

SHIRE OF EAST PILBARA
ANNUAL BUDGET
FOR THE YEAR ENDED 30 JUNE 2023

LOCAL GOVERNMENT ACT 1995

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SHIRE OF EAST PILBARA
STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2022/23 Budget	2021/22 Actual	2021/22 Budget
		\$	\$	\$
Revenue				
Rates	2(a)	28,202,472	21,181,469	21,015,600
Operating grants, subsidies and contributions	10	5,207,450	9,214,461	4,993,200
Fees and charges	15	23,881,336	21,886,925	21,840,000
Service charges	2(f)	124,800	0	0
Interest earnings	11(a)	1,065,450	58,147	406,800
Other revenue	11(b)	1,483,101	1,299,960	1,183,100
		59,964,609	53,640,962	49,438,700
Expenses				
Employee costs		(16,910,139)	(13,379,763)	(14,067,500)
Materials and contracts		(22,982,229)	(15,985,732)	(20,502,700)
Utility charges		(2,416,200)	(1,870,608)	(2,036,200)
Depreciation on non-current assets	6	(15,511,700)	(15,265,152)	(16,900,100)
Interest expenses	11(d)	(170,348)	(149,175)	(248,600)
Insurance expenses		(1,201,700)	(1,301,887)	(1,174,600)
Other expenditure		(1,387,747)	(672,598)	(734,200)
		(60,580,063)	(48,624,915)	(55,663,900)
		(615,454)	5,016,047	(6,225,200)
Non-operating grants, subsidies and contributions	10	42,098,283	4,370,897	6,168,800
Profit on asset disposals	5(b)	223,839	0	152,800
Loss on asset disposals	5(b)	0	0	(185,800)
		42,322,122	4,370,897	6,135,800
Net result for the period		41,706,668	9,386,944	(89,400)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus		0	0	0
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		41,706,668	9,386,944	(89,400)

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

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

	NOTE	2022/23 Budget	2021/22 Actual	2021/22 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		27,582,018	20,715,477	21,572,265
Operating grants, subsidies and contributions		4,729,823	8,776,722	7,569,056
Fees and charges		23,881,336	21,886,925	22,050,700
Service charges		124,800	0	0
Interest received		1,065,450	58,147	406,800
Goods and services tax received		0	0	1,205,040
Other revenue		1,483,101	1,299,960	1,183,100
		58,866,528	52,737,231	53,986,961
Payments				
Employee costs		(16,910,139)	(13,379,763)	(15,302,629)
Materials and contracts		(22,008,118)	(15,361,445)	(22,709,359)
Utility charges		(2,416,200)	(1,870,608)	(2,036,200)
Interest expenses		(170,348)	(149,175)	(221,847)
Insurance paid		(1,201,700)	(1,301,887)	(1,174,600)
Goods and services tax paid		0	0	(1,400,000)
Other expenditure		(1,387,747)	(672,598)	(734,200)
		(44,094,252)	(32,735,476)	(43,578,835)
Net cash provided by (used in) operating activities	4	14,772,276	20,001,755	10,408,126
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	5(a)	(8,886,188)	(3,591,474)	(4,300,000)
Payments for construction of infrastructure	5(a)	(64,579,065)	(10,694,892)	(34,115,500)
Non-operating grants, subsidies and contributions		42,098,283	4,370,897	6,168,800
Proceeds from sale of property, plant and equipment	5(b)	618,750	0	383,000
Net cash provided by (used in) investing activities		(30,748,220)	(9,915,469)	(31,863,700)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	7(a)	(384,436)	(466,132)	(1,004,100)
Proceeds from new borrowings	7(a)	15,000,000	0	11,500,000
Net cash provided by (used in) financing activities		14,615,564	(466,132)	10,495,900
Net increase (decrease) in cash held		(1,360,380)	9,620,154	(10,959,674)
Cash at beginning of year		57,468,276	47,848,122	66,488,721
Cash and cash equivalents at the end of the year	4	56,107,896	57,468,276	55,529,047

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 2023

	NOTE	2022/23 Budget \$	2021/22 Actual \$	2021/22 Budget \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	3	0	3,445,673	400,000
		0	3,445,673	400,000
Revenue from operating activities (excluding rates)				
Operating grants, subsidies and contributions	10	5,207,450	9,214,461	4,993,200
Fees and charges	15	23,881,336	21,886,925	21,840,000
Service charges	2(f)	124,800	0	0
Interest earnings	11(a)	1,065,450	58,147	406,800
Other revenue	11(b)	1,483,101	1,299,960	1,183,100
Profit on asset disposals	5(b)	223,839	0	152,800
		31,985,976	32,459,493	28,575,900
Expenditure from operating activities				
Employee costs		(16,910,139)	(13,379,763)	(14,067,500)
Materials and contracts		(22,982,229)	(15,985,732)	(20,502,700)
Utility charges		(2,416,200)	(1,870,608)	(2,036,200)
Depreciation on non-current assets	6	(15,511,700)	(15,265,152)	(16,900,100)
Interest expenses	11(d)	(170,348)	(149,175)	(248,600)
Insurance expenses		(1,201,700)	(1,301,887)	(1,174,600)
Other expenditure		(1,387,747)	(672,598)	(734,200)
Loss on asset disposals	5(b)	0	0	(185,800)
		(60,580,063)	(48,624,915)	(55,849,700)
Non-cash amounts excluded from operating activities	3(b)	15,287,861	15,265,152	16,933,100
Amount attributable to operating activities		(13,306,226)	2,545,403	(9,940,700)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	10	42,098,283	4,370,897	6,168,800
Payments for property, plant and equipment	5(a)	(8,886,188)	(3,591,474)	(4,300,000)
Payments for construction of infrastructure	5(a)	(64,579,065)	(10,694,892)	(34,115,500)
Proceeds from disposal of assets	5(b)	618,750	0	383,000
Amount attributable to investing activities		(30,748,220)	(9,915,469)	(31,863,700)
Amount attributable to investing activities		(30,748,220)	(9,915,469)	(31,863,700)
FINANCING ACTIVITIES				
Repayment of borrowings	7(a)	(384,436)	(466,132)	(1,004,100)
Proceeds from new borrowings	7(b)	15,000,000	0	11,500,000
Transfers to cash backed reserves (restricted assets)	8(a)	(1,733,201)	(3,490,138)	(1,706,800)
Transfers from cash backed reserves (restricted assets)	8(a)	2,969,611	45,858	11,999,700
Amount attributable to financing activities		15,851,974	(3,910,412)	20,788,800
Amount Expected to be Carried Forward			9,900,991	
Budgeted deficiency before general rates		(28,202,472)	(21,181,469)	(21,015,600)
Estimated amount to be raised from general rates	2(a)	28,202,472	21,181,469	21,015,600
Net current assets at end of financial year - surplus/(deficit)	3	0	(0)	0

**SHIRE OF EAST PILBARA
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

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

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

1 (a) BASIS OF PREPARATION

The annual 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 annual 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.

Financial reporting disclosures in relation to assets and liabilities required by the Australian Accounting Standards have not been made unless considered important for the understanding of the budget or required by legislation.

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 annual 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 14 to the annual budget.

2021/22 actual balances

Balances shown in this budget as 2021/22 Actual are estimates as forecast at the time of preparation of the annual budget and are subject to final adjustments.

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.

Comparative figures

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

Initial application of accounting standards

During the budget year, the below revised Australian Accounting Standards and Interpretations are expected to be compiled, become mandatory and be applicable to its operations.

- *AASB 2020-3 Amendments to Australian Accounting Standards* - Annual Improvements 2018-2020 and Other Amendments
- *AASB 2020-6 Amendments to Australian Accounting Standards* - Classification of Liabilities as Current or Non-current - Deferral of Effective Date

It is not expected these standards will have an impact on the annual budget.

New accounting standards for application in future years

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

- *AASB 2021-2 Amendments to Australian Accounting Standards* - Disclosure of Accounting Policies or Definition of Accounting Estimates
- *AASB 2021-6 Amendments to Australian Accounting Standards* - Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards

It is not expected these standards will have an impact on the annual budget.

Judgements, estimates and assumptions

The preparation of the annual 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.

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

- estimated fair value of certain financial assets
- estimation of fair values of land and buildings and investment property
- impairment of financial assets
- estimation uncertainties and judgements made in relation to lease accounting
- estimated useful life of assets

Rounding off figures

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

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

1 (b) 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.

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.

1 (c) 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

Governance

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

General purpose funding

To collect revenue to allow for the provision of services.

Law, order, public safety

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

Health

To provide an operational framework for environmental and community health.

Education and welfare

To provide services to children and youth.

Housing

to provide and maintain staff and community housing.

Community amenities

To provide services required to the community.

Recreation and culture

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

Transport

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

Economic services

To help promote the Shire and its economic wellbeing.

ACTIVITIES

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

Rates, general purpose government grants and interest revenue.

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

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

Community services and support and services for children and youth.

Aged person housing, staff housing and community housing.

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

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

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.

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

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

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
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2023

2. RATES AND SERVICE CHARGES

(a) Rating Information

Rate Description	Basis of valuation	Rate in	Number of properties	Rateable value	2022/23 Budgeted rate revenue	2022/23 Budgeted interim rates	2022/23 Budgeted back rates	2022/23 Budgeted total revenue	2021/22 Actual total revenue	2021/22 Budget total revenue
		\$		\$	\$	\$	\$	\$	\$	\$
(i) Differential general rates or general rates										
Gross rental valuations					0			0		
GRV - Residential		0.060000	1,813	52,550,355	3,153,021			3,153,021	2,404,190	2,410,516
GRV - Transient		0.120000	18	28,969,000	3,476,280	1,018,000	75,000	4,569,280	3,267,173	3,267,173
GRV Non Residential - Town Centre		0.060000	27	5,613,040	336,782			336,782	241,580	241,580
GRV Non Residential - Industrial		0.060000	118	16,208,690	972,521			972,521	476,039	677,827
GRV Non Residential - Mixed Business		0.060000	9	1,872,130	112,328			112,328	50,239	82,848
Interim and Back Rate Prior Year					0			0	(16,285)	
					0			0		
					0			0		
Unimproved valuations										
UV - Pastoral/ Special Leases		0.150000	41	10,455,582	1,568,337			1,568,337	330,436	879,986
UV - Other		0.300000	0	0	0			0	13,177,729	13,142,950
UV - Mining Prospecting		0.282900	151	528,328	149,464	180,000	110	329,574		
UV - Mining Other		0.300000	1,001	51,186,148	15,355,844			15,355,844		
Interim and Back Rate Prior Year					0			0	146,137	
					0			0		
Sub-Total			3,178	167,383,273	25,124,577	1,198,000	75,110	26,397,687	20,077,238	20,702,880
Minimum payment		\$								
Gross rental valuations					0			0		
GRV - Residential		1,000	682	3,512,615	682,000			682,000	494,780	496,210
GRV - Transient		1,200	1	0	1,200			1,200	0	0
GRV Non Residential - Town Centre		1,200	20	223,322	24,000			24,000	13,008	13,008
GRV Non Residential - Industrial		1,200	4	7,675	4,800			4,800	4,065	4,065
GRV Non Residential - Mixed Business		1,200	0	0	0			0		0
					0			0		

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

2. RATES AND SERVICE CHARGES

(a) Rating Information

Rate Description	Basis of valuation	Rate in	Number of properties	Rateable value	2022/23 Budgeted rate revenue	2022/23 Budgeted interim rates	2022/23 Budgeted back rates	2022/23 Budgeted total revenue	2021/22 Actual total revenue	2021/22 Budget total revenue
		\$		\$	\$	\$	\$	\$	\$	\$
Unimproved valuations					0			0		
UV - Pastoral/ Special Leases		1,000	26	30,705	26,000			26,000	7,508	7,508
UV - Other				0	0			0	584,870	567,710
UV - Mining Prospecting		715	99	130,151	70,785			70,785		
UV - Mining Other		1,200	830	1,166,204	996,000			996,000		
Sub-Total			1,662	5,070,672	1,804,785	0	0	1,804,785	1,104,231	1,088,501
			4,840	172,453,945	26,929,362	1,198,000	75,110	28,202,472	21,181,469	21,791,381
Concessions on general rates (Refer note 2(h))								0	(775,781)	(775,781)
Total amount raised from general rates								28,202,472	20,405,688	21,015,600
(ii) Specified area and ex gratia rates										
Specified area rates										
Concessions on specified area and ex gratia rates (Refer note 2(h))								0	0	(24,500)
Total specified area and ex gratia rates								0	0	(24,500)
Total rates								28,202,472	20,405,688	20,991,100

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 2022/23 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.

2. 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	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one				
Single full payment	30-Sep-22	18	4.0%	7.0%
Option two				
First instalment	30-Sep-22			
Second instalment	02-Dec-22			
Third instalment	03-Feb-22			
Fourth instalment	07-Apr-22			

	2022/23 Budget revenue	2021/22 Actual revenue	2021/22 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	5,000	10,332	5,000
Instalment plan interest earned	12,000	23,161	12,000
Unpaid rates and service charge interest earned	80,000	191,110	80,000
	97,000	224,603	97,000

2. 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
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 - 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.
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.

2. RATES AND SERVICE CHARGES (CONTINUED)

(c) Objectives and Reasons for Differential Rating

Differential general rate

Description	Characteristics	Objects	Reasons
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.	To ensure rates are reflective of the level of service utilized by ratepayers in this category and further reflects the additional costs associated with gravel road maintenance albeit to a lesser extent than that of mining	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/ Prospecting	This incorporates all mining prospecting tenements, as defined under the Mining Act 1978 s.40 to 56 as prospecting land use	The rate in the dollar and minimum charge are comparatively lower than UV Mining / Other, due to having a lesser impact upon the road network, and their operations may not be income-producing.	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.
UV - Mining/ Other	This incorporates mining tenements, permits, drilling reservations, leases or licences held, extracting, stock piling, processing or refining of minerals and the extraction, processing or refining of fuel sources, and any other land use, not including prospecting tenements	To ensure rates are reflective of the ongoing costs involved in maintaining the road network across broad Shire boundaries, and towards supporting regional communities	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.

2. RATES AND SERVICE CHARGES (CONTINUED)

(d) Variation in Adopted Differential Rates to Local Public Notice

The following rates and minimum payments were previously set out in the local public notice giving notice of the intention to charge differential rates.

Differential general rate or general rate	Proposed Rate in \$	Adopted Rate in \$	Reasons for the difference
Gross rental valuations			
GRV - Residential	0.095981	0.06000	Revaluation received from Valuer General
GRV - Transient	0.131426	0.12000	Revaluation received from Valuer General
GRV Non Residential - Town Centre	0.065713	0.06000	Revaluation received from Valuer General
GRV Non Residential - Industrial	0.065713	0.06000	Revaluation received from Valuer General
GRV Non Residential - Mixed Business	0.065713	0.06000	Revaluation received from Valuer General
Unimproved valuations			
UV - Pastoral/ Special Leases	0.165000	0.15000	Revaluation received from Valuer General
UV - Mining Prospecting	0.282900	0.28290	Revaluation received from Valuer General
UV - Mining Other	0.330000	0.30000	Revaluation received from Valuer General
Minimum payment	Proposed Minimum \$	Adopted Minimum \$	Reasons for the difference
Gross rental valuations			
GRV - Residential	1,000	1,000	No Change
GRV - Transient	1,200	1,200	No Change
GRV Non Residential - Town Centre	1,200	1,200	No Change
GRV Non Residential - Industrial	1,200	1,200	No Change
GRV Non Residential - Mixed Business	1,200	1,200	No Change
Unimproved valuations			
UV - Pastoral/ Special Leases	1,000	1,000	No Change
UV - Mining Prospecting	715	715	No Change
UV - Mining Other	1,200	1,200	No Change

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

2. RATES AND SERVICE CHARGES (CONTINUED)

(e) Specified Area Rate

The Shire did not raise Specified Area Rates for the year ended 30th June 2023.

(f) Service Charges

	Amount of charge	2022/23 Budgeted revenue	Budget amount to be applied to costs	Budget amount to be set aside to reserve	Reserve amount to be applied to costs	2021/22 Actual revenue	2021/22 Budget revenue
Service charge	\$	\$	\$	\$	\$	\$	\$
Security & Surveillance Service Charge	52	124,800	35,000	89,800	0	0	0
		124,800	35,000	89,800	0	0	0

Nature of the service charge	Objects of the charge	Reasons for the charge	Area/Properties charge to be imposed on
Security & Surveillance Service Charge	A service charge of \$52.00 per Newman town site property is imposed for the provision of Property Surveillance & Security through Closed Circuit TV (CCTV) for shire community properties.	Funding for ongoing Maintenance and Operation of the CCTV Network and the future replacement of parts of the network	Newman Townsite

(g) Early payment discounts

The Shire does not anticipate any discounts for the year ended 30th June 2023.

(h) Waivers or concessions

Rate, fee or charge to which the waiver or concession is granted	Note	Type	Discount %	Discount (\$)	2022/23 Budget	2021/22 Actual	2021/22 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
GRV - Industrial		Concession			\$ 0	\$ 201,800	\$ 201,800	All assessments categories with the exception of minimums	To implement consistency to general rate through staged increases
GRV - Mixed Business		Concession			0	24,500	24,500		
UV - Pastoral/ Special		Concession			0	549,481	549,481		
					0	775,781	775,781		

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

3. NET CURRENT ASSETS

	2022/23 Budget 30 June 2023	2021/22 Actual 30 June 2022	2021/22 Budget 30 June 2022
Note	\$	\$	\$
(a) Composition of estimated net current assets			
Current assets			
Cash and cash equivalents - unrestricted	4	12,275,742	12,399,712
Cash and cash equivalents - restricted	4	43,832,154	45,068,564
Financial assets - restricted	4	19,951,682	19,951,682
Receivables		6,283,475	5,035,394
Inventories		145,483	120,483
		82,488,536	82,575,835
			56,760,368
Less: current liabilities			
Trade and other payables		(7,631,318)	(6,482,207)
Contract liabilities		(1,132,588)	(1,132,588)
Unspent non-operating grants, subsidies and contributions liability		(2,391,628)	(2,391,628)
Lease liabilities	8	0	0
Long term borrowings	7	(15,000,000)	(384,436)
Employee provisions		(1,172,391)	(1,172,391)
		(27,327,925)	(11,563,250)
			(18,361,608)
Net current assets		55,160,611	71,012,585
			38,398,760
Less: Total adjustments to net current assets	3.(c)	(55,160,611)	(71,012,585)
			(35,602,995)
Net current assets used in the Rate Setting Statement		0	0
			2,795,765

3. 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) Non-cash amounts excluded from operating activities

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

Adjustments to operating activities

Less: Profit on asset disposals

Add: Loss on disposal of assets

Add: Depreciation on assets

Non cash amounts excluded from operating activities

Note	2022/23 Budget 30 June 2023	2021/22 Actual 30 June 2022	2021/22 Budget 30 June 2022
	\$	\$	\$
5(b)	(223,839)	0	(152,800)
5(b)	0	0	185,800
6	15,511,700	15,265,152	16,900,100
	15,287,861	15,265,152	16,933,100

(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

Less: Funds expected to be used for Carry Forwards

Total adjustments to net current assets

8	(60,259,620)	(61,496,030)	(47,064,301)
	15,000,000	384,436	11,433,817
	0	0	27,489
	(9,900,991)	(9,900,991)	0
	(55,160,611)	(71,012,585)	(35,602,995)

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

3 (d) NET CURRENT ASSETS (CONTINUED)

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 Shire 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.

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.

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 2023

4. 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	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
Cash at bank and on hand	9,668,064	11,028,444	(7,387,358)
Term deposits	46,439,832	46,439,832	62,916,406
Total cash and cash equivalents	56,107,896	57,468,276	55,529,048
Held as			
- Unrestricted cash and cash equivalents	3(a) 12,275,742	12,399,712	(16,327,752)
- Restricted cash and cash equivalents	3(a) 43,832,154	45,068,564	71,856,800
	56,107,896	57,468,276	55,529,048
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	43,832,154	45,068,564	71,856,800
- Restricted financial assets at amortised cost - term deposits	3(a) 19,951,682	19,951,682	0
	63,783,836	65,020,246	71,856,800
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Financially backed reserves	8 60,259,620	61,496,030	47,064,301
Contract liabilities	1,132,588	1,132,588	5,485,118
Unspent non-operating grants, subsidies and contribution liabilities	2,391,628	2,391,628	0
Other provisions	0	0	19,307,381
	63,783,836	65,020,246	71,856,800
Reconciliation of net cash provided by operating activities to net result			
Net result	41,706,669	9,386,944	(89,400)
Depreciation	6 15,511,700	15,265,152	16,900,100
(Profit)/loss on sale of asset	5(b) (223,839)	0	33,000
Share of profit or (loss) of associates accounted for using the equity method	0	0	0
(Increase)/decrease in receivables	(1,098,081)	(903,731)	3,148,261
(Increase)/decrease in inventories	(175,000)	(175,000)	(23,057)
Increase/(decrease) in payables	1,149,111	799,287	(2,065,178)
Increase/(decrease) in employee provisions	0	0	(1,326,800)
Non-operating grants, subsidies and contributions	(42,098,283)	(4,370,897)	(6,168,800)
Net cash from operating activities	14,772,277	20,001,755	10,408,126

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 3 - 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 2023

5. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program									2022/23 Budget total	2021/22 Actual total	2021/22 Budget total
	Governance	Law, order, public safety	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	0	0	0	2,413,000	0	0	0	0	0	2,413,000	1,863,142	1,630,000
Buildings - specialised	163,500	87,685	81,000	0	135,000	1,157,000	330,000	375,000	0	2,329,185		504,000
Furniture and equipment	101,000	374,000	0	0	0	150,000	0	0	0	625,000	1,553,227	80,000
Plant and equipment	122,000	465,000	75,000	0	865,000	382,003	1,061,000	90,000	459,000	3,519,003	175,105	2,086,000
	386,500	926,685	156,000	2,413,000	1,000,000	1,689,003	1,391,000	465,000	459,000	8,886,188	3,591,474	4,300,000
<i>Infrastructure</i>												
Infrastructure - roads	0	0	0	0	0	0	6,300,064	0	0	6,300,064	10,694,892	5,997,500
Infrastructure - footpaths	0	0	0	0	0	0	525,500	0	0	525,500		50,000
Infrastructure - drainage	0	0	0	0	0	0	0	0	0	0		0
Infrastructure - water supply	0	0	0	0	38,150,000	2,488,500	465,000	200,001	0	41,303,501		8,963,000
Infrastructure - parks and ovals	0	0	0	0	0	0	16,450,000	0	0	16,450,000		19,105,000
	0	0	0	0	38,150,000	2,488,500	23,740,564	200,001	0	64,579,065	10,694,892	34,115,500

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

Total acquisitions	386,500	926,685	156,000	2,413,000	39,150,000	4,177,503	25,131,564	665,001	459,000	73,465,253	14,286,366	38,415,500
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A detailed breakdown of acquisitions on an individual asset basis can be found in the supplementary information attached to this budget document as follows:

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 2023

5. FIXED ASSETS

(b) Disposals of Assets

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

	2022/23 Budget Net Book Value	2022/23 Budget Sale Proceeds	2022/23 Budget Profit	2022/23 Budget Loss	2021/22 Actual Net Book Value	2021/22 Actual Sale Proceeds	2021/22 Actual Profit	2021/22 Actual Loss	2021/22 Budget Net Book Value	2021/22 Budget Sale Proceeds	2021/22 Budget Profit	2021/22 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
Governance	101,176	145,000	43,824	0		0	0	0		0	0	0
Law, order, public safety	47,143	59,750	12,607	0		0	0	0		0	0	0
Health	0	0	0	0		0	0	0	38,700	0	0	(38,700)
Education and welfare	13,235	37,000	23,765	0		0	0	0		35,000	0	35,000
Community amenities	0	0	0	0		0	0	0	28,000	25,000	0	(3,000)
Recreation and culture	44,695	53,000	8,305	0		0	0	0		0	0	0
Transport	94,545	140,000	45,455	0		0	0	0	310,500	238,000	0	(72,500)
Economic services	30,882	36,000	5,118	0		0	0	0	15,600	45,000	29,400	0
Other property and services	63,235	148,000	84,765	0		0	0	0	23,200	40,000	16,800	0
	394,911	618,750	223,839	0	0	0	0	0	416,000	383,000	46,200	(79,200)
By Class												
<u>Property, Plant and Equipment</u>												
Plant and equipment	394,911	618,750	223,839	0		0	0	0	416,000	383,000	46,200	(79,200)
	394,911	618,750	223,839	0	0	0	0	0	416,000	383,000	46,200	(79,200)

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

- Staff housing program
- Plant replacement program

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

5. FIXED ASSETS

(b) Disposals of Assets

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

2022/23 Budget Net Book Value	2022/23 Budget Sale Proceeds	2022/23 Budget Profit	2022/23 Budget Loss	2021/22 Actual Net Book Value	2021/22 Actual Sale Proceeds	2021/22 Actual Profit	2021/22 Actual Loss	2021/22 Budget Net Book Value	2021/22 Budget Sale Proceeds	2021/22 Budget Profit	2021/22 Budget Loss
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

5. FIXED ASSETS

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.

6. 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 and ovals
Infrastructure - Airport Infrastructure

2022/23 Budget	2021/22 Actual	2021/22 Budget
\$	\$	\$
502,500	516,473	559,500
178,200	104,308	197,700
13,400	10,307	15,500
408,000	372,447	421,100
452,200	406,218	582,900
633,400	391,032	694,300
2,091,200	2,144,924	2,301,000
10,540,800	10,498,596	10,888,800
646,200	434,168	708,800
45,800	386,680	530,500
15,511,700	15,265,152	16,900,100
553,755		582,900
2,973,790	2,839,764	3,193,100
287,755	142,962	302,900
1,351,945	985,914	1,423,100
8,125,105	8,908,477	9,000,400
414,485	447,782	436,300
327,180	353,463	344,400
425,315	459,482	447,700
1,052,370	1,127,310	1,169,300
15,511,700	15,265,152	16,900,100

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 - non-specialised	25 to 80 years
Buildings - specialised	25 to 80 years
Furniture and equipment	3 to 5 years
Plant and equipment	3 to 10 years
Infrastructure - roads	15 to 50 years
Infrastructure - footpaths	20 to 50 years
Infrastructure - drainage	20 to 50 years
Infrastructure - parks and ovals	20 to 50 years
Infrastructure - Airport Infrastructure	20 to 50 years
Right of use - plant and equipment	3 to 10 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.

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

7. INFORMATION ON BORROWINGS

(a) Borrowing repayments

4947.27

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

Purpose	Loan Number	Institution	Interest Rate	Budget	2022/23	2022/23	Budget	2022/23	Actual	2021/22	2021/22	Actual	2021/22	Budget	2021/22	2021/22	Budget	2021/22	
				Principal	Budget	Budget	Principal	Principal		Actual	Actual	Actual	Actual		Principal	Budget	Budget	Budget	Principal
				1 July 2022	New Loans	Repayments	outstanding 30 June 2023	Repayments	1 July 2021	New Loans	Repayments	outstanding 30 June 2022	Repayments	1 July 2021	New Loans	Repayments	outstanding 30 June 2022	Repayments	
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Housing																			
Staff Housing	67			0			0		100,066	0	(100,066)	0	(5,625)	100,066			(100,100)	(34)	(6,000)
Staff Housing	71			658,412		(149,184)	509,227	(47,349)	798,366	0	(139,954)	658,412	(54,955)	798,365			(140,000)	658,365	(56,600)
Community amenities																			
Sewerage Plant	72			1,098,810		(136,855)	961,955	(57,017)	1,229,721		(130,911)	1,098,810	(62,071)	1,229,720			(130,900)	1,098,820	(63,000)
Sewerage Plant	73			635,891		(98,397)	537,495	(24,082)	731,092		(95,201)	635,891	(26,525)	731,093			(95,200)	635,893	(27,000)
Liquid Waste	TBA			0	6,500,000		6,500,000					0		0	6,500,000		(304,000)	6,196,000	(54,100)
Water Treatment Plant	TBA			0	3,500,000		3,500,000					0						0	
Transport																			
Marble Bar Airport	75			0	5,000,000		5,000,000	(41,900)				0		0	5,000,000		(233,900)	4,766,100	(41,900)
				2,393,113	15,000,000	(384,436)	17,008,677	(170,348)	2,859,245	0	(466,132)	2,393,113	(149,175)	2,859,244	11,500,000		(1,004,100)	13,355,144	(248,600)

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 2023

7. INFORMATION ON BORROWINGS

(b) New borrowings - 2022/23

Particulars/Purpose	Institution	Loan type	Term (years)	Interest rate	Amount borrowed budget	Total interest & charges	Amount used budget	Balance unspent
					\$	\$	\$	\$
Liquid Waste	TBA	Fixed	3	TBA	6,500,000	0	6,500,000	0
Water Treatment Plant	TBA	Fixed	5	TBA	3,500,000	0	3,500,000	0
Marble Bar Airport	TBA	Fixed	5	TBA	5,000,000	0	5,000,000	0
					15,000,000	0	15,000,000	0

(c) Unspent borrowings

The Shire had no unspent borrowing funds as at 30th June 2022 nor is it expected to have unspent borrowing funds as at 30th June 2023.

(d) Credit Facilities

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
Undrawn borrowing facilities credit standby arrangements			
Bank overdraft limit			50,000
Bank overdraft at balance date			0
Credit card limit			0
Credit card balance at balance date			(10,000)
Total amount of credit unused	0	0	40,000
Loan facilities			
Loan facilities in use at balance date	17,008,677	2,393,113	13,355,144

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

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 2023

8. FINANCIALLY BACKED RESERVES

(a) Financially Backed Reserves - Movement

	2022/23 Budget Opening Balance	2022/23 2022/23 Budget Transfer to	2022/23 Budget Transfer (from)	2022/23 Budget Closing Balance	2021/22 Actual Opening Balance	2021/22 Actual 2021/22 Transfer to	2021/22 Actual Transfer (from)	2021/22 Actual Closing Balance	2021/22 Budget Opening Balance	2021/22 Budget 2021/22 Transfer to	2021/22 Budget Transfer (from)	2021/22 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by legislation												
(a) Employee Entitlements Reserve	973,678	15,000	0	988,678	972,884	794	0	973,678	972,324	9,800	0	982,124
(b) Alice Springs Road Reserve	217,024	7,700	0	224,724	216,847	177	0	217,024	216,722	2,700	0	219,422
(c) Heavy Road Plant Reserve	1,511,495	23,200	(1,165,000)	369,695	1,511,097	398	0	1,511,495	1,509,664	19,300	0	1,528,964
(d) Cape Keraudren Development Reserve	594,623	9,600	0	604,223	293,390	301,233	0	594,623	295,024	4,600	0	299,624
(e) Computer Technology Reserve	671,477	13,400	0	684,877	670,930	547	0	671,477	670,614	6,400	0	677,014
(f) Newman Airport Reserve	43,675,938	270,000	(1,531,697)	42,414,241	42,392,849	1,283,089	0	43,675,938	42,769,773	230,700	(11,005,500)	31,994,973
(g) Recreation Facilities Maintenance Reserve	2,364,342	36,440	0	2,400,782	2,062,501	301,841	0	2,364,342	1,982,355	16,000	(100,000)	1,898,355
(h) Staff and Community Housing Reserve	863,676	7,100	(150,000)	720,776	563,058	300,618	0	863,676	562,368	7,100		569,468
(i) Waste Management Reserve	1,964,565	24,500	0	1,989,065	1,962,963	1,602	0	1,964,565	1,962,508	624,500	(700,000)	1,887,008
(j) Public Art Reserve	225,520	6,600	0	232,120	125,365	100,155	0	225,520	125,293	1,000		126,293
(k) Newman House Reserve	734,609	19,200	0	753,809	734,010	599	0	734,609	733,588	9,200	(10,000)	732,788
(l) Public Building Maintenance Fund Reserve	2,580,658	36,000	0	2,616,658	2,028,519	552,139	0	2,580,658	2,069,674	16,400	(100,000)	1,986,074
(m) Martumili Operations Reserve	815,596	7,100	0	822,696	814,612	984	0	815,596	826,372	46,700	(84,200)	788,872
(n) Martumili Infrastructure Project Reserve	908,636	5,000	(122,914)	790,722	311,104	643,390	(45,858)	908,636	310,955	55,000	0	365,955
(o) Future Infrastructure Reserve	3,157,073	1,158,561	0	4,315,634	3,154,499	2,574	0	3,157,073	2,349,967	407,400	0	2,757,367
(p) Insurance Reserve	237,120	4,000	0	241,120	237,120	0	0	237,120	0	250,000	0	250,000
(q) Security & Surveillance Service Charge Reserve	0	89,800	0	89,800	0	0	0	0	0	0	0	0
	61,496,030	1,733,201	(2,969,611)	60,259,620	58,051,750	3,490,138	(45,858)	61,496,030	57,357,201	1,706,800	(11,999,700)	47,064,301

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

8. FINANCIALLY BACKED RESERVES

(b) Financially 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) Employee Entitlements Reserve	Ongoing	Provision for the employee entitlements for staff of the Shire.
(b) Alice Springs Road Reserve	Ongoing	To establish a road link to Alice Springs from Marble Bar to the Northern Territory border.
(c) Heavy Road Plant Reserve	Ongoing	To fund the purchase of heavy plant that is needed for the operation of the Shire.
(d) Cape Keraudren Development Reserve	Ongoing	For the maintenance, development & enhancement of the Cape Keraudren Reserve.
(e) Computer Technology Reserve	Ongoing	For the replacement, enhancement and upgrading of computer hardware and software.
(f) Newman Airport Reserve	Ongoing	For the upgrading, maintenance and enhancement of the Newman Airport .
(g) Recreation Facilities Maintenance Reserve	Ongoing	For the upgrading and enhancement of recreation facilities.
(h) Staff and Community Housing Reserve	Ongoing	For the upgrading and maintenance of staff and community housing assets.
(i) Waste Management Reserve	Ongoing	For the development, maintenance & enhancement of waste facilities including the sewerage plant.
(j) Public Art Reserve	Ongoing	For the development, maintenance & enhancement of Public Art within the three towns of the East Pilbara Shire.
(k) Newman House Reserve	Ongoing	For the upgrade, maintenance and enhancement of Newman House.
(l) Public Building Maintenance Fund 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 Project Reserve	Ongoing	For the upgrading, maintenance and enhancement of Martumili Buildings.
(o) Future 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
(q) Security & Surveillance Service Charge Reserve	Ongoing	To provide for the maintenance and future replacement of the Shire's CCTV network

(c) Cash Backed Reserves - Change in Use

The Shire has resolved to make the following changes in the use of part of the money in a reserve account. This money is to be used or set aside for a purpose other than the purpose for which the account was established.

Cash Backed Reserve	Proposed new purpose of the reserve	Objects of changing of the reserve	Reasons for changing the use of the reserve	2022/23 Budget amount to be used	2022/23 Budget amount change of purpose
Heavy Road Plant Reserve	To fund the purchase of heavy plant that is needed for the operation of the Shire and to loan funds to other Reserves for the purpose of such plant where funds are not available.	To assist with the purchase of Waste Vehicles	To assist with the purchase of Waste Vehicles	\$ 1,165,000	\$ 865,000
				1,165,000	865,000

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

9. 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
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
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

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

10. PROGRAM INFORMATION

Income and expenses	2022/23 Budget	2021/22 Actual	2021/22 Budget
Income excluding grants, subsidies and contributions			
	\$	\$	\$
Governance	110,124	68,934	66,400
General purpose funding	28,981,472	21,416,165	21,149,600
Law, order, public safety	171,707	43,092	27,800
Health	68,800	44,219	68,800
Education and welfare	26,266	40,084	7,500
Housing	304,100	390,548	344,600
Community amenities	6,661,036	4,968,300	6,023,000
Recreation and culture	1,244,855	1,419,228	1,189,600
Transport	15,823,155	15,180,013	14,537,700
Economic services	899,718	851,135	639,000
Other property and services	689,765	4,783	827,000
	54,980,998	44,426,501	44,881,000
Operating grants, subsidies and contributions			
Governance	100	46,605	0
General purpose funding	2,300,000	4,555,857	2,300,000
Law, order, public safety	30,000	186,348	24,000
Health	18,000	0	18,000
Education and welfare	1,500	0	1,500
Housing	40,500	37,042	0
Community amenities	143,500	172,631	143,500
Recreation and culture	1,335,750	1,632,768	1,064,000
Transport	980,000	806,274	900,000
Economic services	152,900	197,199	152,900
Other property and services	205,200	1,579,737	0
	5,207,450	9,214,461	4,603,900
Non-operating grants, subsidies and contributions			
Law, order, public safety	292,685	444,446	0
Community amenities	27,500,200	0	0
Recreation and culture	1,460,996	1,043,165	800,000
Transport	12,844,402	2,883,287	5,368,800
	42,098,283	4,370,897	6,168,800
Total Income	102,286,731	58,011,859	55,653,700
Expenses			
Governance	(2,017,254)	(1,322,365)	(433,100)
General purpose funding	(531,069)	(246,862)	(459,100)
Law, order, public safety	(1,218,109)	(995,813)	(1,244,400)
Health	(651,450)	(459,439)	(593,700)
Education and welfare	(2,767,871)	(2,090,338)	(2,602,700)
Housing	(1,047,549)	(1,053,263)	(916,500)
Community amenities	(6,852,977)	(5,053,629)	(6,303,600)
Recreation and culture	(14,507,315)	(11,053,173)	(13,139,100)
Transport	(26,703,594)	(21,798,281)	(24,955,200)
Economic services	(2,413,875)	(1,964,856)	(2,079,100)
Other property and services	(1,868,999)	(2,586,897)	(3,016,600)
Total expenses	(60,580,062)	(48,624,916)	(55,743,100)
Net result for the period	41,706,669	9,386,943	(89,400)

11. OTHER INFORMATION

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
The net result includes as revenues			
(a) Interest earnings			
Investments			
- Other funds	1,065,450	58,147	406,800
Other interest revenue (refer note 1b)	92,000	214,271	92,000
	1,157,450	272,418	498,800
* The Shire has resolved to charge interest under section 6.13 for the late payment of any amount of money at 5%.			
(b) Other revenue			
Reimbursements and recoveries	1,483,101	1,299,960	1,183,100
	1,483,101	1,299,960	1,183,100
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	80,000	0	128,600
Other services	0	0	10,000
	80,000	0	138,600
(d) Interest expenses (finance costs)			
Borrowings (refer Note 7(a))	170,348	149,175	248,600
	170,348	149,175	248,600
(e) Write offs			
General rate	150,000	15,170	150,000
Fees and charges	10,000	5,179	10,000
	160,000	20,349	160,000

12. ELECTED MEMBERS REMUNERATION

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
Cr Anthony Middleton			
President's allowance	56,903	50,451	
Meeting attendance fees	28,039	24,930	
Annual allowance for ICT expenses	3,000	2,500	
	87,942	77,881	0
Cr Wendy McWhirter-Brooks			
Deputy President's allowance	14,225	9,459	
Meeting attendance fees	20,907	18,583	
Annual allowance for ICT expenses	2,667	1,833	
	37,799	29,875	0
Cr Matthew Anick			
Meeting attendance fees	20,907	13,937	
Annual allowance for ICT expenses	2,667	1,375	
	23,574	15,312	0
Cr Peta Baer			
Meeting attendance fees	20,907	13,937	
Annual allowance for ICT expenses	2,667	1,375	
	23,574	15,312	0
Cr Langtree Coppin			
Meeting attendance fees	20,907	18,583	
Annual allowance for ICT expenses	2,667	1,833	
	23,574	20,416	0

12. ELECTED MEMBERS REMUNERATION

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
Cr Anita Grace			
Meeting attendance fees	20,907	18,583	
Annual allowance for ICT expenses	2,667	1,833	
	23,574	20,416	0
Cr David Kular			
Meeting attendance fees	20,907		
Annual allowance for ICT expenses	2,667		
	23,574	0	0
Cr Annabell Landy			
Meeting attendance fees	20,907	13,937	
Annual allowance for ICT expenses	2,667	1,375	
	23,574	15,312	0
Cr Karen Lockyer			
Meeting attendance fees	20,907	18,583	
Annual allowance for ICT expenses	2,667	1,833	
	23,574	20,416	0
Cr Adrienne Mortimer			
Meeting attendance fees	20,907	18,583	
Annual allowance for ICT expenses	2,667	1,833	
	23,574	20,416	0

12. ELECTED MEMBERS REMUNERATION

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
Cr Stacey Smith			
Meeting attendance fees	20,907	18,583	
Annual allowance for ICT expenses	2,667	1,833	
	23,574	20,416	0
(Former Councillor) - Holly Fleming			
Meeting attendance fees	0	13,937	
Annual allowance for ICT expenses	0	1,375	
	0	15,312	0
(Former Councillor) - Geraldine Parsons			
Deputy President's allowance		3,153	
Meeting attendance fees		4,646	
Annual allowance for ICT expenses		458	
	0	8,257	0
Total Elected Member Remuneration	337,907	279,341	0
President's allowance	56,903	50,451	50,000
Deputy President's allowance	14,225	12,612	13,000
Meeting attendance fees	237,109	196,823	207,600
Annual allowance for ICT expenses	29,670	19,455	20,000
	337,907	279,341	290,600

13. INVESTMENT IN ASSOCIATES

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
Interest income	1,065,450	58,147	406,800
Other revenue	1,483,101	1,299,960	1,183,100
Total revenue	2,548,551	1,358,107	1,589,900
Depreciation	(15,511,700)	(15,265,152)	(16,900,100)
Interest expense	(170,348)	(149,175)	(248,600)
Other expenses	(1,387,747)	(672,598)	(734,200)
Total operating expenses	(17,069,795)	(16,086,925)	(17,882,900)
Net result for the period	(14,521,244)	(14,728,818)	(16,293,000)
Other comprehensive income			
Changes in asset revaluation surplus	0	0	0
Total comprehensive income for the period	(14,521,244)	(14,728,818)	(16,293,000)

SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss, recognised.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Investments in associates (continued)

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate. When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

14. 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 2022	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2023
	\$	\$	\$	\$
Cash in Lieu of Public Open Space	758,464	0	0	758,464
	758,464	0	0	758,464

15. FEES AND CHARGES

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
By Program:			
Governance	500	349	500
General purpose funding	99,000	225,593	99,000
Law, order, public safety	34,300	35,434	27,800
Health	68,800	51,877	68,800
Education and welfare	2,500	39,993	2,500
Housing	297,000	389,931	297,000
Community amenities	6,286,536	4,382,507	5,868,500
Recreation and culture	751,900	773,984	740,100
Transport	15,460,000	15,137,783	14,140,000
Economic services	875,800	845,389	590,800
Other property and services	5,000	4,086	5,000
	23,881,336	21,886,925	21,840,000

The subsequent pages detail the fees and charges proposed to be imposed by the local government.