(5,922,800)
Recreation and culture		(13,139,100)	(11,168,212)	(12,903,300)
Transport		(25,021,200)	(20,356,807)	(22,387,700)
Economic services		(2,084,700)	(1,770,904)	(2,546,600)
Other property and services		(3,016,600)	(2,183,342)	(1,398,700)
		(55,849,700)	(46,283,382)	(51,347,400)
Non-cash amounts excluded from operating activities	2(b)	16,933,100	15,862,138	14,793,235
Amount attributable to operating activities		(9,940,700)	1,814,411	(3,165,008)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		6,168,800	6,064,891	9,189,400
Payments for property, plant and equipment	4(a)	(4,300,000)	(4,613,043)	(5,064,000)
Payments for construction of infrastructure	4(a)	(34,115,500)	(7,335,657)	(18,863,600)
Proceeds from disposal of assets	4(b)	383,000	240,476	233,000
		(31,863,700)	(5,643,334)	(14,505,200)
Non-cash amounts excluded from investing activities	2(c)	0	0	0
Amount attributable to investing activities		(31,863,700)	(5,643,334)	(14,505,200)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(1,004,100)	(937,917)	(1,209,500)
Principal elements of finance lease payments	7	0	0	0
Proceeds from new borrowings	6(a)	11,500,000	0	4,700,000
Transfers to cash backed reserves (restricted assets)	7(a)	(1,706,800)	(7,701,759)	(2,890,800)
Transfers from cash backed reserves (restricted assets)	7(a)	11,999,700	1,336,658	3,183,600
Amount attributable to financing activities		20,788,800	(7,303,018)	3,783,300
Budgeted deficiency before imposition of general rates		(21,015,600)	(11,131,940)	(13,886,908)
Estimated amount to be raised from general rates	1	21,015,600	14,327,704	13,963,600
Net current assets at end of financial year - surplus/(deficit)	2(a)	0	3,195,764	76,692

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 2022

	NOTE	2021/22 Budget \$	2020/21 Actual \$	2020/21 Budget \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2	400,000	3,497,150	5,227,957
		400,000	3,497,150	5,227,957
Revenue from operating activities (excluding rates)				
Operating grants, subsidies and contributions	9(a)	4,993,200	5,584,157	5,525,800
Fees and charges	8	21,840,000	21,545,259	21,073,400
Interest earnings	12(a)	406,800	223,376	570,700
Other revenue	12(b)	1,183,100	1,248,858	957,700
Profit on asset disposals	4(b)	152,800	136,855	33,600
		28,575,900	28,738,505	28,161,200
Expenditure from operating activities				
Employee costs		(14,067,500)	(13,197,653)	(13,907,400)
Materials and contracts		(20,502,700)	(13,666,521)	(17,760,800)
Utility charges		(2,036,200)	(1,671,730)	(1,663,600)
Depreciation on non-current assets	5	(16,900,100)	(15,575,143)	(16,013,200)
Interest expenses	12(d)	(248,600)	(191,012)	(310,600)
Insurance expenses		(1,174,600)	(999,885)	(923,100)
Other expenditure		(734,200)	(895,506)	(733,200)
Loss on asset disposals	4(b)	(185,800)	(85,932)	(35,500)
Loss on revaluation of non current assets		0	0	0
Reversal of prior year loss on revaluation of assets		0	0	0
		(55,849,700)	(46,283,382)	(51,347,400)
Non-cash amounts excluded from operating activities	2(b)	16,933,100	15,862,138	14,793,235
Amount attributable to operating activities		(9,940,700)	1,814,411	(3,165,008)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9(b)	6,168,800	6,064,891	9,189,400
Payments for property, plant and equipment	4(a)	(4,300,000)	(4,613,043)	(5,064,000)
Payments for construction of infrastructure	4(a)	(34,115,500)	(7,335,657)	(18,863,600)
Proceeds from disposal of assets	4(b)	383,000	240,476	233,000
Amount attributable to investing activities		(31,863,700)	(5,643,334)	(14,505,200)
Non-cash amounts excluded from investing activities	2(c)	0	0	0
Amount attributable to investing activities		(31,863,700)	(5,643,334)	(14,505,200)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(1,004,100)	(937,917)	(1,209,500)
Proceeds from new borrowings	6(b)	11,500,000	0	4,700,000
Transfers to cash backed reserves (restricted assets)	7(a)	(1,706,800)	(7,701,759)	(2,890,800)
Transfers from cash backed reserves (restricted assets)	7(a)	11,999,700	1,336,658	3,183,600
Amount attributable to financing activities		20,788,800	(7,303,018)	3,783,300
Budgeted deficiency before general rates		(21,015,600)	(11,131,940)	(13,886,908)
Estimated amount to be raised from general rates	1(a)	21,015,600	14,327,704	13,963,600
Net current assets at end of financial year - surplus/(deficit)	2	0	3,195,764	76,692

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

SHIRE OF EAST PILBARA
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SHIRE OF EAST PILBARA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022
1. RATES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2021/22 Budgeted rate revenue	2021/22 Budgeted interim rates	2021/22 Budgeted back rates	2021/22 Budgeted total revenue	2020/21 Actual total revenue	2020/21 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate									
Gross rental valuations									
GRV - Residential	0.07679	2,522	31,393,062	2,410,516			2,410,516	5,042,888	5,572,139
GRV - Transient	0.10514	20	31,074,500	3,267,173			3,267,173		
GRV Non Residential - Town Centre	0.05257	42	4,595,402	241,580			241,580		
GRV Non Residential - Industrial	0.05257	121	12,893,796	677,827			677,827		
GRV Non Residential - Mixed Business	0.05257	14	1,575,950	82,848			82,848		
Unimproved valuations									
UV - Pastoral/ Special Leases	0.14145	46	6,221,180	879,986			879,986	491,846	711,442
UV - Other	0.28290	1,162	45,786,321	12,952,950	190,000		13,142,950	7,993,550	7,786,277
Sub-Totals		3,927	133,540,211	20,512,880	190,000	0	20,702,880	13,528,284	14,069,858
Minimum									
Minimum payment									
	\$								
Gross rental valuations									
GRV - Residential	715	694	2,215,384	496,210			496,210	457,470	457,470
GRV - Transient	715	0	0	0			0		
GRV Non Residential - Town Centre	813	16	152,774	13,008			13,008		
GRV Non Residential - Industrial	813	5	23,432	4,065			4,065		
GRV Non Residential - Mixed Business	813	0	0	0			0		
Unimproved valuations									
UV - Pastoral/ Special Leases	358	21	8,107	7,508			7,508	341,950	4,830
UV - Other	715	794	863,828	567,710			567,710		341,850
Sub-Totals		1,530	3,263,525	1,088,501	0	0	1,088,501	799,420	804,150
		5,457	136,803,736	21,601,381	190,000	0	21,791,381	14,327,704	14,874,008
Concessions (Refer note 1(g))							(775,781)	0	(910,408)
Total amount raised from general rates							21,015,600	14,327,704	13,963,600

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 2021/22 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.

SHIRE OF EAST PILBARA
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2022
 1. RATES (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	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one				
Single full payment	7/09/2021	0	0.0%	7.0%
Option two				
First instalment	7/09/2021		4.0%	7.0%
Second instalment	9/11/2021	6	4.0%	7.0%
Third instalment	11/01/2022	6	4.0%	7.0%
Fourth instalment	15/03/2022	6	4.0%	7.0%

	2021/22 Budget revenue	2020/21 Actual revenue	2020/21 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	5,000	8,916	5,000
Instalment plan interest earned	12,000	17,093	12,000
Unpaid rates and service charge interest earned	80,000	179,595	80,000
	97,000	205,604	97,000

SHIRE OF EAST PILBARA
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2022
 1. RATES (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
GRV - Residential	This incorporates residential single dwellings, duplex, multi-unit and strata improved properties	To ensure that the proportion of total rate revenue derived from residential remains essentially consistent with previous years and also includes the ongoing maintenance and service provision of Shire assets and services primarily used by residential ratepayers.	This will ensure a reasonable contribution to the Cost of Local Government services and facilities available to residents.
GRV - Non Residential	This incorporates all light industry, general industry, commercial and mixed use properties.	To ensure that the proportion of total rate revenue derived from non-residential properties remains essentially consistent with previous years and to recognise the additional costs of servicing these types of properties. Non-residential properties generate higher volumes of pedestrian and traffic movements than residential properties which results in increased road and streetscape maintenance requirements, additional on street parking needs and the requirement to install additional traffic treatments. Due to the increased presence of litter surrounding non-residential land the Shire is also required to provide additional litter collection services to these areas.	This will ensure patrons and employees of commercial and industrial premises who are consumers of Shire services, are contributing to the cost of services which they use.
GRV - Transient Workforce Accommodation	This incorporates all mass accommodation facilities provided for a workforce that is not permanently located within the district.	To ensure rates are distributed equitably across property used for residential and non residential workers. Temporary workers are consumers of Shire services but unless they are also property owners within the Shire, are not contributing to the cost of services which they use.	Mass accommodation properties have the potential to have a greater impact on Shire services and assets than other property types due to their number of occupants in a relatively small land parcel.

SHIRE OF EAST PILBARA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022

UV - Pastoral	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.
UV - Mining/ 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.

(d) Differential Minimum Payment

Description	Characteristics	Objects	Reasons
GRV - Residential	This incorporates residential single dwellings, duplex, multi-unit and strata improved properties	To ensure that the proportion of total rate revenue derived from residential remains essentially consistent with previous years and also includes the ongoing maintenance and service provision of Shire assets and services primarily used by residential ratepayers.	This will ensure a reasonable contribution to the Cost of Local Government services and facilities available to residents.
GRV - Non Residential	This incorporates all light industry, general industry, commercial and mixed use properties.	To ensure that the proportion of total rate revenue derived from non-residential properties remains essentially consistent with previous years and to recognise the additional costs of servicing these types of properties. Non-residential properties generate higher volumes of pedestrian and traffic movements than residential properties which results in increased road and streetscape maintenance requirements, additional on street parking needs and the requirement to install additional traffic treatments. Due to the increased presence of litter surrounding non-residential land the Shire is also required to provide additional litter collection services to these areas.	This will ensure patrons and employees of commercial and industrial premises who are consumers of Shire services, are contributing to the cost of services which they use.

SHIRE OF EAST PILBARA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022

GRV - Transient Workforce Accommodation	This incorporates all mass accommodation facilities provided for a workforce that is not permanently located within the district.	To ensure rates are distributed equitably across property used for residential and non residential workers. Temporary workers are consumers of Shire services but unless they are also property owners within the Shire, are not contributing to the cost of services which they use.	Mass accommodation properties have the potential to have a greater impact on Shire services and assets than other property types due to their number of occupants in a relatively small land parcel.
UV - Pastoral	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.
UV - Mining/ 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	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	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.

1. RATES (CONTINUED)

(e) Specified Area Rate

The Shire did not raise specified area rates for the year ended 30th June 2022.

(f) Service Charges

The Shire did not raise service charges for the year ended 30th June 2022.

1. RATES (CONTINUED)

(g) Waivers or concessions

Rate or fee and charge to which the waiver or concession is granted	Type	Discount %	Discount (\$)	2021/22 Budget	2020/21 Actual	2020/21 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
GRV - Industrial	"Concession"	30.0%		\$ 201,800	\$ 493,259	\$ 492,423	All assessments categories with the exception of minimums	To implement consistency to general rate through staged increases
GRV - Mixed Business	"Concession"	30.0%		24,500	26,884	26,884		
UV - Pastoral/ Special	"Concession"	63.0%		549,481	391,100	391,100		
				775,781	911,243	910,408		

SHIRE OF EAST PILBARA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022
2. NET CURRENT ASSETS

(a) Composition of estimated net current assets

Current assets

Cash and cash equivalents- unrestricted	3	(16,327,752)	(15,660,979)	(1,285,452)
Cash and cash equivalents - restricted	3	71,856,800	82,149,700	54,640,013
Receivables		1,151,320	4,299,581	570,257
Unspent grants, subsidies and contributions		0	0	1,221,000
Inventories		80,000	56,943	80,000

Less: current liabilities

Trade and other payables		(1,415,184)	(3,480,362)	672,523
Contract liabilities		(5,485,118)	(5,485,118)	0
Lease liabilities	7	(27,489)	(27,489)	
Short term borrowings		0	0	
Long term borrowings	6	(11,433,817)	(937,917)	(1,209,500)
Employee provisions		0	(1,326,800)	(1,181,636)

Net current assets

Less: Total adjustments to net current assets

Net current assets used in the Rate Setting Statement

Note	2021/22 Budget 30 June 2022	2020/21 Actual 30 June 2021	2020/21 Budget 30 June 2021
	\$	\$	\$
	56,760,368	70,845,245	55,225,818
	(18,361,608)	(11,257,686)	(1,718,613)
	38,398,760	59,587,559	53,507,205
2.(c)	(35,602,995)	(56,391,795)	(53,430,513)
	2,795,765	3,195,764	76,692

SHIRE OF EAST PILBARA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022
2. NET CURRENT ASSETS (CONTINUED)

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

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.

(b) Operating activities excluded from budgeted deficiency

The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with *Financial Management Regulation 32*.

Adjustments to operating activities

Less: Profit on asset disposals
Add: Loss on disposal of assets
Add: Depreciation on assets
Movement in current contract liabilities associated with restricted cash

Non cash amounts excluded from operating activities

Note	2021/22 Budget 30 June 2022	2020/21 Actual 30 June 2021	2020/21 Budget 30 June 2021
	\$	\$	\$
4(b)	(152,800)	(136,855)	(33,600)
4(b)	185,800	85,932	35,500
5	16,900,100	15,575,143	16,013,200
	0	337,918	(1,221,865)
	16,933,100	15,862,138	14,793,235

(c) Current assets and liabilities excluded from budgeted deficiency

The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets

Less: Cash - restricted reserves
Add: Current liabilities not expected to be cleared at end of year
- Current portion of borrowings
- Current portion of lease liabilities

Total adjustments to net current assets

7	(47,064,301)	(57,357,201)	(54,640,013)
	11,433,817	937,917	1,209,500
	27,489	27,489	0
	(35,602,995)	(56,391,795)	(53,430,513)

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

An 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.

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.

PREPAID RATES

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

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.

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.

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.

TRADE AND OTHER RECEIVABLES

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

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

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

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

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

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.

EMPLOYEE BENEFITS

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

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 2022
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	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
Cash at bank and on hand	(7,387,358)	3,572,315	663,434
Term deposits	62,916,406	62,916,406	52,691,127
Total cash and cash equivalents	55,529,048	66,488,721	53,354,561
Held as			
- Unrestricted cash and cash equivalents	(16,327,752)	(15,660,979)	(1,285,452)
- Restricted cash and cash equivalents	71,856,800	82,149,700	54,640,013
	55,529,048	66,488,721	53,354,561
Restrictions			
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	71,856,800	82,149,700	54,640,013
- Restricted financial assets at amortised cost - term deposits	0	0	0
	71,856,800	82,149,700	54,640,013
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Reserves - cash/financial asset backed	7	47,064,301	57,357,201
Contract liabilities		5,485,118	5,485,118
Unspent non-operating grants, subsidies and contribution liabilities		0	0
Other provisions		19,307,381	19,307,381
		71,856,800	82,149,700
Reconciliation of net cash provided by operating activities to net result			
Net result		(89,400)	2,847,718
Depreciation	5	16,900,100	15,575,143
(Profit)/loss on sale of asset	4(b)	33,000	(50,923)
(Increase)/decrease in receivables		3,148,261	(1,000,419)
(Increase)/decrease in inventories		(23,057)	12,887
Increase/(decrease) in payables		(2,065,178)	(2,240,142)
Increase/(decrease) in contract liabilities		0	4,308,667
Increase/(decrease) in employee provisions		(1,326,800)	0
Non-operating grants, subsidies and contributions		(6,168,800)	(6,064,891)
Net cash from operating activities		10,408,126	13,388,040

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 2022
4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program											2021/22 Budget total	2020/21 Actual total	2020/21 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			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>														
Buildings - non-specialised						1,630,000						1,630,000	1,213,787	1,269,700
Buildings - specialised	80,000				27,000		10,000	297,000	90,000			504,000	1,744,830	1,511,300
Furniture and equipment	80,000											80,000	28,688	105,000
Plant and equipment	58,000		454,000		65,000			163,000	1,121,000	75,000	150,000	2,086,000	1,625,737	2,178,000
	218,000	0	454,000	0	92,000	1,630,000	10,000	460,000	1,211,000	75,000	150,000	4,300,000	4,613,043	5,064,000
<i>Infrastructure</i>														
Infrastructure - roads									5,997,500			5,997,500	6,534,341	7,839,200
Other infrastructure - Footpaths									50,000			50,000		0
Other infrastructure - Drainage												0		0
Other infrastructure - Parks & Gardens and Other							7,268,000	1,645,000	50,000			8,963,000	759,122	8,074,400
Other infrastructure - Airport									19,105,000			19,105,000	42,195	2,950,000
	0	0	0	0	0	0	7,268,000	1,645,000	25,202,500	0	0	34,115,500	7,335,657	18,863,600
Total acquisitions	218,000	0	454,000	0	92,000	1,630,000	7,278,000	2,105,000	26,413,500	75,000	150,000	38,415,500	11,948,701	23,927,600

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 2022
 4. FIXED ASSETS

(b) Disposals of Assets

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

	2021/22 Budget Net Book Value	2021/22 Budget Sale Proceeds	2021/22 Budget Profit	2021/22 Budget Loss	2020/21 Actual Net Book Value	2020/21 Actual Sale Proceeds	2020/21 Actual Profit	2020/21 Actual Loss	2020/21 Budget Net Book Value	2020/21 Budget Sale Proceeds	2020/21 Budget Profit	2020/21 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
Governance		0	0	0	10,017	4,620	0	(5,397)	9,000	17,000	8,000	0
Law, order, public safety		0	0	0	21,394	34,790	13,396	0	22,291	24,991	2,700	0
Health	38,700	0	0	(38,700)		0	0	0	0	0	0	0
Education and welfare		35,000	35,000	0	0	0	0	0	0	0	0	0
Community amenities	28,000	25,000	0	(3,000)	75,008	0	0	(75,008)	12,993	14,993	2,000	0
Recreation and culture		0	0	0	38,841	42,885	8,036	(3,992)	22,299	24,999	2,700	0
Transport	310,500	238,000	66,000	(138,500)	82,473	158,181	77,244	(1,536)	168,317	151,017	18,200	(35,500)
Economic services	15,600	45,000	35,000	(5,600)		0	0	0	0	0	0	0
Other property and services	23,200	40,000	16,800	0		0	0	0	0	0	0	0
	416,000	383,000	152,800	(185,800)	227,733	240,476	98,676	(85,933)	234,900	233,000	33,600	(35,500)
By Class												
<u>Property, Plant and Equipment</u>												
Plant and equipment	416,000	383,000	152,800	(185,800)	222,336	240,476	98,676	(80,536)	234,900	233,000	33,600	(35,500)
<u>Infrastructure</u>												
Other infrastructure - Parks & Gardens and Other	0	0	0	0	5,397	(0)	0	(5,397)		0		

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 2022
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
Other infrastructure - Footpaths
Other infrastructure - Drainage
Other infrastructure - Parks & Gardens and Other
Other infrastructure - Airport

2021/22 Budget	2020/21 Actual	2020/21 Budget
\$	\$	\$
559,500	512,872	502,000
197,700	181,220	178,200
15,500	14,209	13,400
421,100	386,000	408,000
582,900	534,335	452,200
694,300	636,502	633,400
2,301,000	2,109,252	2,091,200
10,888,800	9,981,434	10,540,800
708,800	649,700	646,200
530,500	569,619	547,800
16,900,100	15,575,143	16,013,200
582,900	496,392	600,000
3,193,100	2,521,641	2,741,000
302,900	162,030	287,200
1,423,100	1,247,656	1,375,500
9,000,400	7,044,546	7,839,500
436,300	398,359	380,000
344,400	302,574	300,000
447,700	1,648,694	390,000
1,169,300	1,753,250	2,100,000
16,900,100	15,575,143	16,013,200

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 2022
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	Institution	Interest Rate	Budget	2021/22	2021/22	Budget	2021/22	Actual	2020/21	2020/21	Actual	2020/21	Budget	2020/21	2020/21	Budget	2020/21	
				Principal	Budget	Budget	Principal	Principal		Actual	Actual	Actual	Actual	Principal	Budget	Budget	Budget	Principal	Budget
				1 July 2021	New Loans	Repayments	outstanding 30 June 2022	Repayments	1 July 2020	New Loans	Repayments	outstanding 30 June 2021	Repayments	1 July 2020	New Loans	Repayments	outstanding 30 June 2021	Repayments	
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Housing																			
	Staff Housing	67		100,066		(100,100)	(34)	(6,000)	193,959		(93,893)	100,066	(11,870)	193,958			(93,900)	100,058	(12,300)
	Staff Housing	71		798,365		(140,000)	658,365	(56,600)	929,660		(131,295)	798,365	(61,461)	929,661			(131,300)	798,361	(65,400)
Community amenities																			
	Sewerage Plant	72		1,229,720		(130,900)	1,098,820	(63,000)	1,354,945		(125,225)	1,229,720	(64,112)	1,354,944			(125,200)	1,229,744	(69,500)
	Sewerage Plant	73		731,093		(95,200)	635,893	(27,000)	823,455		(92,362)	731,093	(27,320)	823,455			(92,400)	731,055	(30,800)
	Sewerage Plant	TBA		0			0					0			4,700,000		(271,600)	4,428,400	(110,600)
	Sewerage Plant	TBA		0	6,500,000	(304,000)	6,196,000	(54,100)				0							0
Transport																			
	Newman Airport	66		0			0	0	495,142		(495,142)	0	(26,250)	495,142			(495,100)	42	(22,000)
	Newman Airport	75		0	5,000,000	(233,900)	4,766,100	(41,900)				0						0	
				2,859,244	11,500,000	(1,004,100)	13,355,144	(248,600)	3,797,161	0	(937,917)	2,859,244	(191,013)	3,797,160	4,700,000		(1,209,500)	7,287,660	(310,600)

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 2022
 6. INFORMATION ON BORROWINGS

(b) New borrowings - 2021/22

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
				%	\$	\$	\$	\$
Sewerage Plant	WATC		10	1.4%	6,500,000	512,624	6,500,000	0
Marble Bar Airport	WATC		10	1.4%	5,000,000	394,326	5,000,000	0
					11,500,000	906,949	11,500,000	0

The Shire had no unspent borrowing funds as at 30th June 2021 nor is it expected to have unspent borrowing funds as at 30th June 2022.

(d) Credit Facilities

	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
Undrawn borrowing facilities			
credit standby arrangements			
Bank overdraft limit	50,000	50,000	80,000
Credit card balance at balance date	(10,000)	(20,154)	(10,000)
Total amount of credit unused	40,000	29,846	70,000
Loan facilities			
Loan facilities in use at balance date	13,355,144	2,859,244	7,287,660

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 2022
7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2021/22 Budget Opening Balance	2021/22 Budget Transfer to	2021/22 Budget Transfer (from)	2021/22 Budget Closing Balance	2020/21 Actual Opening Balance	2020/21 Actual Transfer to	2020/21 Actual Transfer (from)	2020/21 Actual Closing Balance	2020/21 Budget Opening Balance	2020/21 Budget Transfer to	2020/21 Budget Transfer (from)	2020/21 Budget Closing Balance
(a) Alice Springs Road Reserve	\$ 216,722	\$ 2,700	\$	\$ 219,422	\$ 215,871	\$ 851	\$	\$ 216,722	\$ 218,083	\$ 2,700	\$	\$ 220,783
(b) Heavy Road Plant Reserve	1,509,664	19,300		1,528,964	1,499,897	9,767		1,509,664	1,863,130	23,200	(386,000)	1,500,330
(c) Cape Keraudren Reserve	295,024	4,600		299,624	363,798	1,434	(70,208)	295,024	367,508	4,600	(200,000)	172,108
(d) Computer Technology Reserve	670,614	6,400		677,014	668,455	2,159		670,614	673,304	8,400	(220,000)	461,704
(e) Newman Airport Reserve	42,769,773	230,700	(11,005,500)	31,994,973	35,879,532	6,933,664	(43,423)	42,769,773	36,932,592	2,012,400	(610,000)	38,334,992
(f) Recreation Facilities Maintenance	1,982,355	16,000	(100,000)	1,898,355	2,537,321	8,570	(563,535)	1,982,355	2,564,326	32,000	(640,600)	1,955,726
(g) Staff & Community Housing Reserve	562,368	7,100		569,468	557,666	4,702		562,368	567,190	7,100		574,290
(h) Public Art Reserve	125,293	1,000		126,293	124,801	492		125,293	126,076	1,600		127,676
(i) Waste Management Reserve	1,962,508	624,500	(700,000)	1,887,008	1,959,403	3,105		1,962,508	1,972,777	24,500	(550,000)	1,447,277
(j) Employee Entitlements Reserve	972,324	9,800		982,124	968,505	3,819		972,324	978,861	12,200		991,061
(k) Newman House Reserve	733,588	9,200	(10,000)	732,788	730,710	2,878		733,588	737,637	9,200		746,837
(l) Public Building Maintenance Reserve	2,069,674	16,400	(100,000)	1,986,074	2,390,432	9,430	(330,188)	2,069,674	2,416,873	36,400	(527,000)	1,926,273
(m) Martumili Operations Reserve	826,372	46,700	(84,200)	788,872	441,757	713,919	(329,304)	826,372	905,069	26,900	(50,000)	881,969
(n) Martumili Infrastructure Reserve	310,955	55,000		365,955	309,935	1,020		310,955	311,513	55,000		366,513
(o) Major Infrastructure Reserve	2,349,967	407,400		2,757,367	2,344,018	5,949		2,349,967	1,924,616	634,600		2,559,216
(p) Insurance Reserve	0	250,000		250,000	0			0	0			0
	57,357,201	1,706,800	(11,999,700)	47,064,301	50,992,100	7,701,759	(1,336,658)	57,357,201	52,559,555	2,890,800	(3,183,600)	52,266,755

(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:

Reserve name	Anticipated date of use	Purpose of the reserve
(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 Airport Reserve	Ongoing	For the upgrading, maintenance and enhancement of the Newman Airport .
(f) Recreation Facilities Maintenance	Ongoing	For the upgrading and enhancement of recreation facilities.
(g) Staff & Community Housing Reserve	Ongoing	For the upgrading and maintenance of staff and community housing assets.
(h) Public Art Reserve	Ongoing	For the development, maintenance & enhancement of Public Art within the three towns of the East Pilbara Shire.
(i) Waste Management Reserve	Ongoing	For the development, maintenance & enhancement of waste facilities including the sewerage plant.
(j) Employee Entitlements Reserve	Ongoing	For the development, maintenance & enhancement of waste facilities including the sewerage plant.
(k) Newman House Reserve	Ongoing	For the upgrade, maintenance and enhancement of Newman House.
(l) Public Building Maintenance Reserve	Ongoing	For the upgrading, maintenance and enhancement of Public Buildings.
(m) Martumili Operations Reserve	Ongoing	To hold and utilise the allocation of Martumili's funds.
(n) Martumili Infrastructure Reserve	Ongoing	For the upgrading, maintenance and enhancement of Martumili Buildings.
(o) Major Infrastructure Reserve	Ongoing	For the development of new or replacement infrastructure with total project cost of greater than one (1) million dollars.
(p) Insurance Reserve	Ongoing	To provide for the liabilities that may arise from the Shire's insurance requirements

8. FEES & CHARGES REVENUE

	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
Governance	500	143	500
General purpose funding	99,000	205,604	7,000
Law, order, public safety	27,800	30,820	26,000
Health	68,800	40,116	68,800
Education and welfare	2,500	0	2,500
Housing	297,000	336,889	275,500
Community amenities	5,868,500	4,805,195	5,505,100
Recreation and culture	740,100	715,817	565,000
Transport	14,140,000	14,790,697	14,140,000
Economic services	590,800	618,889	478,000
Other property and services	5,000	1,091	5,000
	21,840,000	21,545,259	21,073,400

9. GRANT REVENUE

	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
By Program:			
(a) Operating grants, subsidies and contributions			
Governance	0	5,397	25,000
General purpose funding	2,300,000	2,422,417	2,000,000
Law, order, public safety	24,000	5,959	24,000
Health	18,000	8,238	18,000
Education and welfare	1,500	29,665	3,000
Community amenities	143,500	142,778	243,500
Recreation and culture	1,064,000	672,882	1,157,800
Transport	900,000	2,005,656	900,000
Economic services	152,900	291,165	1,154,500
	4,603,900	5,584,157	5,525,800

(b) Non-operating grants, subsidies and contributions

Governance	0	0	0
General purpose funding	0	0	0
Law, order, public safety	0	88,445	577,300
Health	0	0	0
Education and welfare	0	0	0
Housing	0	0	0
Community amenities	0	89,139	1,500,000
Recreation and culture	800,000	0	0
Transport	5,368,800	5,887,307	6,612,100
Economic services	0	0	500,000
Other property and services	0	0	0
	6,168,800	6,064,891	9,189,400
Total grants, subsidies and contributions	10,772,700	11,649,048	14,715,200

SHIRE OF EAST PILBARA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022
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:

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

	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
Elected member - President			
President's allowance	50,000	40,620	44,000
Meeting attendance fees	21,600	22,906	21,600
Annual allowance for ICT expenses	2,000	1,742	
	73,600	65,267	65,600
Elected member - Deputy President			
Deputy President's allowance	13,000	11,110	11,000
Meeting attendance fees	17,000	16,261	16,000
Annual allowance for ICT expenses	1,000	1,000	1,000
	31,000	28,371	28,000
Elected members			
Meeting attendance fees	169,000	131,369	145,000
Annual allowance for ICT expenses	17,000	8,255	12,000
	186,000	139,623	157,000
Total Elected Member Remuneration	290,600	233,262	250,600
President's allowance	50,000	40,620	44,000
Deputy President's allowance	13,000	11,110	11,000
Meeting attendance fees	207,600	170,536	182,600
Annual allowance for ICT expenses	20,000	10,996	13,000
	290,600	233,262	250,600

12. OTHER INFORMATION

The net result includes as revenues

(a) Interest earnings

Investments

- Reserve funds

- Other funds

Other interest revenue (refer note 1b)

(b) Other revenue

Reimbursements and recoveries

The net result includes as expenses

(c) Auditors remuneration

Audit services

Other services

(d) Interest expenses (finance costs)

Borrowings (refer Note 6(a))

(e) Write offs

General rate

Fees and charges

	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
(a) Interest earnings			
Investments			
- Reserve funds	371,800	195,011	428,700
- Other funds	35,000	28,365	50,000
Other interest revenue (refer note 1b)	92,000	196,688	92,000
	498,800	420,065	570,700
(b) Other revenue			
Reimbursements and recoveries	1,183,100	1,248,858	957,700
	1,183,100	1,248,858	957,700
(c) Auditors remuneration			
Audit services	128,600	23,441	45,000
Other services	10,000	0	10,000
	138,600	23,441	55,000
(d) Interest expenses (finance costs)			
Borrowings (refer Note 6(a))	248,600	191,013	310,600
	248,600	191,013	310,600
(e) Write offs			
General rate	150,000	3,517	150,000
Fees and charges	10,000	5,856	10,000
	160,000	9,373	160,000

13. TRUST FUNDS

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

Detail	Balance 30 June 2021	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2022
	\$	\$	\$	\$
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.