

# **SHIRE OF NGAANYATJARRAKU**

## **ANNUAL BUDGET**

### **FOR THE YEAR ENDED 30 JUNE 2023**

#### **LOCAL GOVERNMENT ACT 1995**

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

Our Land - Looking after our Land

Our People - Looking after our People

Our Leadership - Showing the way for our Community

**SHIRE OF NGAANYATJARRAKU**  
**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
		\$	\$	\$
<b>Revenue</b>				
Rates	2(a)	238,093	227,544	189,482
Operating grants, subsidies and contributions	10	3,853,545	6,610,889	4,147,035
Fees and charges	13	515,490	642,561	433,290
Interest earnings	11(a)	218,745	23,158	25,150
Other revenue	11(b)	940	326,092	27,426
		4,826,813	7,830,244	4,822,383
<b>Expenses</b>				
Employee costs		(2,824,415)	(1,974,154)	(2,663,915)
Materials and contracts		(2,689,888)	(1,631,705)	(3,287,940)
Utility charges		(74,400)	(45,244)	(64,550)
Depreciation on non-current assets	6	(1,844,685)	(1,664,426)	(1,794,452)
Interest expenses	11(d)	0	0	(1,500)
Insurance expenses		(138,282)	(131,413)	(132,163)
Other expenditure		(60,150)	(41,362)	(78,740)
		(7,631,820)	(5,488,304)	(8,023,260)
		(2,805,007)	2,341,940	(3,200,877)
Non-operating grants, subsidies and contributions	10	3,684,173	4,066,023	4,395,093
Profit on asset disposals	5(b)	5,000	33,453	15,000
		3,689,173	4,099,476	4,410,093
<b>Net result for the period</b>		<b>884,166</b>	<b>6,441,416</b>	<b>1,209,216</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus		0	0	0
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>		<b>884,166</b>	<b>6,441,416</b>	<b>1,209,216</b>

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

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

	NOTE	2022/23 Budget	2021/22 Actual	2021/22 Budget
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		253,093	211,956	189,482
Operating grants, subsidies and contributions		3,181,169	5,528,395	4,147,035
Fees and charges		515,490	642,561	433,290
Interest received		218,745	23,158	25,150
Goods and services tax received		315,693	415,238	0
Other revenue		940	326,092	27,426
		4,485,130	7,147,400	4,822,383
<b>Payments</b>				
Employee costs		(2,824,415)	(2,006,565)	(2,663,915)
Materials and contracts		(2,671,388)	(1,667,576)	(3,287,940)
Utility charges		(74,400)	(45,244)	(64,550)
Interest expenses		0	0	(1,500)
Insurance paid		(138,282)	(131,413)	(132,163)
Goods and services tax paid		(315,693)	(441,833)	0
Other expenditure		(60,150)	(41,362)	(78,740)
		(6,084,328)	(4,333,993)	(6,228,808)
<b>Net cash provided by (used in) operating activities</b>	4	(1,599,198)	2,813,407	(1,406,425)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	5(a)	(1,223,000)	(248,060)	(629,000)
Payments for construction of infrastructure	5(a)	(5,081,569)	(5,442,227)	(5,484,802)
Non-operating grants, subsidies and contributions		3,684,173	4,066,023	4,395,093
Proceeds from sale of property, plant and equipment	5(b)	35,000	38,636	75,000
<b>Net cash provided by (used in) investing activities</b>		(2,585,396)	(1,585,628)	(1,643,709)
<b>Net increase (decrease) in cash held</b>		(4,184,594)	1,227,779	(3,050,134)
Cash at beginning of year		11,287,677	10,059,898	10,059,898
<b>Cash and cash equivalents at the end of the year</b>	4	<b>7,103,083</b>	<b>11,287,677</b>	<b>7,009,764</b>

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

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

	NOTE	2022/23 Budget \$	2021/22 Actual \$	2021/22 Budget \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	3	4,855,078	3,149,420	3,151,790
		4,855,078	3,149,420	3,151,790
<b>Revenue from operating activities (excluding rates)</b>				
Operating grants, subsidies and contributions	10	3,853,545	6,610,889	4,147,035
Fees and charges	13	515,490	642,561	433,290
Interest earnings	11(a)	218,745	23,158	25,150
Other revenue	11(b)	940	326,092	27,426
Profit on asset disposals	5(b)	5,000	33,453	15,000
		4,593,720	7,636,153	4,647,901
<b>Expenditure from operating activities</b>				
Employee costs		(2,824,415)	(1,974,154)	(2,663,915)
Materials and contracts		(2,689,888)	(1,631,705)	(3,287,940)
Utility charges		(74,400)	(45,244)	(64,550)
Depreciation on non-current assets	6	(1,844,685)	(1,664,426)	(1,794,452)
Interest expenses	11(d)	0	0	(1,500)
Insurance expenses		(138,282)	(131,413)	(132,163)
Other expenditure		(60,150)	(41,362)	(78,740)
		(7,631,820)	(5,488,304)	(8,023,260)
Non-cash amounts excluded from operating activities	3(b)	1,839,685	1,630,973	1,779,452
<b>Amount attributable to operating activities</b>		3,656,663	6,928,242	1,555,883
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	10	3,684,173	4,066,023	4,395,093
Payments for property, plant and equipment	5(a)	(1,223,000)	(248,060)	(629,000)
Payments for construction of infrastructure	5(a)	(5,081,569)	(5,442,227)	(5,484,802)
Proceeds from disposal of assets	5(b)	35,000	38,636	75,000
<b>Amount attributable to investing activities</b>		(2,585,396)	(1,585,628)	(1,643,709)
<b>Amount attributable to investing activities</b>		(2,585,396)	(1,585,628)	(1,643,709)
<b>FINANCING ACTIVITIES</b>				
Transfers to cash backed reserves (restricted assets)	8(a)	(1,309,360)	(715,080)	(101,656)
<b>Amount attributable to financing activities</b>		(1,309,360)	(715,080)	(101,656)
<b>Budgeted deficiency before general rates</b>		(238,093)	4,627,534	(189,482)
<b>Estimated amount to be raised from general rates</b>	2(a)	238,093	227,544	189,482
<b>Net current assets at end of financial year - surplus/(deficit)</b>	3	0	4,855,078	0

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

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SHIRE OF NGAANYATJARRAKU  
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 Ngaanyatjarraku 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 12 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.

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 safer and an environmentally 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 housing.

Community amenities

To provide services required by the community.

Recreation and culture

To establish and effectively manage infrastructure and resources which will help the social well being 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 well being.

Other property and services

To monitor and control council's overheads operating accounts.

ACTIVITIES

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

Rates, general purpose government grants and interest revenue.

Supervision and enforcement of various laws relating to aspects of public safety including emergency services.

Inspection of food outlets and their control, and a waste pick-up service in Warburton.

Nil.

Provision and maintenance of staff housing.

Rubbish collection services, litter control; Warburton.

Maintenance of public halls, civic centres, Warburton recreation centre and operation of recreation services in Warburton. Provision and maintenance of parks and playgrounds. Operation of other cultural facilities.

Construction and maintenance of roads, streets, footpaths, depot and traffic control. Cleaning of streets and maintenance of street trees.

Tourism and area promotion and building control.

Private works operation, plant repairs, operation costs and administrative costs.



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

2. RATES

(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										
Unimproved valuations	Unimproved valuations	0.21000	23	1,128,395	236,963	150	0	237,113	226,564	188,502
<b>Sub-Total</b>			23	1,128,395	236,963	150	0	237,113	226,564	188,502
		<b>Minimum</b>								
<b>Minimum payment</b>		\$								
Unimproved valuations	Unimproved valuations	245	4	3,775	980			980	980	980
<b>Sub-Total</b>			4	3,775	980	0	0	980	980	980
			27	1,132,170	237,943	150	0	238,093	227,544	189,482
<b>Total amount raised from general rates</b>								238,093	227,544	189,482
<b>Total rates</b>								238,093	227,544	189,482

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

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 (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
		\$	%	%
<b>Option one</b>				
Single full payment	11/10/2022	0	0.0%	7.0%
<b>Option two</b>				
First instalment	11/10/2022	0	0.0%	7.0%
Second instalment	13/12/2022	0	0.0%	7.0%
<b>Option three</b>				
First instalment	11/10/2022	0	0.0%	7.0%
Second instalment	13/12/2022	0	0.0%	7.0%
Third instalment	14/02/2023	0	0.0%	7.0%
Fourth instalment	18/04/2023	0	0.0%	7.0%

	2022/23 Budget revenue	2021/22 Actual revenue	2021/22 Budget revenue
	\$	\$	\$
Unpaid rates and service charge interest earned	150	901	0
	150	901	0

(c) Specified Area Rate

The Shire did not raise specified area rates for the year ended 30th June 2023.

(d) Service Charges

The Shire did not raise service charges for the year ended 30th June 2023.

(e) Waivers or concessions

The Shire does not anticipate any waivers or concessions for the year ended 30th June 2023.

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

**3. NET CURRENT ASSETS**

**(a) Composition of estimated net current assets**

**Current assets**

Cash and cash equivalents - unrestricted  
Cash and cash equivalents - restricted  
Receivables  
Inventories

**Less: current liabilities**

Trade and other payables  
Contract liabilities  
Employee provisions  
Other provisions

**Net current assets**

**Less: Total adjustments to net current assets**

**Net current assets used in the Rate Setting Statement**

Note	2022/23 Budget 30 June 2023	2021/22 Actual 30 June 2022	2021/22 Budget 30 June 2022
	\$	\$	\$
4	210,868	4,752,446	2,045,973
4	6,892,215	6,535,231	4,963,791
	319,112	614,112	5,049
	57,029	57,029	50,497
	7,479,224	11,958,818	7,065,310
	(389,112)	(370,612)	(542,445)
	0	(952,376)	(1,404,848)
	(197,897)	(197,897)	(144,059)
	(5,639)	(5,639)	(10,167)
	(592,648)	(1,526,524)	(2,101,519)
	6,886,576	10,432,294	4,963,791
3.(c)	(6,886,576)	(5,577,216)	(4,963,791)
	0	4,855,078	0

**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: 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)	(5,000)	(33,453)	(15,000)
6	1,844,685	1,664,426	1,794,452
	1,839,685	1,630,973	1,779,452

**(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

**Total adjustments to net current assets**

8	(6,886,576)	(5,577,216)	(4,963,791)
	(6,886,576)	(5,577,216)	(4,963,791)

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 Ngaanyatjarraku 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 Ngaanyatjarraku contributes to a number of superannuation funds on behalf of employees.

All funds to which the Shire of Ngaanyatjarraku 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.

#### 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		1,032,433	5,217,027	7,009,764
Term deposits		6,070,650	6,070,650	0
<b>Total cash and cash equivalents</b>		<b>7,103,083</b>	<b>11,287,677</b>	<b>7,009,764</b>
Held as				
- Unrestricted cash and cash equivalents	3(a)	210,868	4,752,446	2,045,973
- Restricted cash and cash equivalents	3(a)	6,892,215	6,535,231	4,963,791
		<b>7,103,083</b>	<b>11,287,677</b>	<b>7,009,764</b>
<b>Restrictions</b>				
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		6,892,215	6,535,231	4,963,791
		<b>6,892,215</b>	<b>6,535,231</b>	<b>4,963,791</b>
The restricted assets are a result of the following specific purposes to which the assets may be used:				
Financially backed reserves	8	6,886,576	5,577,216	4,963,791
Contract liabilities		0	952,376	0
Other provisions		5,639	5,639	0
		<b>6,892,215</b>	<b>6,535,231</b>	<b>4,963,791</b>
<b>Reconciliation of net cash provided by operating activities to net result</b>				
<b>Net result</b>		<b>884,166</b>	<b>6,441,416</b>	<b>1,209,216</b>
Depreciation	6	1,844,685	1,664,426	1,794,452
(Profit)/loss on sale of asset	5(b)	(5,000)	(33,453)	(15,000)
Share of profit or (loss) of associates accounted for using the equity method		0	0	0
(Increase)/decrease in receivables		295,000	(559,200)	0
Increase/(decrease) in payables		18,500	(81,882)	0
Increase/(decrease) in contract liabilities		(952,376)	(551,877)	0
Non-operating grants, subsidies and contributions		(3,684,173)	(4,066,023)	(4,395,093)
<b>Net cash from operating activities</b>		<b>(1,599,198)</b>	<b>2,813,407</b>	<b>(1,406,425)</b>

#### 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.

5. FIXED ASSETS

(a) Acquisition of Assets

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

Reporting program

	Governance	Housing	Community amenities	Recreation and culture	Transport	2022/23 Budget total	2021/22 Actual total	2021/22 Budget total
Asset class	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>								
Buildings - specialised	0	950,000	0	0	0	950,000	80,594	290,000
Furniture and equipment	25,000	0	0	0	0	25,000	63,623	55,000
Plant and equipment	0	0	49,000	50,000	149,000	248,000	103,843	284,000
	25,000	950,000	49,000	50,000	149,000	1,223,000	248,060	629,000
<i>Infrastructure</i>								
Infrastructure - roads	0	0	0	0	4,781,569	4,781,569	5,440,346	5,479,802
Infrastructure - recreation	0	0	0	0	0	0	1,881	5,000
Infrastructure - other	0	0	0	0	300,000	300,000	0	0
	0	0	0	0	5,081,569	5,081,569	5,442,227	5,484,802
Total acquisitions	25,000	950,000	49,000	50,000	5,230,569	6,304,569	5,690,287	6,113,802

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.

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												
Transport	30,000	35,000	5,000	0	5,183	38,636	33,453	0	60,000	75,000	15,000	0
	30,000	35,000	5,000	0	5,183	38,636	33,453	0	60,000	75,000	15,000	0
By Class												
<u>Property, Plant and Equipment</u>												
Plant and equipment	30,000	35,000	5,000	0	5,183	38,636	33,453	0	60,000	75,000	15,000	0
	30,000	35,000	5,000	0	5,183	38,636	33,453	0	60,000	75,000	15,000	0

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

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

By Class

Buildings - non-specialised
Furniture and equipment
Plant and equipment
Infrastructure - roads
Infrastructure - recreation
Infrastructure - other

2022/23 Budget	2021/22 Actual	2021/22 Budget
\$	\$	\$
40,115	39,331	47,812
1,831	1,671	1,831
16,396	14,966	16,395
25,629	23,394	25,751
92,109	84,078	92,109
32,457	25,676	24,577
49,596	45,273	49,417
1,586,552	1,430,037	1,536,560
1,844,685	1,664,426	1,794,452
153,275	139,910	153,111
7,258	6,625	10,446
115,179	98,711	101,562
1,555,935	1,407,279	1,516,312
2,773	2,531	2,756
10,265	9,370	10,265
1,844,685	1,664,426	1,794,452

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	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Infrastructure - roads	20 to 80 years
Infrastructure - recreation	20 years
Infrastructure - other	80 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.



7. INFORMATION ON BORROWINGS

(a) Borrowing repayments

The Shire has not budgeted to have any borrowings for the year ended 30th June 2023 and did not have or budget to have any borrowings for the year ended 30th June 2022

(b) New borrowings - 2022/23

The Shire does not intend to undertake any new borrowings for the year ended 30th June 2023

(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.

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.

8. RESERVE ACCOUNTS

(a) Reserve Accounts - Movement

	2022/23 Budget Opening Balance	2022/23 Budget Transfer to	2022/23 Budget Transfer (from)	2022/23 Budget Closing Balance	2021/22 Actual Opening Balance	2021/22 Actual Transfer to	2021/22 Actual Transfer (from)	2021/22 Actual Closing Balance	2021/22 Budget Opening Balance	2021/22 Budget Transfer to	2021/22 Budget Transfer (from)	2021/22 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Employee entitlement reserve	312,479	0	0	312,479	311,532	947	0	312,479	311,531	0	0	311,531
(b) Asset replacement, acquisition and development reserve	4,546,270	1,309,360	0	5,855,630	4,093,527	452,743	0	4,546,270	4,093,527	101,656	0	4,195,183
(c) Cultural centre reserve	182,448	0	0	182,448	122,077	60,371	0	182,448	122,077	0	0	122,077
(d) Strategic reserve	536,019	0	0	536,019	335,000	201,019	0	536,019	335,000	0	0	335,000
	5,577,216	1,309,360	0	6,886,576	4,862,136	715,080	0	5,577,216	4,862,135	101,656	0	4,963,791

(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 entitlement reserve	Ongoing	To provide for the payment of employee entitlements.
(b) Asset replacement, acquisition and development reserve	Ongoing	To provide and replace the necessary equipment, furniture, plant, buildings and infrastructure comprising of roads, drains, footpaths and recreational reserves.
(c) Cultural centre reserve	Ongoing	To provide for the successful operation of the Cultural Centre as provided in clause 8.21 of the management deed between the Shire of Ngaanyatjarraku, Warburton Community Incorporated and the Ngaanyatjarra Council (Aboriginal Corporation), transfers to the reserve representing surplus funds from the day to day operations of the Cultural Centre after deducting costs incurred by the Shire.
(d) Strategic reserve	Ongoing	To provide for the reduction of financial risk of unanticipated events in the occurrence of a natural disaster. To provide for strategic actions in support of identified activities that cannot be funded in the one budget period. To provide for the capacity to take-up unanticipated strategic opportunities.

**SHIRE OF NGAANYATJARRAKU**  
**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
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
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

## 10. PROGRAM INFORMATION

Income and expenses	2022/23 Budget	2021/22 Actual	2021/22 Budget
<b>Income excluding grants, subsidies and contributions</b>	\$	\$	\$
Governance	750	293,832	2,250
General purpose funding	456,838	250,703	214,632
Law, order, public safety	440	440	426
Health	270	0	320
Education and welfare	102,000	112,400	102,000
Housing	150,000	232,282	140,000
Community amenities	31,520	31,728	29,720
Recreation and culture	228,000	261,621	185,000
Transport	5,000	66,272	15,000
Economic services	3,450	3,530	1,000
	978,268	1,252,808	690,348
<b>Operating grants, subsidies and contributions</b>			
Governance	2,000	2,198	2,000
General purpose funding	1,343,932	3,711,572	1,493,336
Community amenities	0	99,405	99,405
Recreation and culture	59,957	63,926	0
Transport	2,447,656	2,733,788	2,552,294
	3,853,545	6,610,889	4,147,035
<b>Non-operating grants, subsidies and contributions</b>			
Transport	3,684,173	4,066,023	4,395,093
	3,684,173	4,066,023	4,395,093
<b>Total Income</b>	8,515,986	11,929,720	9,232,476
<b>Expenses</b>			
Governance	(136,719)	(113,175)	(181,229)
General purpose funding	(150)	(8)	0
Law, order, public safety	(29,311)	(8,376)	(41,975)
Health	(153,842)	(200,980)	(220,831)
Education and welfare	(66,307)	(44,901)	(61,278)
Housing	(511,136)	(248,268)	(459,641)
Community amenities	(442,625)	(221,390)	(526,099)
Recreation and culture	(762,712)	(483,213)	(747,825)
Transport	(5,363,147)	(4,003,638)	(5,470,927)
Economic services	(165,871)	(162,368)	(313,455)
Other property and services	0	(1,987)	0
<b>Total expenses</b>	(7,631,820)	(5,488,304)	(8,023,260)
<b>Net result for the period</b>	884,166	6,441,416	1,209,216

## 11. OTHER INFORMATION

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
<b>The net result includes as revenues</b>			
<b>(a) Interest earnings</b>			
Investments			
- Reserve funds	158,405	14,790	15,000
- Other funds	60,190	7,467	10,150
Other interest revenue (refer to Note 2(b))	150	901	0
	218,745	23,158	25,150
<b>(b) Other revenue</b>			
Reimbursements and recoveries	940	326,092	27,426
	940	326,092	27,426
<b>The net result includes as expenses</b>			
<b>(c) Auditors remuneration</b>			
Audit services	24,100	25,500	38,000
Other services	7,900	0	0
	32,000	25,500	38,000
<b>(d) Interest expenses (finance costs)</b>			
Other	0	0	1,500
	0	0	1,500

## 12. ELECTED MEMBERS REMUNERATION

### Elected member 1

President's allowance	6,000	6,000	6,000
Meeting attendance fees	7,120	6,340	5,350
Travel and accommodation expenses	1,000	0	375

### Elected member 2

Deputy President's allowance	1,500	1,125	1,500
Meeting attendance fees	3,480	1,650	2,970
Travel and accommodation expenses	500	0	375

### Elected member 3

Deputy President's allowance	0	375	0
Meeting attendance fees	3,480	2,180	2,970
Travel and accommodation expenses	500	0	375

### Elected member 4

Meeting attendance fees	3,480	3,500	2,970
Travel and accommodation expenses	500	0	375

### Elected member 5

Meeting attendance fees	3,480	3,170	2,970
Travel and accommodation expenses	500	0	375

### Elected member 6

Meeting attendance fees	3,480	3,500	2,970
Travel and accommodation expenses	500	0	375

### Elected member 7

Meeting attendance fees	3,480	3,080	2,970
Travel and accommodation expenses	500	0	375

### Elected member 8

Meeting attendance fees	0	880	2,970
Travel and accommodation expenses	0	0	375

### Elected member 9

Travel and accommodation expenses	0	807	0
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### Total Elected Member Remuneration

President's allowance	6,000	6,000	6,000
Deputy President's allowance	1,500	1,500	1,500
Meeting attendance fees	28,000	24,300	26,140
Travel and accommodation expenses	4,000	807	3,000

2022/23 Budget	2021/22 Actual	2021/22 Budget
\$	\$	\$
6,000	6,000	6,000
7,120	6,340	5,350
1,000	0	375
14,120	12,340	11,725
1,500	1,125	1,500
3,480	1,650	2,970
500	0	375
5,480	2,775	4,845
0	375	0
3,480	2,180	2,970
500	0	375
3,980	2,555	3,345
3,480	3,500	2,970
500	0	375
3,980	3,500	3,345
3,480	3,170	2,970
500	0	375
3,980	3,170	3,345
3,480	3,500	2,970
500	0	375
3,980	3,500	3,345
3,480	3,080	2,970
500	0	375
3,980	3,080	3,345
0	880	2,970
0	0	375
0	880	3,345
0	807	0
0	807	0
39,500	32,607	36,640
6,000	6,000	6,000
1,500	1,500	1,500
28,000	24,300	26,140
4,000	807	3,000
39,500	32,607	36,640

### 13. FEES AND CHARGES

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
<b>By Program:</b>			
Governance	250	1,000	250
Health	270	0	320
Education and welfare	102,000	112,400	102,000
Housing	150,000	232,282	140,000
Community amenities	31,520	31,728	29,720
Recreation and culture	228,000	261,621	160,000
Economic services	3,450	3,530	1,000
	515,490	642,561	433,290

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