

Unconfirmed copy of  
Ordinary Minutes of the Audit,  
Risk and Governance  
Committee Meeting held on  
25 May 2023 subject to  
confirmation at the next Audit  
Risk and Governance  
Committee Meeting (date to  
be advised).

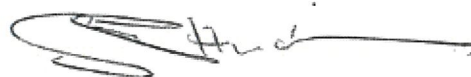


**SHIRE OF EAST PILBARA**

# **MINUTES**

## **AUDIT RISK AND GOVERNANCE COMMITTEE MEETING**

**NOTICE IS HEREBY GIVEN** that a Meeting of  
the **AUDIT, RISK AND GOVERNANCE COMMITTEE** will be held  
in Council Chambers, Newman, 4:00 pm, Thursday, 25 May 2023.



**Steven Harding**  
**CHIEF EXECUTIVE OFFICER**



# DISCLAIMER

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

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

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

The Shire of East Pilbara warns that anyone who has any application lodged with the Shire of East Pilbara must obtain and should only rely on

## WRITTEN CONFIRMATION

of the outcome of the application and any conditions attaching to the decision made by the Shire of East Pilbara in respect of the application.

Signed: \_\_\_\_\_  
Steven Harding  
Chief Executive Officer

**AUDIT, RISK AND GOVERNANCE COMMITTEE**

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## 1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The Shire President (Presiding Member) declared the Shire of East Pilbara Audit Risk and Governance Committee Meeting of 25 May 2023 open at 4.06pm, held at the Council Chambers, Newman.

The President acknowledged the Traditional Owners of the land on which the Committee met, the Nyiyaparli People, and their continuing connection to the land, waters and community. The Committee also acknowledged the Martu People as the Custodians of Jigalong which sits in Nyiyaparli Country. Committee members paid their respects to all their Elders, past, present and emerging.

All present for the meeting were asked to turn off and refrain from using their mobile phones for the duration of the meeting. Tablets and laptops were permitted for the purpose of accessing agenda items and notes.

The Presiding Member also advised all those in attendance that the meeting was being audio recorded and Councillors should refrain from making any defamatory statements.

## 2 ATTENDANCE BY ELECTRONIC MEANS

A request to attend the meeting via a virtual platform (MS Teams) was received from:

- **Cr Anthony Middleton**

which was approved in accordance with regulation 14C of the *Local Government (Administration) Regulations 1996*.

## 3 RECORD OF ATTENDANCES/APOLOGIES/LEAVE OF ABSENCE

### 3.1 ATTENDANCES

#### Councillors

Cr Anthony Middleton	Shire President (Chair) (MS Teams)
Cr Wendy McWhirter-Brooks	Deputy Shire President
Cr Karen Lockyer	Councillor

#### Deputy Members

Cr Matthew Anick	Councillor
Cr Peta Baer	Councillor
Cr Adrienne Mortimer	Councillor

Officers

Steven Harding  
Emma Landers

Chief Executive Officer  
Deputy Chief Executive Officer /  
Director Organisation Development  
Director Corporate Services  
Manager Governance, Risk &  
Procurement

Steve Leeson  
Joshua Brown

### 3.2 APOLOGIES

Councillor Apologies

Nil

Officer Apologies

Nil

### 3.3 LEAVE OF ABSENCE

Nil

## 4 DISCLOSURES OF INTEREST

Name	<b>Cr Anthony Middleton</b>
Item No and Title of Report	7.1.1 – Shire Debt
Nature of Interest	Pursuant to section of 5.60A of the Local Government Act 1995, the nature of the interest is <b><u>Financial.</u></b>
Interest Description	Cr Middleton is employed by BHP which is a subject of the report.
Action Taken	Cr Middleton will leave the Council Chamber and take no part in the discussion or vote of the item.

Name	<b>Cr Lou Lockyer</b>
Item No and Title of Report	7.1.1 – Shire Debt
Nature of Interest	Pursuant to section of 5.60A of the Local Government Act 1995, the nature of the interest is <b><u>Financial.</u></b>
Interest Description	Cr Lockyer is employed by company listed in the report as having outstanding debts to the Shire of East Pilbara.
Action Taken	Cr Lockyer will leave the Council Chamber and take no part in the discussion or vote of the item.

**5 CONFIRMATION OF MINUTES OF PREVIOUS COMMITTEE MEETING**

**5.1 CONFIRMATION OF MINUTES**

[Ordinary Minutes March 2023 Audit Committee.pdf](#)

[Confidential\Confidential Minutes March 2023 - Audit Committee.pdf](#)

**COMMITTEE DECISION**

**Moved:** Cr McWhirter-Brooks

**Seconded:** Cr Lockyer

**That the Minutes of the Ordinary and Confidential Audit Risk and Governance Committee Meeting held on 23 March 2023, be confirmed as a true and correct record of proceedings.**

**CARRIED UNANIMOUSLY  
RECORD OF VOTE 3/0**

**For:** Shire President, Deputy Shire President, Cr Lockyer

**Against:** Nil

## 6 OFFICER'S REPORTS

### 6.1 CHIEF EXECUTIVE OFFICER

#### 6.1.1 FRAUD CONTROL IMPROVEMENT ACTION PLAN UPDATE

**Attachments:** [Appendix 1 Fraud Gap Analysis Action Plan Status Update](#)

**Responsible Officer:** Steven Harding  
Chief Executive Officer

**Author:** Joshua Brown  
Manager Governance, Risk and Procurement

**Location/Address:** N/A

**Name of Applicant:** N/A

**Author Disclosure of Interest:** Nil

#### COMMITTEE DECISION / OFFICER'S RECOMMENDATION

**Moved:** Cr Lockyer

**Seconded:** Cr McWhirter-Brooks

**That the Committee:**

1. Notes the Fraud Gap Analysis Action Plan Update.
2. Endorses the amended target completion dates detailed in the report.

**CARRIED UNANIMOUSLY  
RECORD OF VOTE 3/0**

**For:** Shire President, Deputy Shire President, Cr Lockyer

**Against:** Nil

## REPORT PURPOSE

To inform the Audit, Risk and Governance Committee ("the Committee") of the current status of the Shire's Fraud Gap Analysis Action Plan, and to seek endorsement of the modification of a number of target dates.

## BACKGROUND

An independent organisation-wide gap analysis of the Shire's fraud prevention measures and controls to identify any vulnerabilities to fraud and corruption was undertaken in June and July 2022. The findings and recommendations were reported to the 25 August 2022 meeting of the Committee, which resolved to request the presentation of future updates concerning the implementation of the recommendations arising from the Fraud Gap Analysis.

### COMMENTS/OPTIONS/DISCUSSIONS

A report of the status of the fifteen agreed actions to address the gaps identified is attached as **Appendix 1** to this report.

Six of the actions are behind the target date, which are detailed below:

Reference	Action	Target Date	Status Update
5.2.1	A review of the Fraud and Corruption Control Plan will be undertaken and appropriate updates made. All actions within the plan will be entered into CAMMS and an agreed monitoring regime approved by the Executive Leadership Team by 31 December 2022.	31/12/2021	The ongoing use of CAMMS is currently under review. The actions within the plan have in the interim been uploaded to a spreadsheet and will be subject to final review by ELT before being reported to the next meeting of the Audit, Risk and Governance Committee.
5.3.1	A review of the processes by which suspected wrongdoing may be reported and promoted among Council employees, contractors and volunteers (and consistent with recommendations 5.3.1-5.3.5) will be undertaken by 31 December 2022, with recommended improvements to be reported to the Audit, Risk and Governance Committee.	31/12/2022	The review has commenced and is nearing completion. A major overhaul of the processes in place will be reported to the next Audit, Risk and Governance Committee meeting.
5.4.1	Risk assessments must be recorded within CAMMS Risk (once it comes online) with an agreed monitoring and reporting regime to be approved by the Executive Leadership Team by 31 December 2022.	31/12/2022	The ongoing use of CAMMS is currently under review. A wholesale review of the Shire's risk management systems will be undertaken in 2024.
5.4.3	A new Business Continuity Plan is currently be developed by external consultants and is expected to be finalised by 31 December 2022.	31/12/2022	The draft BCP is currently in the final stages of review and is being updated to reflect lessons learnt from Tropical Cyclone Ilsa.
5.5.1	A plan to ensure all staff training undertaken is recorded will be developed in consultation with the organisation's People and Culture team, with a view to the measure being in place by 31 December 2022	31/12/2022	A new software program has been introduced by the Shire's People and Culture team. The Learning and Development module is scheduled for implementation by July 2023. In the interim all training is recorded in a spreadsheet, which will be transferred across to the new module following software implementation.



Reference	Action	Target Date	Status Update
5.5.2	A formal program of fraud and misconduct awareness and the means by which staff can report wrongdoing will be developed by 31 December 2022 (in line with the Management Action Plan addressing recommendations 5.3.1-5.3.5).	31/12/2022	The awareness program will be developed following the completion of the review and overhaul of the existing reporting processes. Mandatory training for all staff in Accountability and Ethical Decision Making was delivered by an external trainer in March 2023.

It is noted that the original timeframe recommended by Shire Officers for completion of the actions from the gap analysis were too ambitious in the context of the competing priorities of the Governance team. In recognition of this, it is recommended that the Committee endorses an adjustment to the target date of each action as follows to allow for the implementation of the actions within existing resources and a realistic timeframe. It is noted that subject to Council approval, the Shire will be allocating additional resources to the risk management and audit functions in 2023/24 financial year.

Proposed new target dates and reasons are detailed in the table below:

Reference	Action	Current Target Date	Proposed Target Date	Reason
5.2.1	A review of the Fraud and Corruption Control Plan will be undertaken and appropriate updates made. All actions within the plan will be entered into CAMMS and an agreed monitoring regime approved by the Executive Leadership Team by 31 December 2022.	31/12/2022	31/8/2023	Review was not completed before original target date
5.3.1	A review of the processes by which suspected wrongdoing may be reported and promoted among Council employees, contractors and volunteers (and consistent with recommendations 5.3.1-5.3.5) will be undertaken by 31 December 2022, with recommended improvements to be reported to the Audit, Risk and Governance Committee.	31/12/2022	31/8/2023	Review was not able to be completed within the existing resourcing capacity.
5.4.1	Risk assessments must be recorded within CAMMS Risk (once it comes online) with an agreed monitoring and reporting regime to be approved by the Executive Leadership Team by 31 December 2022.	31/12/2022	30/6/2024	This work is to be completed as part of the review of the Shire's risk management systems.

Reference	Action	Current Target Date	Proposed Target Date	Reason
5.4.3.1	ELT will consider options to mitigate risks associated with the identified purchasing risks and a report of the outcome will be made to the Audit, Risk and Governance Committee by 31 December 2022.	31/12/2022	31/12/2023	New target to allow for evaluation of the new process
5.4.3.2	A new Business Continuity Plan is currently be developed by external consultants and is expected to be finalised by 31 December 2022.	31/12/2022	30/6/2023	The BCP drafting has taken longer than planned and was not completed before the original target.
5.4.3.2.3	An organisation wide risk register will be signed off by ELT by 30 June 2023.	30/6/2023	30/6/2024	It is unlikely to commence until additional resources are available for the Shire's risk function. It will also be more appropriate following the wholesale review of the Shire's risk management processes.
5.5.1	A plan to ensure all staff training undertaken is recorded will be developed in consultation with the organisation's People and Culture team, with a view to the measure being in place by 31 December 2022	31/12/2022	31/7/2023	To align with the implementation of the Learning and Development module of the Pulse software.

Reference	Action	Current Target Date	Proposed Target Date	Reason
5.5.2	A formal program of fraud and misconduct awareness and the means by which staff can report wrongdoing will be developed by 31 December 2022 (in line with the Management Action Plan addressing recommendations 5.3.1-5.3.5).	31/12/2022	31/12/2023	To align with the completion of the review of suspected wrongdoing reporting processes in August 2023.
5.6	The Shire will consider what might be an appropriate policy approach to legislative compliance and make recommendations to the Council before 30 June 2023.	30/6/2023	31/12/2023	A legislative compliance policy is being drafted. The target date for completion is unlikely to be met.

It is recommended that Committee notes the report and endorses the proposed new target dates.

#### **STATUTORY IMPLICATIONS/REQUIREMENTS**

Consistent with regulation 16(a)(ii) of the *Local Government (Audit) Regulations 1996*.

#### **POLICY IMPLICATIONS**

No known policy implications.

#### **STRATEGIC COMMUNITY PLAN**

##### **5: Governance**

G1 Vibrant local democracy, forward-thinking civic leadership, and transparent stewardship of the community's assets and resources.

G1.1 Continued focus on good governance, transparency and community and stakeholder engagement in significant decisions, including place-based plans.

G1.4 Ensure a high standard of organisational management and effectiveness

#### **RISK MANAGEMENT CONSIDERATIONS**

Compliance – Minor

**FINANCIAL IMPLICATIONS**

Resource requirements are in accordance with existing budgetary allocation.

**VOTING REQUIREMENTS**

Simple Majority.

## Fraud Gap Analysis Action Plan

Reference	Gaps identified	Implication	Recommendation	Management Action Plan	Target Date	Status Update	Proposed target date	Reason for change
5.1.1	During the course of our fieldwork we noted that the Shire has a comprehensive suite of documents in place in relation to fraud which constitute the fraud framework. This inevitably leads to increased workload in maintaining the relevance of these documents through regular review and update. The Public Sector Management Act requires a formal integrity framework to be developed by June 2023. There are tools that would help to build towards this deadline, such as the Public Sector Commission's 'Integrity Snapshot Tool', which is part of the Integrity Strategy for Public Authorities 2020-23 and the OAG's June 2022 report 'Fraud Risk Management Better Practice Guidance'.	Non-compliance with Public Sector Management Act. Documents may be outdated and are at risk of providing obsolete guidance to both employees and the community, or if they are not in place do not provide guidance in key areas.	A plan should be developed to implement an Integrity Framework, leveraging guidance from the OAG and PSC. This should include the rationalisation of documents and the setting of practical periods for on-going review and update.	Agreed. The Shire will develop a formal integrity framework to be reported to Council for adoption by 30 June 2023.	30/06/2023	A draft Integrity Framework is being finalised and will be reported to Council at its June 2023 OCM.	30/06/2023	No change
5.1.2	Key documents that require update that could not be located or have not been developed but are referenced within other documents, have been identified separately within the detailed findings of this report.		Documents that could not be located or have not been developed should be assessed on need or incorporated into existing documents.	A full review of all integrity documentation (including that which has been identified by this review as unavailable or not developed) will be undertaken as part of the work to develop the formal integrity framework and will be completed by 30 June 2023.	30/06/2023	Full review is complete and will be reported to Council's June OCM as part of the proposed Integrity Framework	30/06/2023	No change
5.2.1	The Fraud & Corruption Control Plan was updated in May 2020 post completion of the OAG review but has not been reviewed or updated since. This document contains measures the Shire has to Plan & Resource; Prevent; Detect and Respond to fraud, along with an owner and timeframe for each measure. However this document and the measures it contains appear to be static and there is no active monitoring or reporting of this to identify if these activities are occurring.	The Shire is exposed to fraud risk as a result of planned activities not occurring.	The Fraud & Corruption Control Plan document should be updated post this review and a process for monitoring the activity documented within should be put in place e.g. entry into CAMMS and review by the Executive Leadership Team.	A review of the Fraud and Corruption Control Plan will be undertaken and appropriate updates made. All actions within the plan will be entered into CAMMS and an agreed monitoring regime approved by the Executive Leadership Team by 31 December 2022.	31/12/2022	The ongoing use of CAMMS is currently under review. The actions within the plan have in the interim been uploaded to a spreadsheet and will be subject to final review by ELT before being reported to the next meeting of the Audit, Risk and Governance Committee.	31/08/2023	Review was not completed before original target date
5.2.2	The Fraud & Corruption Control Improvement Plan was regularly reported to ARGC until September 2021. As at this point In time it was noted that the majority of actions were complete and the remaining two were expected to be completed by 30 June 2022. Since then there has been no reporting to ARGC on this matter. Paxon's work included following up the recommendations and actions arising from the OAG review. Our work has identified that of the original 10 recommendations 5 have been partially resolved (1.1, 1.3, 2.3, 2.4, 2.5) and 5 remain open (1.2, 2.2, 2.6, 3.1, 3.2). This is based upon information that has been provided during the course of our review. It is possible that at the time at which they were reported to the ARGC as completed they may have been, but due to changes in staff the remedial activity can no longer be identified. Some of these items refer to updating of documents that have been reviewed as part of this gap analysis (see finding 5.3), where the specified update could not be identified. As a consequence of this the remedial activity should be considered as no longer being active.	The Shire is exposed to increased risk as a result of not fully remediating findings raised by assurance providers.	An audit log of all findings raised by independent assurance providers should be developed and reported to ARGC on a regular basis, as was the case until late 2021. In order to ensure the accuracy of this reporting regular independent review of the status of actions and appropriate remedial measures noted as completed by management should be put in place to ensure that the activity has occurred.	The re-establishment of an audit log is due for completion by 31 October 2022, with quarterly progress reports to be provided to meetings of the Audit, Risk and Governance Committee.	31/10/2022	The Shire's Audit Log has been re-established and a report of its current status was reported to the Audit, Risk and Governance Committee at its March 2023 meeting. Quarterly reports will be provided to the Committee.	Ongoing	No change

5.3.1	5.3.1 The Code of Conduct sections 3.25 - 3.28 relate to reporting and handling of breaches of the code and fraud/misconduct respectively. They refer to how breaches will be handled in line with policy and procedure, but these are vague and underlying documents do not appear to be in place. This includes the Reporting Serious and Minor Misconduct Management Procedure and the Receiving and Conducting Investigations into Allegations of Misconduct under the Corruption and Crime Misconduct Act 2003, which are also referred to within 1.20 Fraud & Corruption Control Policy.	<ul style="list-style-type: none"> <li>Processes may deter reports of fraud and misconduct if processes do not facilitate them resulting in fraud going unreported and undetected.</li> <li>Reports received may not be handled appropriately.</li> </ul>	Sections 3.25 to 3.28 of the Code of Conduct for Local Government Employees, Contractors and Volunteers ("the Code of Conduct") should be reviewed and the underlying processes for reporting and handling that are not in place should be documented.	A review of the processes by which suspected wrongdoing may be reported and promoted among Council employees, contractors and volunteers (and consistent with recommendations 5.3.1-5.3.5) will be undertaken by 31 December 2022, with recommended improvements to be reported to the Audit, Risk and Governance Committee.	31/12/2022	The review has commenced and is nearing completion. A major overhaul of the processes in place will be reported to the next Audit, Risk and Governance Committee meeting.	31/08/2023	Review was not able to be completed within the existing resourcing capacity.
5.3.2	The PID Guidelines contains a lot of detail directly from the Act and the document is 49 pages in length. There is no concise information available to facilitate ease of use.		PID should be communicated to employees and other protected by PID more succinctly and methods of reporting fraud/misconduct should be advertised concisely within newsletters, staff intranet, etc. References to legislation/regulation and links could be included rather than large quoted sections.					
5.3.3	The Shire's documented PID officers vary depending on the source of the information. Between the delegated authority 4.1.1, the PID Guidelines and the officers registered with the Public Sector Commission as required under the PID Act all contain different officers, with some of the officers having left the Shire. In addition PID officers have received no training.		Identified PID officers should be updated consistently and training sought.					
5.3.4	Within the Code of Conduct there is no provision for anonymous reporting internally within the Shire and within Policy 1.20 it is referenced, but not detailed how this can be achieved. This may make people less likely to make a report for fear of reprisal or other officers being aware of their report.		Within the Code of Conduct there is no provision for anonymous reporting internally within the Shire and within Policy 1.20 it is referenced, but not detailed how this can be achieved. This may make people less likely to make a report for fear of reprisal or other officers being aware of their report.					
5.3.5	There is no fraud and corruption register for recording reports received. From the advice provided to us by the Shire there have not been any recent reports.		There is no fraud and corruption register for recording reports received. From the advice provided to us by the Shire there have not been any recent reports.					
5.4.1	<p>The CAMMS system is used for recording the Shire's risk register. A copy of the risk register was obtained which only contains three risks that are wholly or partly fraud related:</p> <ul style="list-style-type: none"> <li>CR105 External Theft &amp; Fraud</li> <li>CR116 Supplier/Contract Management</li> <li>CR100 Misconduct</li> </ul> <p>The risk register report was dated 15/11/19 and no more recent reports were provided upon Paxon's request and the risks could no longer be identified within CAMMS. There is no dedicated fraud risk register.</p>	Risks are not appropriately addressed due to a lack of risk assessment, recording, management and reporting processes to management and Council.	Risk assessments should be performed and updated within CAMMS, including fraud risk. This should include identification of risks, and assessing the controls, rating for inherent and residual risk and treatment actions.	Risk assessments must be recorded within CAMMS Risk (once it comes online) with an agreed monitoring and reporting regime to be approved by the Executive Leadership Team by 31 December 2022.	31/12/2022	The ongoing use of CAMMS is currently under review. A wholesale review of the Shire's risk management systems will be undertaken in 2024.	30/06/2024	This work is to be completed as part of the review of the Shire's risk management systems.

5.4.2	Risk reporting has been regularly provided to the ARGC over the past few years, but this has been in the form of action plans and the operation of controls, not the detail of the risks themselves. It also included dates for some activities which had passed, but the report did not identify when or how they would now be addressed.		Reporting processes to ELT and ARGC should be agreed and documented, with ELT acting as a gatekeeper for reporting to the ARGC. Reporting to ARGC should include high rate risks and changes to risks	A whole of Shire review with respect to enterprise risk management is required and will be undertaken. A plan to implement measures to create an appropriate risk culture across the organisation will be completed by 30 June 2024. Recommendations of that review will be reported to Council for consideration. It is noted that additional resourcing will be necessary in order to complete this complex program of works.	30/06/2024	Yet to commence.	30/06/2024	No change.
5.4.3	Risk Management Policy, Framework and Procedures were all last reviewed in 2019 and are documented within as requiring review every 2 years. Through discussion we understand that a potential risk of fraud relating to a lack of oversight controls in purchasing and payables exists. An individual can raise a purchase requisition, approve a purchase order and approve an invoice for payment, if the transaction is within their delegated authority. This results in a lack of oversight of the transaction and an increased risk of fraud. Making risk management operational within the Shire will enable better identification, discussion, understanding and resolution of risks such as this and others that may exist within the Shire. This risk has not been tested as this was outside of the scope of our work.		Risk management guidance documents should be updated to reflect the desired risk management and reporting processes to be implemented within the Shire. This should be performed with regard to the risk related content of the Terms of Reference for the ARGC, as approved at the Audit Committee of 28 May 2021. The purchasing risk should be investigated and remediated to either provide independent oversight monitoring or to improve segregation of duties	ELT will consider options to mitigate risks associated with the identified purchasing risks and a report of the outcome will be made to the Audit, Risk and Governance Committee by 31 December 2022.	31/12/2022	Purchasing can no longer be undertaken by a single officer. The requisition process and the authorisation and confirmation of receipt of goods/services each require the verification by a second officer. The effectiveness of the change will be evaluated after twelve months.	31/12/2023	New target to allow for evaluation of the new process
				A new Business Continuity Plan is currently be developed by external consultants and is expected to be finalised by 31 December 2022.	31/12/2022	The draft BCP is currently in the final stages of review and is being updated to reflect lessons learnt from Tropical Cyclone Ilsa.	30/06/2023	The BCP drafting has taken longer than planned and was not completed before the original target.
				An organisation wide risk register will be signed off by ELT by 30 June 2023.	30/06/2023	Yet to be completed	30/06/2024	It is unlikely to be commence until additional resources are available for the Shire's risk function. It will also be more appropriate following the wholesale review of the Shire's risk management processes.



5.5.1	There is no training matrix in place which details roles and the required training and its frequency. There is also no training register for officers in place, though some records of completed training are recorded.	Incidents arise due to a lack of training or awareness of expected behaviours or a lack of informed feedback	A training matrix and register of completed training should be compiled, including areas of fraud risk such as procurement and conflicts of interest. This should be included within position descriptions and the training attendance reviewed by human resources against the expected training within the matrix	A plan to ensure all staff training undertaken is recorded will be developed in consultation with the organisation's People and Culture team, with a view to the measure being in place by 31 December 2022	31/12/2022	A new software program has been introduced by the Shire's People and Culture team. The Learning and Development module is scheduled for implementation by July 2023. In the interim all training is recorded in a spreadsheet, which will be transferred across to the new module following software implementation.	31/07/2023	To align with the implementation of the Learning and Development module of the Pulse software.
5.5.2	Changes to key internal guidance documents, such as policy and code of conduct is communicated via the intranet, though this may not be available to field based staff. There is no process for employees to annually sign to acknowledge conformance with the Code of Conduct		Changes to the Code of Conduct and other key internal guidance should be communicated to all officers, potentially by toolbox meetings and compliance with the Code of Conduct signed off annually by all officers.	A formal program of fraud and misconduct awareness and the means by which staff can report wrongdoing will be developed by 31 December 2022 (in line with the Management Action Plan addressing recommendations 5.3.1-5.3.5).	31/12/2022	The awareness program will be developed following the completion of the review and overhaul of the existing reporting processes. Mandatory training for all staff in Accountability and Ethical Decision Making was delivered by an external trainer in March 2023.	31/12/2023	To align with the completion of the review of suspected wrongdoing reporting processes in August 2023.
5.5.3	There does not appear to be any feedback from officers or the community with regards to their perception of fraud/misconduct within the Shire and any additional measures that they consider may be required.		Feedback should be sought every few years as to the perceptions of fraud and misconduct within the Shire and areas of improvement considered.	A biennial survey of Shire officers will be undertaken to assess the perceptions of fraud and misconduct within the organisation, with the first to take place before 30 June 2023	30/06/2023	Confidential surveymonkey is planned for June 2023		
5.6	As part of this review the Legislative Compliance Procedures documented was provided to us. These have not been reviewed since 2018 and are related to a Legislative Compliance Policy which was revoked by Council. It is unclear as to whether these procedures remain operational or, if they were revoked, where legislative compliance expectations are now documented. Hence the approach to compliance within the Shire is unclear	Non-compliance with legislation and regulation.	The approach to legislative compliance within the Shire should be determined and documented.	The Shire will consider what might be an appropriate policy approach to legislative compliance and make recommendations to the Council before 30 June 2023.	30/06/2023	A legislative compliance policy is being drafted. The target date for completion is unlikely to be met.	31/12/2023	A legislative compliance policy is being drafted. The target date for completion is unlikely to be met.

5.7	<p>An OAG finding was for the ARGC to engage with internal audit and to endorse the strategic internal audit plan.</p> <p>The plan was provided to the ARGC in May 2021 and endorsed. This included fraud related reviews such as: Fraud Prevention; Fraud Management; Tenders; Cash Collection; Credit Cards; Accounts Payable; Employee leave; Payroll and Grants.</p> <p>The report states that the plan is risk based, but it does not elaborate on how this risk linkage is achieved. Our findings within 5.4 in relation to risk management not being operational, so it is not clear how this would have been achieved and if it was if the risks considered are current.</p> <p>It was also unclear as to how the plan would be delivered, with no outsourcing budget approved at that time. Ideally the plan should include clear documentation to illustrate how the plan is proportionate to the resource available (in-house and outsourced) in order to manage the expectations of ELT and ARGC.</p> <p>We are aware that a number of reviews from the plans were outsourced. We also noted that the Regulation 5 and Regulation 17 reviews were not included within the internal audit plan and as these were last performed are now due for performance again, as the requirement is every 3 years</p>	<p>Assurance may not be targeted to the areas of greatest risk and the required level of resource may not be available to deliver the plan.</p>	<p>Going forward the strategic internal audit plan should be clearly mapped to the risks of the Shire, including fraud and the resource to deliver the plan should be clearly identified and referenced.</p>	<p>Future proposed strategic internal audit plans will be mapped against the Shire's risks following the completion of the existing three year internal audit program and enterprise risk management review, both due by 30 June 2024.</p>	30/06/2024	Not due to start.	30/06/2024	No change.
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## 6.2 DIRECTOR CORPORATE SERVICES

### 6.2.1 2021/22 ANNUAL FINANCIAL STATEMENTS

**Attachments:** [Appendix 1 2021/22 Annual Financial Statements](#)  
**Responsible Officer:** Steve Leeson  
Director Corporate Services  
**Author:** Joshua Brown  
Manager Governance  
**Location/Address:** N/A  
**Name of Applicant:** N/A  
**Author Disclosure of Interest:** Nil

#### COMMITTEE DECISION / OFFICER'S RECOMMENDATION

**Moved:** Cr McWhirter-Brooks  
**Seconded:** Cr Lockyer

**That the Committee receives the Audited Financial Statements for the year ended 30 June 2022 and recommends their inclusion in the Shire's 2021/22 Annual Report.**

**CARRIED UNANIMOUSLY  
RECORD OF VOTE 3/0**

**For:** Shire President, Deputy Shire President, Cr Lockyer  
**Against:** Nil

## REPORT PURPOSE

For the Audit, Risk and Governance Committee to receive the Annual Financial Statements for the year ended 30 June 2022, and recommend that Council accepts the Audited Annual Financial Statements for the year ended 30 June 2022, as presented.

## BACKGROUND

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

## COMMENTS/OPTIONS/DISCUSSIONS

A copy of the Annual Financial Statements for the year ended 30 June 2022 is attached as **Appendix 1**.

## STATUTORY IMPLICATIONS/REQUIREMENTS

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

## POLICY IMPLICATIONS

No known policy implications.

## STRATEGIC COMMUNITY PLAN

### 5: Governance

Demonstrated accountability and corporate governance.

G1 Provide efficient, accountable and ethical governance.

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

## RISK MANAGEMENT CONSIDERATIONS

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

## FINANCIAL IMPLICATIONS

No financial resource impact.

## VOTING REQUIREMENTS

Simple Majority.



## Auditor General

### INDEPENDENT AUDITOR'S REPORT 2022 Shire of East Pilbara

To the Councillors of the Shire of East Pilbara

#### Opinion

I have audited the financial report of the Shire of East Pilbara (Shire) which comprises:

- the Statement of Financial Position at 30 June 2022, and the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report:

- is based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2022 and its financial position at the end of that period
- is in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

#### Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Other information

The Chief Executive Officer (CEO) is responsible for preparing and the Council for overseeing, the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to

the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

### **Responsibilities of the Chief Executive Officer and Council for the financial report**

The Chief Executive Officer of the Shire is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

### **Auditor's responsibilities for the audit of the financial report**

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

### **My independence and quality control relating to the report on the financial report**

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Matters relating to the electronic publication of the audited financial report**

This auditor's report relates to the financial report of the Shire of East Pilbara for the year ended 30 June 2022 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

Grant Robinson  
Assistant Auditor General Financial Audit  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
17 May 2023

## SHIRE OF EAST PILBARA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
<b>Matters identified in the current year</b>			
1. Fair value of land, buildings and infrastructure assets	✓		
<b>Matters outstanding from prior year audit</b>			
2. Revenue not recognised in accordance with AASB 15 or AASB 1058	✓		
3. Accumulated long service leave entitlements/annual leave exceeding 500 hours		✓	
4. Related party disclosure forms		✓	
5. Purchase orders not raised or raised after the service is performed or goods received		✓	
6. Asset useful lives not reviewed on a regular basis		✓	
7. Bank reconciliations: unreconciled items		✓	

**Key to ratings**

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

**Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit report, it should be addressed promptly.

**Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

**Minor** - Those findings that are not of primary concern but still warrant action being taken.



**SHIRE OF EAST PILBARA****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****1. Fair Value of land, buildings and infrastructure assets - Frequency of valuations****Finding**

The Shire has performed an assessment to determine whether its land, buildings and infrastructure assets represent fair value, by considering only if there were any indicators of impairment (internal and external factors) as outlined by AASB 136 Impairment of Assets. This assessment has relied on the Shire's internal assessment by management of the current market conditions. This assessment indicated there were no impairment indicators as at 30 June 2022.

The Shire has not revalued Land, Buildings and Infrastructure Assets in the current reporting period, and reliance has been put on management's internal assessment.

However, we noted there was no further detailed analysis conducted by the Shire to assess if changes in underlying valuations assumptions (i.e., changes in material and contract rates) may indicate the assets' fair values were materially above their current carrying values.

AASB 116 'Property, plant and equipment' requires asset revaluations to be made with sufficient regularity to ensure the carrying amount does not differ materially from the fair value at the end of the reporting period. When the fair value differs materially from the carrying amount, a further revaluation is required.

Regulations 17A(4)(a) and (b) of the Local Government (Financial Management) Regulations 1996 (the Regulations) require a local government to revalue its revalued assets with it is of the opinion that the fair value is likely to be materially different from the carrying amount, and in any event, no more than 5 years from the last revaluation.

**Rating:** Significant

**Implication**

Without a robust assessment of fair value of the Shire's land, buildings and infrastructure assets there is a risk that the fair value of land, buildings and infrastructure assets may not have been assessed adequately and in compliance with AASB 13 Fair Value Measurement, as well as Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 (the Regulations).

**Recommendation**

The Shire considers implementing as part of the preparation of financial statements a formal robust process to determine whether indicators exist annually, that would trigger a requirement to perform a formal revaluation of land, buildings and infrastructure assets. Where indicators exist a robust fair value assessment should be performed capturing the requirements of AASB 13 Fair Value Movements. This process is to ensure that the Shire of East Pilbara's infrastructure, land and buildings are recorded at fair value in compliance with AASB 13 Fair Value Measurement and the Regulations.

This may entail obtaining relevant input from an independent valuer as to whether or not they consider there are any prevailing market factors which may indicate that the fair values of relevant assets are likely to have been impacted to any significant / material extent from the prior year. Where a fair value assessment has been performed internally the Shire may consider having this assessment peer reviewed by an independent valuer to obtain assurance over the valuation methodology applied, inputs and the reasonableness of the valuation model applied.

**SHIRE OF EAST PILBARA**

**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022**

**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

**Management comment**

*The sector wide recommendation by the OAG is acknowledged.*

*The Shire currently complies with 17(4)(b) of the Local Government (Financial Management) Regulations 1996 which prescribes a period of no greater than 5 years since the asset was last revalued.*

*Better practice guidelines towards reviewing assets annually against benchmark indicators would be beneficial for local governments, to in turn inform the Shire's asset management policy.*

**Responsible person:** Manager Corporate Services

**Completion date:** 30 September 2023

**SHIRE OF EAST PILBARA****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****MATTERS FROM PRIOR YEAR AUDIT****2. Revenue not recognised in accordance with AASB 15 or AASB 1058****2022 Findings**

Revenue recognition in accordance with AASB 15 or AASB 1058 was not documented as at interim audit or year-end closing process.

**2021 Finding**

In the previous year, the Shire completed its assessment and applied the requirements of AASB 15 or AASB 1058 as part of its year-end closing process.

The Shire's accounting process for revenue transactions pertaining to grants representing approximately 20% of total revenue, continues to be to apply the requirements of AASB 15 or AASB 1058 as a year-end adjustment.

**2020 Finding**

Moore Stephens sample testing of revenue transactions (rates, grants and fees & charges) noted that waste collection and 5 instances out of a total of 13 grant revenue transactions tested (40%) have not been recognised in accordance with AASB 15 or AASB 1058.

**Rating:** Significant

**Implication**

Non-compliance with AASB 15 or 1058. As application of these standards may result in delayed income recognition, the Shire's revenue may be overstated for the 2021-22 financial year. In addition, monthly financial information may not be accurate and impact decision making of the users of management accounts.

**Recommendation**

The Shire should complete a detailed revenue recognition assessment of all revenue streams. This is to conclude if a particular revenue stream or transaction arises from an enforceable contract with a customer and has sufficiently specific performance obligations. The assessment will trigger the revenue recognition requirements under AASB 15, or if it falls outside this scope, under AASB 1058, so that revenue is not misstated for the 2021-22 financial year.

**Management comment**

*Acknowledged. Whilst the Shire completes its assessment and applies the requirements of AASB 15 or AASB 1058 as part of its year-end closing process when preparing the annual financial statements, documenting the process undertaken would benefit the external audit process. So too, a review of the process around revenue recognition in accordance with AASB 15 or AASB 1058 followed throughout the financial year. is an included task in completing the 2021-22 Annual Financial Statements.*

**Responsible person:** Manager Corporate Services  
**Completion date:** 30 September 2023

## SHIRE OF EAST PILBARA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

**3. Accumulated long service leave entitlements/annual leave exceeding 500 hours****2021 Finding**

During our testing of employee benefits provisions, we noted that at year end there were 7 employees that had accumulated long service or annual leave entitlements exceeding 500 hours

**2022 Finding**

During our testing of employee benefits provisions, we noted that at year end there were 7 employees that had accumulated long service or annual leave entitlements exceeding 500 hours

**Rating:** Moderate

**Implication**

There is a risk that excessive leave balances can negatively affect cash flows when large remuneration payouts are required upon termination and/or resignation. In addition, if employees do not take leave this can have a detrimental effect on their health, wellbeing, and as a result, their performance at work.

**Recommendation**

An action plan should be developed to reduce the accrued leave entitlements of staff, considering the circumstances of the individual as well as the needs of the Shire.

**Management comment**

*Acknowledged. In addition to long service leave, East Pilbara staff entitlements are 5 weeks annual leave compared to the usual 4, therefore a higher leave accrual is carried in comparison to other local governments. Long Service Leave accruals are carried longer at times due to inability to cover staff whilst on extended leave, disrupting service delivery. This is inherent to local workforce conditions in the Pilbara. The number reported represents less than 5% of the Shire's workforce. Leave planning for these staff members to become part of their annual work plans.*

**Responsible person:** Manager Corporate Services  
Manager People and Culture

**Completion date:** 30 June 2024

**SHIRE OF EAST PILBARA****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****4. Related party disclosure forms****2021 Finding**

Related party declarations forms were not completed by all personnel who were key management personnel or elected member within the Shire during the 2021 financial year.

**2022 Finding**

Related party declarations forms were not completed by all personnel who were key management personnel or elected member within the Shire during the 2022 financial year.

**Rating:** Moderate

**Implication**

Potential non-compliance with the requirements of AASB 124 Related Party Disclosures and Council Policy.

**Recommendation**

Local Government elected members and key management staff must complete Related Party Disclosure forms for any period that they held office or were employed by the Shire during a financial year. The declarations must clearly indicate the period covered.

The Local Government must therefore ensure that the completion of Related Party Disclosure forms are part of the regular disclosure and exit protocol for all elected members leaving office or key management personnel leaving its employment.

**Management comment**

*Acknowledged. Current policy requires annual completion and both awareness and reminders shall continue. The Shire has no powers to enforce compliance on the timely return by elected members and staff of their annual returns.*

**Responsible person:** Manager Governance Risk & Procurement  
**Completion date:** 30 September 2023

**SHIRE OF EAST PILBARA****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****5. Purchase orders not raised or raised after the service is performed or goods received****2022 Finding**

Our sample testing of 30 payment transactions noted the following matters:

- 1 instance where the purchase order was raised after the invoice was received for fitness business annual membership valued at \$750 from Fitness Australia Ltd; and
- 1 instance where purchase order was raised after the invoice was received for Enterprise Plat annual license valued at \$10,389 from Vault IQ AU Pty Ltd.

**2021 Finding**

Our sample testing of 30 payment transactions noted the following matters:

- 1 instance where the purchase order was raised after the invoice was received for planning and engineering services valued at \$52,412; and
- 1 instance where the quote was not obtained for repairs with a value of \$18,237.

**2020 Finding**

Moore Stephens sample testing of 8 payment transactions noted the following matters:

- 2 instances where the purchase order was not raised; and
- 1 instance where the purchase order was raised after the invoice was received.

**Rating:** Moderate

**Implication**

The allowance of non-compliance with purchase order policies increases the risk that breaches of the *Local Government (Functions and General) Regulations 1996 Part 4 and Local Government (Financial Management) Regulation 11* are not detected. There is a further risk of not achieving the objectives of 'Value for Money' as stated in the Council's purchasing policy.

**Recommendation**

All authorised officers should be "reminded" of the need to ensure purchase orders are raised prior to the authorising of works/services or ordering goods. This will help to ensure works/services or goods have been appropriately authorized, which will assist with budget monitoring and responsibility.

**Management comment**

*Acknowledged. The Shire's Procurement Team works closely with the Finance Team to identify instances of retrospectively raised purchase orders, these are dealt with by way of the procurement breach process. The Procurement Team is confident that the majority of procurement breaches are captured by this process. The Procurement and Finance team provides ongoing and refresher training to employees with authority to approve financial transactions.*

*Two online workshops on Procurement and Accounts Payable requirements were held in November 2022 and January 2023, reminding and retraining staff towards to ensure purchase orders are raised prior to the authorising of works/services or ordering goods. Further, the segregation of duties requirements across procurement / confirmation of works / authorisation for payment, were further delineated, benefiting the Shire's procurement practices overall.*

**Responsible person:** Manager Governance Risk & Procurement  
Manager Corporate Services

**Completion date:** 30 September 2023

## SHIRE OF EAST PILBARA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

**6. Asset useful lives not reviewed on a regular basis****2022 Finding**

Asset useful lives have not been reviewed as at interim audit. The Shire's asset management plans are under development and considered an integral part of the process to determining and reviewing the estimated useful lives of assets.

**2021 Finding**

We have been informed that management conducted a review but did not formally document its review of the estimated useful lives of assets on a regular basis. The last time these were formally reviewed was during the fair value process for each class, being 2016 for plant & equipment, 2017 for land & buildings and 2018 for infrastructure assets.

**2020 Finding**

Moore Stephens noted that management has not reviewed the estimated useful lives of assets on a regular basis. The last time these were reviewed was during the fair value process for each class, being 2016 for plant & equipment, 2017 for land & buildings and 2018 for infrastructure assets

**Rating:** Moderate

**Implication**

Assets may be depreciating upon useful lives that are not consistent with the actual consumption or usage of those assets. This may also represent a non-compliance with the Shire's accounting policies and AASB 116. As a result, there may be inaccurate financial reporting which will impact asset acquisition and disposal decisions as well as asset management planning.

**Recommendation**

To help ensure the Shire's assets are depreciating at rates that are consistent with the patterns of consumption, management should review the estimated useful lives of assets used for calculating depreciation and formally document its review on an annual basis.

**Management comment**

*Acknowledged. The Shire's building valuations were last reviewed in 2020-2021 and currently complies with 17(4)(b) of the Local Government (Financial Management) Regulations 1996 which prescribes a period of no greater than 5 years since the asset was last revalued. The current revaluation of building assets is in the process of being finalised and will form part of the 2022-2023 annual financial statements.*

**Responsible person:** Manager Corporate Services  
Co-ordinator Asset Management

**Completion date:** 30 September 2023

## SHIRE OF EAST PILBARA

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

## FINDINGS IDENTIFIED DURING THE FINAL AUDIT

## 7. Bank reconciliation: unreconciled items

**2022 Finding**

During our review of bank reconciliations, it was noted that there are numerous unreconciled items in the April 2022 bank reconciliation which amounted in aggregate to \$90,443. Unreconciled items in the Jun 2022 bank reconciliation amounted to \$334,712.

**2021 Finding**

During our review of bank reconciliations, it was noted that there are numerous unreconciled items in the January 2021 bank reconciliation which amounted in aggregate to \$742,177. It was also noted that the January 2021 reconciliation had been reviewed on 13 April 2021 and at the time of the interim audit this matter remained unresolved.

**Rating:** Moderate

**Implication**

Bank reconciliation items not adequately explained or resolved increases the risk of fraud, errors and omissions remaining undetected, which in turn could lead to misstatements in the Shire's financial reporting. There is a further risk of non-compliance with regulation 5(2)(a) of the Local Government (Financial Management) Regulations 1996, which requires the CEO to ensure that the resources of the local government are effectively and efficiently managed.

**Recommendation**

Management should review items listed on period-end bank reconciliations and adequately explain or resolve these before the close of the next period end.

**Management comment**

*Acknowledged. Bank reconciling items have been reduced and whilst the amount is significant, it represents only a small percentage of the total volume of transactions which occur annual within the municipal account.*

**Responsible person:** Manager Corporate Services

**Completion date:** 30 September 2023



**SHIRE OF EAST PILBARA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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

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

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

**SHIRE OF EAST PILBARA  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

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

**Statement by Chief Executive Officer**

The attached financial report of the Shire of East Pilbara for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the Shire of East Pilbara at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the

17<sup>th</sup>

day of

May

2023



Chief Executive Officer

Steven Harding



**SHIRE OF EAST PILBARA**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>Revenue</b>				
Rates	26(a),2(a)	21,181,469	21,015,600	14,327,704
Operating grants, subsidies and contributions	2(a)	7,889,391	4,993,200	5,849,232
Fees and charges	25(c),2(a)	23,132,292	21,840,000	21,691,386
Interest earnings	2(a)	578,778	406,800	447,855
Other revenue	2(a)	2,238,295	1,183,100	1,464,720
		55,020,225	49,438,700	43,780,897
<b>Expenses</b>				
Employee costs		(13,635,742)	(14,067,500)	(13,297,414)
Materials and contracts		(16,673,452)	(20,502,700)	(13,980,130)
Utility charges		(1,969,104)	(2,036,200)	(1,722,437)
Depreciation	10(a)	(16,061,765)	(16,900,100)	(17,671,266)
Finance costs	2(b)	(515,827)	(248,600)	(170,308)
Insurance		(1,301,887)	(1,174,600)	(1,007,578)
Other expenditure	2(b)	(942,416)	(734,200)	(1,461,106)
		(51,100,193)	(55,663,900)	(49,310,239)
		3,920,032	(6,225,200)	(5,529,342)
Non-operating grants, subsidies and contributions	2(a)	6,509,379	6,168,800	7,262,953
Profit on asset disposals	10(b)	76,352	152,800	104,147
Loss on asset disposals	10(b)	(145,702)	(185,800)	(402,571)
Fair value adjustments to financial assets at fair value through profit or loss		4,996	0	0
		6,445,025	6,135,800	6,964,529
<b>Net result for the year</b>		<b>10,365,057</b>	<b>(89,400)</b>	<b>1,435,187</b>
<b>Other comprehensive income for the year</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	17	1,224,731	0	(10,939,158)
<b>Total other comprehensive income/(loss) for the year</b>	17	<b>1,224,731</b>	<b>0</b>	<b>(10,939,158)</b>
<b>Total comprehensive income for the year</b>		<b>11,589,788</b>	<b>(89,400)</b>	<b>(9,503,971)</b>

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



**SHIRE OF EAST PILBARA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

	NOTE	2022 \$	2021 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	34,028,491	47,848,122
Trade and other receivables	5	3,392,276	3,581,371
Other financial assets	4(a)	42,637,421	19,951,682
Inventories	6	255,878	95,483
Other assets	7	4,261,841	400,292
<b>TOTAL CURRENT ASSETS</b>		<b>84,575,907</b>	<b>71,876,950</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	5	10,026	8,420
Other financial assets	4(b)	97,255	92,259
Property, plant and equipment	8	69,243,644	69,399,632
Infrastructure	9	225,179,068	226,706,458
<b>TOTAL NON-CURRENT ASSETS</b>		<b>294,529,993</b>	<b>296,206,769</b>
<b>TOTAL ASSETS</b>		<b>379,105,900</b>	<b>368,083,719</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	6,477,223	5,682,920
Other liabilities	13	3,744,310	3,524,216
Borrowings	14	384,436	466,132
Employee related provisions	15	1,245,399	1,172,391
<b>TOTAL CURRENT LIABILITIES</b>		<b>11,851,368</b>	<b>10,845,659</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14	2,008,676	2,393,112
Employee related provisions	15	143,553	206,840
Other provisions	16	15,795,637	16,921,230
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>17,947,866</b>	<b>19,521,182</b>
<b>TOTAL LIABILITIES</b>		<b>29,799,234</b>	<b>30,366,841</b>
<b>NET ASSETS</b>		<b>349,306,666</b>	<b>337,716,878</b>
<b>EQUITY</b>			
Retained surplus		158,939,675	159,103,801
Reserve accounts	29	68,580,931	58,051,748
Revaluation surplus	17	121,786,060	120,561,329
<b>TOTAL EQUITY</b>		<b>349,306,666</b>	<b>337,716,878</b>

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



**SHIRE OF EAST PILBARA**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2020</b>		<b>164,390,343</b>	<b>51,330,019</b>	<b>131,500,487</b>	<b>347,220,849</b>
Comprehensive income for the year					
Net result for the year		1,435,187	0	0	1,435,187
Other comprehensive income for the year	17	0	0	(10,939,158)	(10,939,158)
Total comprehensive income for the year		1,435,187	0	(10,939,158)	(9,503,971)
Transfers from reserves	29	2,571,553	(2,571,553)	0	0
Transfers to reserves	29	(9,293,282)	9,293,282	0	0
<b>Balance as at 30 June 2021</b>		<b>159,103,801</b>	<b>58,051,748</b>	<b>120,561,329</b>	<b>337,716,878</b>
Comprehensive income for the year					
Net result for the year		10,365,057	0	0	10,365,057
Other comprehensive income for the year	17	0	0	1,224,731	1,224,731
Total comprehensive income for the year		10,365,057	0	1,224,731	11,589,788
Transfers from reserves	29	389,144	(389,144)	0	0
Transfers to reserves	29	(10,918,327)	10,918,327	0	0
<b>Balance as at 30 June 2022</b>		<b>158,939,675</b>	<b>68,580,931</b>	<b>121,786,060</b>	<b>349,306,666</b>

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 2022**

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		20,701,283	21,572,265	14,310,598
Operating grants, subsidies and contributions		9,265,381	7,569,056	5,289,415
Fees and charges		23,364,386	22,050,700	21,691,386
Interest received		578,778	406,800	447,855
Goods and services tax received		3,324,782	1,205,040	2,258,249
Other revenue		2,238,295	1,183,100	1,464,720
		59,472,905	53,986,961	45,462,223
<b>Payments</b>				
Employee costs		(13,600,155)	(15,302,629)	(13,323,189)
Materials and contracts		(20,014,939)	(22,709,359)	(14,090,946)
Utility charges		(1,969,104)	(2,036,200)	(1,722,437)
Finance costs		(143,905)	(221,847)	(176,638)
Insurance paid		(1,301,887)	(1,174,600)	(1,007,578)
Goods and services tax paid		(3,452,191)	(1,400,000)	(2,419,842)
Other expenditure		(1,064,841)	(734,200)	(1,461,106)
		(41,547,022)	(43,578,835)	(34,201,736)
<b>Net cash provided by (used in) operating activities</b>	18(b)	17,925,883	10,408,126	11,260,487
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	8(a)	(3,741,067)	(4,300,000)	(4,564,900)
Payments for construction of infrastructure	9(a)	(11,078,751)	(34,115,500)	(7,643,947)
Non-operating grants, subsidies and contributions		6,126,880	6,168,800	9,794,397
Proceeds from financial assets at amortised cost		(22,685,739)		(8,489,704)
Proceeds from financial assets at fair values through profit and loss		0		(3,232)
Proceeds from sale of property, plant & equipment	10(b)	43,702	383,000	240,473
Proceeds from sale of infrastructure		55,592	0	0
<b>Net cash provided by (used in) investing activities</b>		(31,279,383)	(31,863,700)	(10,666,913)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	28(a)	(466,131)	(1,209,500)	(937,918)
Payments for principal portion of lease liabilities	28(c)	0	0	(27,489)
Proceeds from new borrowings	28(a)	0	4,700,000	0
<b>Net cash provided by (used in) financing activities</b>		(466,131)	3,490,500	(965,407)
<b>Net increase (decrease) in cash held</b>		(13,819,631)	(17,965,074)	(371,833)
Cash at beginning of year		47,848,122	66,488,721	48,219,955
<b>Cash and cash equivalents at the end of the year</b>	18(a)	34,028,491	48,523,647	47,848,122

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





**SHIRE OF EAST PILBARA**  
**RATE SETTING STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>NET CURRENT ASSETS - At start of financial year - surplus/(deficit)</b>	27(b)	3,445,675	400,000	3,497,149
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities (excluding general rate)</b>				
Operating grants, subsidies and contributions		7,889,391	4,993,200	5,849,232
Fees and charges		23,132,292	21,840,000	21,691,386
Interest earnings		578,778	406,800	447,855
Other revenue		2,238,295	1,183,100	1,464,720
Profit on asset disposals	10(b)	76,352	152,800	104,147
Fair value adjustments to financial assets at fair value through profit or loss		4,996	0	0
		33,920,104	28,575,900	29,557,340
<b>Expenditure from operating activities</b>				
Employee costs		(13,635,742)	(14,067,500)	(13,297,414)
Materials and contracts		(16,673,452)	(20,502,700)	(13,980,130)
Utility charges		(1,969,104)	(2,036,200)	(1,722,437)
Depreciation		(16,061,765)	(16,900,100)	(17,671,266)
Finance costs		(515,827)	(248,600)	(170,308)
Insurance		(1,301,887)	(1,174,600)	(1,007,578)
Other expenditure		(942,416)	(734,200)	(1,461,106)
Loss on asset disposals	10(b)	(145,702)	(185,800)	(402,571)
		(51,245,895)	(55,849,700)	(49,712,810)
Non-cash amounts excluded from operating activities	27(a)	16,433,146	16,933,100	18,168,848
<b>Amount attributable to operating activities</b>		(892,645)	(10,340,700)	(1,986,622)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		6,509,379	6,168,800	7,262,953
Proceeds from disposal of assets	10(b)	99,294	383,000	240,473
Purchase of property, plant and equipment	8(a)	(3,741,067)	(4,300,000)	(4,564,900)
Purchase and construction of infrastructure	9(a)	(11,078,748)	(34,115,500)	(7,643,947)
		(8,211,142)	(31,863,700)	(4,705,421)
<b>Amount attributable to investing activities</b>		(8,211,142)	(31,863,700)	(4,705,421)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	28(a)	(466,131)	(1,209,500)	(937,918)
Proceeds from borrowings	28(a)	0	4,700,000	0
Payments for principal portion of lease liabilities	28(c)	0	0	(27,489)
Transfers to reserves (restricted assets)	29	(10,918,327)	(1,706,800)	(9,293,281)
Transfers from reserves (restricted assets)	29	389,144	11,999,700	2,571,553
<b>Amount attributable to financing activities</b>		(10,995,314)	13,783,400	(7,687,135)
<b>Surplus/(deficit) before imposition of general rates</b>		(16,653,426)	(28,021,000)	(10,882,029)
<b>Total amount raised from general rates</b>	26(a)	21,181,469	21,015,600	14,327,704
<b>Surplus/(deficit) after imposition of general rates</b>	27(b)	<b>4,528,043</b>	<b>(7,005,400)</b>	<b>3,445,675</b>

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

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

**1. BASIS OF PREPARATION**

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

**Local Government Act 1995 requirements**

Section 6.4(2) of the Local Government Act 1995 read with the Local Government (Financial Management) Regulations 1996 prescribes that the financial report be presented in accordance with the Local Government Act 1995 and to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist

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

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

**The local government reporting entity**

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

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

**Judgements and estimates**

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

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

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.

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

**2. REVENUE AND EXPENSES**

**(a) Revenue**

**Contracts with customers**

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

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

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

**Revenue Recognition**

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

**For the year ended 30 June 2022**

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

**For the year ended 30 June 2021**

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	14,327,704	0	14,327,704
Operating grants, subsidies and contributions	5,849,232	0	0	0	5,849,232
Fees and charges	20,053,149	0	1,638,237	0	21,691,386
Interest earnings	251,167	0	196,688	0	447,855
Other revenue	0	0	0	1,464,720	1,464,720
Non-operating grants, subsidies and contributions	0	7,262,953	0	0	7,262,953
<b>Total</b>	<b>26,153,548</b>	<b>7,262,953</b>	<b>16,162,629</b>	<b>1,464,720</b>	<b>51,043,850</b>

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

**2. REVENUE AND EXPENSES (Continued)**

	Note	2022 Actual	2022 Budget	2021 Actual
<b>Interest earnings</b>				
Interest on reserve funds		265,430	371,800	223,611
Rates instalment and penalty interest (refer Note 26(c))		214,271	97,000	196,688
Other interest earnings		99,077	30,000	27,556
		578,778	498,800	447,855
<b>(b) Expenses</b>				
<b>Auditors remuneration</b>				
- Audit of the Annual Financial Report		53,570	128,600	55,000
- Other services		14,692	10,000	
		68,262	138,600	55,000
<b>Finance costs</b>				
Borrowings	28(a)	143,905	310,600	170,157
Other provisions: unwinding of discount	16	371,922	0	0
Lease liabilities	28(c)	0	0	151
		515,827	310,600	170,308
<b>Other expenditure</b>				
Impairment losses on trade and other receivables		354,519	150,000	317,572
Impairment losses on receivables from other contracts		(122,425)	10,000	0
Sundry expenses		710,322	574,200	1,143,534
		942,416	734,200	1,461,106

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

**3. CASH AND CASH EQUIVALENTS**

Cash at bank and on hand  
Term deposits  
**Total cash and cash equivalents**

Held as  
- Unrestricted cash and cash equivalents  
- Restricted cash and cash equivalents

Note	2022	2021
	\$	\$
	16,449,341	4,852,570
	17,579,150	42,995,552
18(a)	34,028,491	47,848,122
	8,084,981	9,748,056
18(a)	25,943,510	38,100,066
	34,028,491	47,848,122

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

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

**Restricted financial assets**

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

Details of restrictions on financial assets can be found at Note 18.

**4. OTHER FINANCIAL ASSETS**

**(a) Current assets**

Financial assets at amortised cost

**Other financial assets at amortised cost**

Term deposits

Held as  
- Restricted other financial assets at amortised cost

**(b) Non-current assets**

Financial assets at fair value through profit and loss

**Financial assets at fair value through profit and loss**

Units in Local Government House Trust

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

Contract liabilities from contracts with customers  
Grants for transfers for recognisable non financial assets  
Bonds and Deposits Held  
**Total restricted assets**

2022	2021
\$	\$
42,637,421	19,951,682
42,637,421	19,951,682
42,637,421	19,951,682
42,637,421	19,951,682
42,637,421	19,951,682
42,637,421	19,951,682
97,255	92,259
97,255	92,259
97,255	92,259
97,255	92,259

2,009,129	2,391,628
1,735,181	1,132,588
1,254,808	1,209,546
4,999,118	4,733,762

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

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

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

**Financial assets at fair value through profit and loss**

The Shire classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Shire has not elected to recognise fair value gains and losses through other comprehensive income.

**Impairment and risk**

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

**Restricted assets**

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

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

**5. TRADE AND OTHER RECEIVABLES**

**Current**

Rates receivable	
Trade and other receivables	
GST receivable	
Allowance for credit losses of trade and other receivables	22(b)
Allowance for credit losses of rates receivables	22(b)

Note	2022	2021
	\$	\$
	2,387,494	1,820,934
	2,345,311	2,996,283
	531,469	404,058
	(141,727)	(264,152)
	(1,730,271)	(1,375,752)
	3,392,276	3,581,371
	10,026	8,420
	10,026	8,420

**Non-current**

Pensioner's rates and ESL deferred
------------------------------------

**SIGNIFICANT ACCOUNTING POLICIES**

**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 grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

**Impairment and risk exposure**

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 22.

**Classification and subsequent measurement**

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

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

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

**6. INVENTORIES**

**Current**

Fuel and materials
History Books
Baskets

Note	2022	2021
	\$	\$
	238,242	68,564
	3,247	11,432
	14,389	15,487
	255,878	95,483

The following movements in inventories occurred during the year:

**Balance at beginning of year**

Inventories expensed during the year

Additions to inventory

**Balance at end of year**

95,483	69,830
(428,565)	(285,238)
588,960	310,891
255,878	95,483

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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

**SHIRE OF EAST PILBARA**  
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**7. OTHER ASSETS**

**Other assets - current**

Prepayments

Accrued income

Contract assets

2022	2021
\$	\$
26,866	55,884
1,465,681	344,408
2,769,294	0
4,261,841	400,292

**SIGNIFICANT ACCOUNTING POLICIES**

**Other current assets**

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

**Contract assets**

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

**Accrued Income**

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

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

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**8. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in Balances**

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

	Note	Land	Buildings - non- specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
		\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>		5,980,500	13,696,770	52,903,875	72,581,145	798,788	8,207,576	81,587,509
Additions		0	1,299,963	1,861,274	3,161,237	242,792	1,160,871	4,564,900
Disposals		0	0	0	0	(16,866)	(223,680)	(240,546)
Revaluation increments / (decrements) transferred to revaluation surplus		(4,400,500)	4,209,828	(10,748,486)	(10,939,158)	0	0	(10,939,158)
Depreciation	10(a)	0	(694,561)	(3,079,463)	(3,774,024)	(286,464)	(1,512,585)	(5,573,073)
<b>Balance at 30 June 2021</b>		1,580,000	18,512,000	40,937,200	61,029,200	738,250	7,632,182	69,399,632
<b>Comprises:</b>								
Gross balance amount at 30 June 2021		1,580,000	18,512,000	40,937,200	61,029,200	1,932,780	14,212,702	77,174,682
Accumulated depreciation at 30 June 2021		0	0	0	0	(1,194,530)	(6,580,520)	(7,775,050)
<b>Balance at 30 June 2021</b>		1,580,000	18,512,000	40,937,200	61,029,200	738,250	7,632,182	69,399,632
Additions		2,512	1,795,955	364,916	2,163,383	108,803	1,468,881	3,741,067
Disposals		0	0	(122,844)	(122,844)	0	(42,679)	(165,523)
Depreciation	10(a)	0	(694,738)	(1,317,448)	(2,012,186)	(210,672)	(1,508,674)	(3,731,532)
<b>Balance at 30 June 2022</b>		1,582,512	19,613,217	39,861,824	61,057,553	636,381	7,549,710	69,243,644
<b>Comprises:</b>								
Gross balance amount at 30 June 2022		1,582,512	20,307,955	41,173,416	63,063,883	2,041,583	15,592,562	80,698,028
Accumulated depreciation at 30 June 2022		0	(694,738)	(1,311,592)	(2,006,330)	(1,405,202)	(8,042,852)	(11,454,384)
<b>Balance at 30 June 2022</b>		1,582,512	19,613,217	39,861,824	61,057,553	636,381	7,549,710	69,243,644

**SHIRE OF EAST PILBARA**  
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**8. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Carrying Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>(i) Fair Value</b>					
<b>Land and buildings</b>					
Land	2/3	Market Approach using recent observable market data for similar properties	Independent registered valuer	June 2021	While the unit rates based on square metre could be supported by market evidence (Level 2) other inputs such as zoning, restrictions, accessibility (Level 3) required extensive professional judgement and impacted significantly on the final determination.
Buildings - non-specialised	2	Market approach using recent observable market data or similar properties	Independent registered valuer	June 2021	Price per square metre
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuer and management valuation	June 2021	This required estimating the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. Other inputs such as residual value, useful life, pattern of consumption and asset condition required extensive professional judgement and impacted significantly on the final determination.
Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.					
During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.					
<b>(ii) Cost</b>					
<b>Furniture and equipment</b>		NA	Cost	NA	Purchase Cost
<b>Plant and equipment</b>		NA	Cost	NA	Purchase Cost



SHIRE OF EAST PILBARA  
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9. INFRASTRUCTURE

(a) Movements in Balances

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

	Note	Infrastructure - roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks and Gardens and Other	Infrastructure - Airport Infrastructure	Infrastructure - Landfill Rehabilitation	Total Infrastructure
		\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020		139,013,997	8,589,128	11,728,422	34,618,426	37,480,618	0	231,430,591
Additions		6,534,341	0	0	1,067,410	42,196	0	7,643,947
(Disposals)		0	0	0	(295,340)	(3,011)	0	(298,351)
Depreciation	10(a)	(7,693,491)	(434,033)	(329,672)	(2,444,600)	(1,167,933)	0	(12,069,729)
Transfers		0	0	0	(15,490,657)	0	15,490,657	0
Balance at 30 June 2021		137,854,847	8,155,095	11,398,750	17,455,239	36,351,870	15,490,657	226,706,458
Comprises:								
Gross balance at 30 June 2021		159,757,077	9,445,192	12,383,757	22,539,880	40,346,465	16,781,414	261,253,785
Accumulated depreciation at 30 June 2021		(21,902,230)	(1,290,097)	(985,007)	(5,084,641)	(3,994,595)	(1,290,757)	(34,547,327)
Balance at 30 June 2021		137,854,847	8,155,095	11,398,750	17,455,239	36,351,870	15,490,657	226,706,458
Additions		6,053,504	274,382	194,282	4,297,722	258,858	0	11,078,748
(Disposals)		0	0	0	(3,121)	0	0	(3,121)
Revaluation increments / (decrements) transferred to revaluation surplus	17	0	0	0	0	0	(272,784)	(272,784)
Depreciation	10(a)	(7,997,674)	(435,488)	(319,735)	(1,763,860)	(1,168,097)	(645,379)	(12,330,233)
Balance at 30 June 2022		135,910,677	7,993,989	11,273,297	19,985,980	35,442,631	14,572,494	225,179,068
Comprises:								
Gross balance at 30 June 2022		165,810,581	9,719,574	12,578,039	26,819,201	40,605,323	15,795,637	271,328,355
Accumulated depreciation at 30 June 2022		(29,899,904)	(1,725,585)	(1,304,742)	(6,833,221)	(5,162,692)	(1,223,143)	(46,149,287)
Balance at 30 June 2022		135,910,677	7,993,989	11,273,297	19,985,980	35,442,631	14,572,494	225,179,068

SHIRE OF EAST PILBARA  
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9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Parks and Gardens and Other	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Airport Infrastructure	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Landfill Rehabilitation	2	Cost approach using depreciated replacement cost	Independent Valuation	June 2022	Price per metre/square metre units, future inflation discount rate (Level 2)

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

**SHIRE OF EAST PILBARA**  
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**10. FIXED ASSETS**

**(a) Depreciation**

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Buildings - non-specialised	8(a)	694,738	582,900	694,561
Buildings - specialised	8(a)	1,317,448	3,193,100	3,079,463
Furniture and equipment	8(a)	210,672	302,900	286,464
Plant and equipment	8(a)	1,508,674	1,423,100	1,512,585
Infrastructure - roads	9(a)	7,997,674	9,000,400	7,693,491
Infrastructure - Footpaths	9(a)	435,488	436,300	434,033
Infrastructure - Drainage	9(a)	319,735	344,400	329,672
Infrastructure - Parks and Gardens and Other	9(a)	1,763,860	447,700	1,799,221
Infrastructure - Airport Infrastructure	9(a)	1,168,097	1,169,300	1,167,933
Infrastructure - Landfill Rehabilitation	9(a)	645,379	0	645,379
Right-of-use assets - plant and equipment	11(a)	0	0	28,464
		16,061,765	16,900,100	17,671,266

**Depreciation rates**

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

**Asset Class**

Buildings - non specialised  
Buildings - specialised  
Furniture and Equipment  
Plant and Equipment  
Infrastructure - Roads  
Infrastructure - Footpaths  
Infrastructure - Drainage  
Infrastructure - Parks and Gardens  
Infrastructure - Airport  
Infrastructure - Landfill Rehabilitation

**Useful life**

10 - 50 years  
10 - 50 years  
3 - 5 years  
3 - 10 years  
15 - 50 years  
20 - 50 years  
20 - 50 years  
20 - 50 years  
20 - 50 years  
10 - 31 years

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**10. FIXED ASSETS (Continued)**

**(b) Disposals of assets**

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2022 Budget Net Book Value	2022 Budget Sale Proceeds	2022 Budget Profit	2022 Budget Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings - non-specialised	122,844	0	0	(122,844)	0	0	0	0	0	0	0	0
Furniture and equipment	0	0	0	0	0	0	0	0	16,866	0	0	(16,866)
Plant and equipment	42,679	43,702	21,023	(20,000)	416,000	383,000	152,800	(185,800)	223,680	240,473	104,147	(87,354)
Infrastructure - Parks and Gardens	3,121	55,592	55,329	(2,858)	0	0	0	0	295,340	0	0	(295,340)
Infrastructure - Airport Infrastructure	0	0	0	0	0	0	0	0	3,011	0	0	(3,011)
	168,644	99,294	76,352	(145,702)	416,000	383,000	152,800	(185,800)	538,897	240,473	104,147	(402,571)

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
	\$	\$	\$	\$
<b>Plant and Equipment</b>				
<b>Governance</b>				
41228E - Toyota RAV 4	22,679	43,702	21,023	0
1GXN941 MHR				
<b>Community amenities</b>				
P10-014 - Newman refuse - recycling Mobile recycling facility (MRF)	20,000	0	0	(20,000)
<b>Economic services</b>				
L190206- NULLAGINE	4,516	0	0	(4,516)
CARAVAN PARK - Laundry / Storage Block - Externall Services				
L190203- NULLAGINE	9,408	0	0	(9,408)
CARAVAN PARK - Laundry / Storage Block - Finishes				
L190204- NULLAGINE	3,067	0	0	(3,067)
CARAVAN PARK - Laundry / Storage Block - Fittings				
L190207- NULLAGINE	3,575	0	0	(3,575)
CARAVAN PARK - Laundry / Storage Block - Improvements				
L190202- NULLAGINE	8,844	0	0	(8,844)
CARAVAN PARK - Laundry / Storage Block - Roof				
L190205- NULLAGINE	41,686	0	0	(41,686)
CARAVAN PARK - Laundry / Storage Block - Services				
L190200- NULLAGINE	18,208	0	0	(18,208)
CARAVAN PARK - Laundry / Storage Block - Substructure				
L190201- NULLAGINE	33,540	0	0	(33,540)
CARAVAN PARK - Laundry / Storage Block - Supersutstructure				
	165,523	43,702	21,023	(142,844)
<b>Other Asset class</b>				
<b>Program</b>				
L04-022 - Newman Nardoo loop	0	27,796	27,796	0
Park - playground PC0353				
Z15020A - Newman Wilara park - Palisiade Fencing	2,858	0	0	(2,858)
PG17027D - NEWMAN - NARDOO LOOP PARK - softfall PC0353	263	27,796	27,533	0
	3,121	55,592	55,329	(2,858)
	168,644	99,294	76,352	(145,702)

## 10. FIXED ASSETS (Continued)

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

#### Initial recognition and measurement for assets held at cost

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

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

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

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

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

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

#### Revaluation

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

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

#### Revaluation (continued)

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

#### Depreciation

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

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

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

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

#### Depreciation on revaluation

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

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

#### Amortisation

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

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

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

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**11. LEASES**

**(a) Right-of-Use Assets**

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

	Note	Right-of-use assets - plant and equipment	Right-of-use assets Total
		\$	\$
Balance at 1 July 2020		28,464	28,464
Additions			0
Depreciation		(28,464)	(28,464)
Balance at 30 June 2021		0	0
Additions		0	0
Depreciation	10(a)	0	0
Balance at 30 June 2022		0	0

The Shire did not enter into any new "Right of Use" lease agreements during the reporting period

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

Depreciation on right-of-use assets	10(a)
Interest expense on lease liabilities	28(c)
<b>Total amount recognised in the statement of comprehensive income</b>	

Total cash outflow from leases

2022 Actual	2021 Actual
\$	\$
0	(28,464)
0	(151)
0	(28,615)
0	(27,640)
0	0
0	0
0	0

**(b) Lease Liabilities**

Current  
Non-current

28(c)

**Secured liabilities and assets pledged as security**

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

**SIGNIFICANT ACCOUNTING POLICIES**

**Leases**

At inception of a contract, the Shire assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 28(c).

**Right-of-use assets - valuation measurement**

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 under revaluation for details on the significant accounting policies applying to vested improvements.

**Right-of-use assets - depreciation**

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Shire anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

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**11. LEASES (Continued)**

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

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

Less than 1 year

1 to 2 years

2 to 3 years

3 to 4 years

4 to 5 years

> 5 years

	2022 Actual	2021 Actual
	\$	\$
	740,729	901,238
	300,493	740,729
	0	300,493
	0	0
	0	0
	0	0
	1,041,222	1,942,460
<b>Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease</b>		
Rental income	901,238	921,562

The Shire leases houses to staff and aged persons with rentals payable monthly. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The staff houses are not considered investment property as they are leased for use in the supply of services to the community. The aged persons housing are considered a joint operation and are not considered investment property as the primary purpose is provision of community housing.

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

**SIGNIFICANT ACCOUNTING POLICIES**

**The Shire as Lessor**

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

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

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

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

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

**12. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors	
Prepaid rates	
Bonds and deposits held	
Accrued salaries and wages	
Other accruals	
Accrued interest on long term borrowings	

2022	2021
\$	\$
4,086,719	3,825,509
128,246	40,266
1,254,808	1,209,546
167,801	141,935
824,496	445,241
15,153	20,423
<b>6,477,223</b>	<b>5,682,920</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

Financial liabilities are initially recognised at fair value when the Shire becomes a party to the contractual provisions of the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**Bonds and Deposits Held**

Bonds and deposits held represent a payment made to the Shire as a security bond. These are normally payable after a period of 6 to 12 months, and is most commonly for the damage to footpaths or other Shire infrastructure caused by construction

**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 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 usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**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.



**SHIRE OF EAST PILBARA**  
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**FOR THE YEAR ENDED 30 JUNE 2022**

**13. OTHER LIABILITIES**

**Current**

**Contract liabilities**

Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity

Performance obligations for each type of liability are expected to be completed with funds recognised as revenue in accordance with the following time bands:

Less than 1 year

2022	2021
\$	\$
1,735,181	1,132,588
2,009,129	2,391,628
3,744,310	3,524,216
<b>Contract Liabilities</b>	<b>Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity</b>
\$	\$
1,735,181	2,009,129

**SIGNIFICANT ACCOUNTING POLICIES**

**Contract liabilities**

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

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

**Capital grant/contribution liabilities**

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

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

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**14. BORROWINGS**

		2022			2021		
	Note	Current	Non-current	Total	Current	Non-current	Total
<b>Unsecured</b>		\$	\$	\$	\$	\$	\$
WA treasury Corporation		384,436	2,008,676	2,393,112	466,132	2,393,112	2,859,244
<b>Total Unsecured borrowings</b>	28(a)	384,436	2,008,676	2,393,112	466,132	2,393,112	2,859,244

The Shire of East Pilbara has complied with the terms and conditions of its borrowing facilities during the 2022 and 2021 years.

**SIGNIFICANT ACCOUNTING POLICIES**

**Borrowing costs**

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

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

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

**Risk**

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

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

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

**15. EMPLOYEE RELATED PROVISIONS**

**Employee Related Provisions**

**Current provisions**

**Employee benefit provisions**

Annual Leave

Long Service Leave

**Non-current provisions**

Long Service Leave

	2022	2021
	\$	\$
713,018	713,018	787,562
532,381	532,381	384,829
1,245,399	1,245,399	1,172,391
143,553	143,553	206,840
143,553	143,553	206,840
1,388,952	1,388,952	1,379,231

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

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

**Amounts are expected to be settled on the following basis:**

Less than 12 months after the reporting date

More than 12 months from reporting date

Note	2022	2021
	\$	\$
713,018	713,018	819,424
675,934	675,934	559,807
1,388,952	1,388,952	1,379,231

**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

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

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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

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

**16. OTHER PROVISIONS**

	Note	Provision for remediation costs \$	Total \$
<b>Opening balance at 1 July 2021</b>			
Non-current provisions		16,921,230	16,921,230
		16,921,230	16,921,230
Increase/(Decrease) provision		(1,497,515)	(1,497,515)
Amounts used		0	0
Unused amounts reversed		0	0
Charged to profit or loss			
- unwinding of discount	2(b)	371,922	371,922
<b>Balance at 30 June 2022</b>		15,795,637	15,795,637
<b>Comprises</b>			
Non-current		15,795,637	15,795,637
		15,795,637	15,795,637

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

**Other provisions**

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

**Make good provisions**

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

A provision for remediation is recognised when:

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

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

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

**Provisions**

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

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

**SHIRE OF EAST PILBARA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**17. REVALUATION SURPLUS**

	2022 Opening Balance \$	2022 Revaluation Increment \$	2022 Revaluation (Decrement) \$	Total Movement on Revaluation \$	2022 Closing Balance \$	2021 Opening Balance \$	2021 Revaluation Increment \$	2021 Revaluation (Decrement) \$	Total Movement on Revaluation \$	2021 Closing Balance \$
Revaluation surplus - Land - freehold land	1,575,000	0	0	0	1,575,000	5,975,500	0	(4,400,500)	(4,400,500)	1,575,000
Revaluation surplus - Buildings	14,173,539	0	0	0	14,173,539	20,712,197	4,209,828	(10,748,486)	(6,538,658)	14,173,539
Revaluation surplus - Furniture and equipment	215,604	0	0	0	215,604	215,604	0	0	0	215,604
Revaluation surplus - Plant and equipment	3,367,076	0	0	0	3,367,076	3,367,076	0	0	0	3,367,076
Revaluation surplus - Infrastructure - roads	66,828,070	0	0	0	66,828,070	66,828,070	0	0	0	66,828,070
Revaluation surplus - Infrastructure - Footpaths	3,361,744	0	0	0	3,361,744	3,361,744	0	0	0	3,361,744
Revaluation surplus - Infrastructure - Drainage	8,937,971	0	0	0	8,937,971	8,937,971	0	0	0	8,937,971
Revaluation surplus - Infrastructure - Parks and Gardens and	1,282,573	0	0	0	1,282,573	1,282,573	0	0	0	1,282,573
Revaluation surplus - Infrastructure - Airport Infrastructure	20,819,752	0	0	0	20,819,752	20,819,752	0	0	0	20,819,752
Revaluation surplus - Infrastructure - Landfill Rehabilitation	0	1,497,515	(272,784)	1,224,731	1,224,731	0	0	0	0	0
	120,561,329	1,497,515	(272,784)	1,224,731	121,786,060	131,500,487	4,209,828	(15,148,986)	(10,939,158)	120,561,329

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

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

**18. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	34,028,491	48,523,647	47,848,122
<b>Restrictions</b>				
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:				
- Cash and cash equivalents	3	25,943,510	27,112,619	38,100,066
- Financial assets at amortised cost	4	42,637,421	19,951,682	19,951,682
		68,580,931	47,064,301	58,051,748
The restricted financial assets are a result of the following specific purposes to which the assets may be used:				
Restricted reserve accounts	29	68,580,931	47,064,301	58,051,748
<b>Total restricted financial assets</b>		68,580,931	47,064,301	58,051,748

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

Net result		10,365,057	(89,400)	1,435,187
Non-cash items:				
Adjustments to fair value of financial assets at fair value through profit and loss		(4,996)	0	0
Depreciation/amortisation		16,061,765	16,900,100	17,671,266
(Profit)/loss on sale of asset		69,350	33,000	298,424
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		187,489	3,148,261	(715,565)
(Increase)/decrease in other assets		(3,861,549)	0	30,413
(Increase)/decrease in inventories		(160,395)	(23,057)	(25,653)
Increase/(decrease) in trade and other payables		794,303	(2,065,178)	(37,819)
Increase/(decrease) in employee related provisions		9,721	(1,326,800)	(88,950)
Increase/(decrease) in other provisions		371,922	0	139,816
Increase/(decrease) in other liabilities		220,094	0	2,347,765
Non-operating grants, subsidies and contributions		(6,126,880)	(6,168,800)	(9,794,397)
Net cash provided by/(used in) operating activities		17,925,881	10,408,126	11,260,487

**(c) Undrawn Borrowing Facilities**

Credit card limit	50,000	50,000
Credit card balance at balance date	(14,678)	(20,154)
<b>Total amount of credit unused</b>	35,322	29,846

**Loan facilities**

Loan facilities - current	384,436	466,132
Loan facilities - non-current	2,008,676	2,393,112
<b>Total facilities in use at balance date</b>	2,393,112	2,859,244

**Unused loan facilities at balance date**

0 0

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

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

**20. CAPITAL COMMITMENTS**

	2022	2021
	\$	\$
Contracted for:		
- capital expenditure projects	943,000	243,729
	943,000	243,729
Payable:		
- not later than one year	943,000	243,729

The capital expenditure projects outstanding at the end of the current reporting period represents Capital Works for various Public Buildings and the Contract for the Cape Keraudren Reverse Osmosis System.

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

**(a) Elected Member Remuneration**

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>Cr Anthony Middleton (2017 - Current)</b>			
President's annual allowance	50,451	50,000	3,906
Meeting attendance fees	24,930	21,600	16,749
Annual allowance for ICT expenses	2,500	2,000	1,088
	<b>77,881</b>	<b>73,600</b>	<b>21,743</b>
<b>(Former Councillor) - Cr Lynne Craigie (2019 - 2021)</b>			
President's annual allowance	0	0	38,702
Meeting attendance fees	0	0	18,999
Annual allowance for ICT expenses	0	0	1,742
Travel and accommodation expenses	0	0	64
	<b>0</b>	<b>0</b>	<b>59,507</b>
<b>Cr Wendy McWhirter-Brooks (2021 - Current)</b>			
Deputy President's annual allowance	9,459	9,847	6,775
Meeting attendance fees	18,583	17,000	0
Travel and accommodation expenses	3,383	0	417
Annual allowance for ICT expenses	1,833	2,833	1,012
	<b>33,258</b>	<b>29,680</b>	<b>8,204</b>
<b>(Former Councillor) - Geraldine Parsons (2011 - 2021)</b>			
Deputy President's annual allowance	3,153	3,153	11,110
Meeting attendance fees	4,646	18,778	16,261
Annual allowance for ICT expenses	458	414	1,000
	<b>8,257</b>	<b>22,345</b>	<b>28,371</b>
<b>Cr Anita Grace (1996 - 2022)</b>			
Meeting attendance fees	18,583	18,778	16,261
Annual allowance for ICT expenses	1,833	1,833	1,000
	<b>20,416</b>	<b>20,611</b>	<b>17,261</b>
<b>Cr Adrienne Mortimer (2019 - Current)</b>			
Meeting attendance fees	18,583	18,777	16,261
Annual allowance for ICT expenses	1,833	1,833	1,000
Travel and accommodation expenses	0	0	1,122
	<b>20,416</b>	<b>20,610</b>	<b>18,383</b>
<b>(Former Councillor) - Carol Williams (2017 - 2021)</b>			
Meeting attendance fees	0	0	6,775
Annual allowance for ICT expenses	0	0	417
	<b>0</b>	<b>0</b>	<b>7,192</b>
<b>(Former Councillor) - Dean Hatwell (2017 - 2021)</b>			
Meeting attendance fees	0	0	5,420
Annual allowance for ICT expenses	0	0	333
Travel and accommodation expenses	0	0	2,852
	<b>0</b>	<b>0</b>	<b>8,605</b>
<b>(Former Councillor) - Holly Fleming (2019 - 2022)</b>			
Meeting attendance fees	13,937	14,083	16,261
Child care expenses	0	0	3,356
Annual allowance for ICT expenses	1,375	1,419	1,000
	<b>15,312</b>	<b>15,502</b>	<b>20,617</b>
<b>Cr Langtree Coppin (1986 - Current)</b>			
Meeting attendance fees	18,583	18,778	16,261
Annual allowance for ICT expenses	1,833	1,833	1,000
Travel and accommodation expenses	8,090	0	9,628
	<b>28,506</b>	<b>20,611</b>	<b>26,889</b>
<b>Cr Karen Lockyer (2019 - Current)</b>			
Meeting attendance fees	18,583	18,778	16,261
Annual allowance for ICT expenses	1,833	1,833	1,000
Travel and accommodation expenses	369	0	0
	<b>20,785</b>	<b>20,611</b>	<b>17,261</b>
<b>Cr Stacey Smith (2019 - Current)</b>			
Meeting attendance fees	18,583	18,778	16,261
Annual allowance for ICT expenses	1,833	1,833	1,000
Travel and accommodation expenses	2,898	0	2,261
	<b>23,314</b>	<b>20,611</b>	<b>19,522</b>



**SHIRE OF EAST PILBARA**  
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**FOR THE YEAR ENDED 30 JUNE 2022**

**21. RELATED PARTY TRANSACTIONS (cont)**

**(a) Elected Member Remuneration (cont)**

**Cr Annabell Landy (2021 - Current)**

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Meeting attendance fees	13,937	14,083	0
Travel and accommodation expenses	5,749	0	0
Annual allowance for ICT expenses	1,375	1,419	0
	<b>21,061</b>	<b>15,502</b>	<b>0</b>

**Cr Peta Baer (2021 - Current)**

Meeting attendance fees	13,937	14,083	0
Annual allowance for ICT expenses	1,375	1,375	0
	<b>15,312</b>	<b>15,458</b>	<b>0</b>

**Cr Matthew Anick (2021 - Current)**

Meeting attendance fees	13,937	14,083	0
Annual allowance for ICT expenses	1,375	1,376	0
Travel and accommodation expenses	5,749	0	0
	<b>21,061</b>	<b>15,459</b>	<b>0</b>

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

	2022 Actual \$	2022 Budget \$	2021 Actual \$
President's annual allowance	50,451	50,000	42,608
Deputy President's annual allowance	12,612	13,000	11,110
Meeting attendance fees	196,823	207,599	168,545
Child care expenses	0	0	3,356
Annual allowance for ICT expenses	19,455	20,001	10,997
Travel and accommodation expenses	26,238	0	16,939
21(b)	<b>305,579</b>	<b>290,600</b>	<b>253,555</b>

**(b) Key Management Personnel (KMP) Compensation**

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

	2022 Actual \$	2021 Actual \$
Short-term employee benefits	1,200,786	960,199
Post-employment benefits	158,632	116,084
Employee - other long-term benefits	43,176	21,731
Employee - termination benefits	121,070	214,338
Council member costs	305,579	253,555
21(a)	<b>1,829,243</b>	<b>1,565,907</b>

**Short-term employee benefits**

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

**Post-employment benefits**

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

**Other long-term benefits**

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

**Termination benefits**

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

**Council member costs**

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

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

**(c) Transactions with related parties**

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

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

In addition to KMP compensation above the following transactions occurred with related parties:

Sale of goods and services

2022 Actual	2021 Actual
\$	\$
0	13,160

**(d) Related Parties**

**The Shire's main related parties are as follows:**

*i. Key management personnel*

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

*ii. Other Related Parties*

An associate person of KMP was employed by the Shire under normal employment terms and conditions.

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Shire.

*iii. Entities subject to significant influence by the Shire*

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence.

Significant influence may be gained by share ownership, statute or agreement.

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

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

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

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

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

**(a) Interest rate risk**

**Cash and cash equivalents**

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
<b>2022</b>					
Cash and cash equivalents	1.69%	34,028,491	17,579,150	16,449,341	0
Financial assets at amortised cost - term deposits	2.10%	42,637,421	42,637,421	0	0
<b>2021</b>					
Cash and cash equivalents	0.10%	47,848,122	42,995,552	4,852,570	0
Financial assets at amortised cost - term deposits	0.40%	19,951,682	19,951,682	0	0

**Sensitivity**

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

	2022	2021
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	164,493	48,526

\* Holding all other variables constant

**Borrowings**

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 28(a).

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

**22. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit risk**

**Trade and Other Receivables**

The Shire's major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The Shire applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade 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.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total	Note
<b>30 June 2022</b>						
Rates receivable						
Expected credit loss	0.72%	0.47%	0.72%	0.85%		
Gross carrying amount	26,721	752,712	448,458	1,211,555	2,439,446	
Loss allowance	19,317	355,054	320,652	1,035,248	1,730,271	5
<b>30 June 2021</b>						
Rates receivable						
Expected credit loss	0.09%	1.52%	3.11%	2.06%		
Gross carrying amount	23,119	482,012	420,710	903,181	1,829,022	
Loss allowance	16,419	293,815	268,630	796,888	1,375,752	5

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total	
<b>30 June 2022</b>						
Trade and other receivables						
Expected credit loss	0.00%	0.01%	0.02%	0.25%		
Gross carrying amount	1,506,794	194,169	135,083	509,265	2,345,311	
Loss allowance	6,479	2,854	2,918	129,476	141,727	5
<b>30 June 2021</b>						
Trade and other receivables						
Expected credit loss	0.01%	0.01%	0.02%	0.43%		
Gross carrying amount	1,907,270	506,515	16,328	566,170	2,996,283	
Loss allowance	10,407	7,446	353	245,946	264,152	5

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**22. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit risk**

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

	Rates receivable		Trade and other receivables		Contract Assets	
	2022 Actual	2021 Actual	2022 Actual	2021 Actual	2022 Actual	2021 Actual
<b>Opening loss allowance as at 1 July</b>	\$ 1,375,752	\$ 1,030,929	\$ 264,152	\$ 301,571	\$ 0	\$ 0
Increase in loss allowance recognised in profit or loss during the year	354,519	317,572	(122,425)	10,000	0	0
Receivables written off during the year as uncollectible	15,169	0	5,179	0	0	0
Unused amount reversed	(15,169)	27,251	(5,179)	(47,419)	0	0
<b>Closing loss allowance at 30 June</b>	<b>1,730,271</b>	<b>1,375,752</b>	<b>141,727</b>	<b>264,152</b>	<b>0</b>	<b>0</b>

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

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

**Contract Assets**

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

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**22. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Liquidity risk**

**Payables and borrowings**

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2022</b>					
Trade and other payables	6,479,985	0	0	6,479,985	6,477,223
Borrowings	490,985	1,774,405	486,123	2,751,513	2,393,112
Other Liabilities	3,744,310	0	0	3,744,310	3,744,310
	10,715,280	1,774,405	486,123	12,975,808	12,614,645
<b>2021</b>					
Trade and other payables	5,682,920	0	0	5,682,920	5,682,920
Borrowings	595,932	2,265,389	486,123	3,347,444	2,859,244
Other Liabilities	3,524,216	0	0	3,524,216	3,524,216
	9,803,068	2,265,389	486,123	12,554,580	12,066,380

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

**23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

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

## 24. OTHER SIGNIFICANT ACCOUNTING POLICIES

### a) Goods and services tax (GST)

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

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

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

### b) Current and non-current classification

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

### c) Rounding off figures

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

### d) Comparative figures

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

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

### e) Budget comparative figures

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

### f) Superannuation

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

### g) Fair value of assets and liabilities

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

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

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

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

### h) Interest earnings

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

### i) Fair value hierarchy

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

#### Level 1

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

#### Level 2

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

#### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

### Valuation techniques

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

#### Market approach

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

#### Income approach

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

#### Cost approach

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

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

### j) Impairment of assets

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

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

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

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

### k) Initial application of accounting standards

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

### New accounting standards for application in future years

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

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

It is not expected these standards will have an impact on the financial report.



**SHIRE OF EAST PILBARA**  
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**25. FUNCTION AND ACTIVITY**

**(a) Service objectives and descriptions**

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

**Objective**

**Description**

**Governance**

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

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

**General purpose funding**

To collect revenue to allow for the provision of services.

Rates, general purpose government grants, normalisation grants and interest revenue.

**Law, order, public safety**

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

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

**Health**

To provide an operational framework for environmental and community health.

Maintenance of infant health clinic, health inspection services, food and water quality control and immunisation.

**Education and welfare**

To provide services to children and youth.

Community services and sponsored support of community and youth.

**Housing**

To provide and maintain housing.

Aged persons housing, and maintenance of leased properties.

**Community amenities**

To provide services required to the community.

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

**Recreation and culture**

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

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

**Transport**

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

Construction and maintenance of roads, footpaths, drainage works, parking facilities, traffic signs, street lighting, depot operations, street cleaning and operation of the Newman airport and Marble Bar and Nullagine airstrips.

**Economic services**

To help promote the Shire and its economic wellbeing.

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

**Other property and services**

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

Private works carried out by the Shire and allocations to works and service of all salaries and wages, overheads and plant costs incurred. Miscellaneous unclassified areas.

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**25. FUNCTION AND ACTIVITY (Continued)**

**(b) Income and expenses**

	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>2021 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Income excluding grants, subsidies and contributions</b>			
Governance	96,357	66,400	131,530
General purpose funding	21,640,386	23,449,600	16,983,281
Law, order, public safety	35,434	51,800	59,364
Health	51,877	86,800	40,116
Education and welfare	1,045	9,000	81,440
Housing	399,892	344,600	394,377
Community amenities	5,222,739	6,166,500	5,126,446
Recreation and culture	1,452,691	2,253,600	2,185,005
Transport	16,347,002	15,437,700	17,058,059
Economic services	881,250	762,500	958,605
Other property and services	1,078,512	810,200	866,821
	<b>47,207,185</b>	<b>49,438,700</b>	<b>43,885,044</b>
<b>Grants, subsidies and contributions</b>			
Governance	46,605	0	0
General purpose funding	4,555,857	0	0
Law, order, public safety	454,217	0	133,414
Health	10,102	0	0
Education and welfare	8,051	0	0
Housing	37,042	0	0
Community amenities	379,245	0	151,067
Recreation and culture	2,265,707	800,000	0
Transport	5,960,589	5,368,800	5,978,472
Economic services	327,260	0	1,000,000
Other property and services	354,095	0	0
	<b>14,398,770</b>	<b>6,168,800</b>	<b>7,262,953</b>
<b>Total Income</b>	<b>61,605,955</b>	<b>55,607,500</b>	<b>51,147,997</b>
<b>Expenses</b>			
Governance	627,149	(433,100)	659,454
General purpose funding	(711,262)	(459,100)	(563,499)
Law, order, public safety	(1,243,770)	(1,244,400)	(1,581,371)
Health	(536,429)	(593,700)	(443,594)
Education and welfare	(2,121,571)	(2,602,700)	(2,340,868)
Housing	(1,025,797)	(916,500)	(1,009,776)
Community amenities	(6,749,607)	(6,303,600)	(6,506,243)
Recreation and culture	(11,127,001)	(13,139,100)	(11,859,105)
Transport	(22,711,146)	(24,955,200)	(21,695,712)
Economic services	(2,468,418)	(2,049,700)	(2,011,695)
Other property and services	(3,178,042)	(2,999,800)	(2,360,401)
<b>Total expenses</b>	<b>(51,245,894)</b>	<b>(55,696,900)</b>	<b>(49,712,810)</b>
<b>Net result for the period</b>	<b>10,360,061</b>	<b>(89,400)</b>	<b>1,435,187</b>

**SHIRE OF EAST PILBARA**  
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**25. FUNCTION AND ACTIVITY (Continued)**

**(c) Fees and Charges**

	<b>2022</b>	<b>2022</b>	<b>2021</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Governance	349	500	143
General purpose funding	11,322	99,000	8,916
Law, order, public safety	35,434	27,800	30,820
Health	51,877	68,800	40,116
Education and welfare	955	2,500	0
Housing	398,121	297,000	345,239
Community amenities	4,769,051	5,868,500	4,805,234
Recreation and culture	770,776	740,100	723,361
Transport	16,244,125	14,140,000	15,102,852
Economic services	846,196	590,800	633,614
Other property and services	4,086	5,000	1,091
	<b>23,132,292</b>	<b>21,840,000</b>	<b>21,691,386</b>

**(d) Total Assets**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Governance	10,743,256	10,161,147
Law, order, public safety	2,670,661	2,537,171
Health	64,118	79,600
Education and welfare	5,619,276	5,815,294
Housing	15,840,342	12,314,558
Community amenities	24,443,016	23,615,219
Recreation and culture	37,832,695	35,600,494
Transport	260,832,981	255,931,125
Economic services	4,765,285	3,873,963
Other property and services	545,912	316,908
Unallocated	15,748,358	17,838,240
	<b>379,105,900</b>	<b>368,083,719</b>

SHIRE OF EAST PILBARA  
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26. RATING INFORMATION

(a) General Rates

				2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2020/21	
RATE TYPE		Rate in	Number of	Actual	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Actual	
Rate Description	Basis of valuation	\$	Properties	Rateable Value *	Rate Revenue	Interim Rates	Back Rates	Total Revenue	Rate Revenue	Interim Rate	Back Rate	Total Revenue	Total Revenue	
		\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Gross rental valuations														
GRV - Residential		0.07679	2,522	31,393,062	2,404,190	12,069	(13,257)	2,403,002	2,410,516	0	0	2,410,516	0	
GRV - Transient		0.10514	20	31,074,500	3,267,173	0	0	3,267,173	3,267,173	0	0	3,267,173	0	
GRV Non Residential - Town Centre		0.05257	42	4,595,402	241,580	0	0	241,580	241,580	0	0	241,580	0	
GRV Non Residential - Industrial		0.05257	121	12,893,796	677,826	0	0	677,826	677,827	0	0	677,827	0	
GRV Non Residential - Mixed Business		0.05257	14	1,575,950	71,534	0	0	71,534	82,848	0	0	82,848	0	
GRV - General *		0	0	0	0	0	0	0	0	0	0	0	5,870,291	
Unimproved valuations														
UV - Pastoral/ Special Leases		0.14145	46	6,221,180	879,985	236,745	(90,608)	1,026,122	879,986			879,986	711,442	
UV - Other		0.2829	1,162	45,786,321	13,162,632	0	0	13,162,632	12,952,950	190,000		13,142,950	7,857,781	
Sub-Total			3,927	133,540,211	20,704,920	248,814	(103,865)	20,849,869	20,512,880	190,000	0	20,702,880	14,439,514	
Minimum payment														
Gross rental valuations														
GRV - Residential		715	694	2,215,384	494,780	0	0	494,780	496,210	0	0	496,210	0	
GRV - Transient		715	0	0	0	0	0	0	0	0	0	0	0	
GRV Non Residential - Town Centre		813	16	152,774	13,008	0	0	13,008	13,008	0	0	13,008	0	
GRV Non Residential - Industrial		813	5	23,432	4,065	0	0	4,065	4,065	0	0	4,065	0	
GRV Non Residential - Mixed Business		813	0	0	0	0	0	0	0	0	0	0	0	
GRV - General *		0	0	0	0	0	0	0	0	0	0	0	457,470	
Unimproved valuations														
UV - Pastoral/ Special Leases		357	21	8,107	7,508	0	0	7,508	7,508	0	0	7,508	4,830	
UV - Other		715	794	863,828	584,870	0	0	584,870	567,710	0	0	567,710	337,120	
Sub-Total			1,530	3,263,525	1,104,231	0	0	1,104,231	1,088,501	0	0	1,088,501	799,420	
			5,457	136,803,736	21,809,151	248,814	(103,865)	21,954,100	21,601,381	190,000	0	21,791,381	15,238,934	
Concessions on general rates (Refer note 26(b))								(772,631)					(775,781)	(911,230)
Total amount raised from general rates								21,181,469					21,015,600	14,327,704
* Rateable value is based on the value of properties at the time the rate is raised.														
								21,181,469					21,015,600	14,327,704
Total Rates								21,181,469					21,015,600	14,327,704

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 *Income for not-for-profit entities*.

SHIRE OF EAST PILBARA  
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26. RATING INFORMATION (Continued)

Waivers or Concessions

Rate or Fee and  
Charge to which  
the Waiver or  
Concession is Granted

Type

Waiver/  
Concession

Discount  
%

Discount  
\$

2022  
Actual  
\$

2022  
Budget  
\$

2021  
Actual  
\$

GRV - Industrial	Rate	Concession	30.00%		201,788	201,800	493,260
GRV - Mixed Business	Rate	Concession	30.00%		21,295	24,500	26,884
UV - Pastoral/ Special	Rate	Concession	63.00%		549,550	549,481	391,086
					772,633	775,781	911,230
Total discounts/concessions (Note 26)					772,633	775,781	911,230

Rate or Fee and  
Charge to which  
the Waiver or  
Concession is Granted

Circumstances in which  
the Waiver or Concession is  
Granted and to whom it was  
available

Objects of the Waiver  
or Concession

Reasons for the Waiver  
or Concession

GRV - Industrial GRV - Mixed Business UV - Pastoral/ Special	All assessments within categories with the exception of minimums	To implement consistency to general rate staged increases	To implement consistency to general rate staged increases
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**SHIRE OF EAST PILBARA**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**26. RATING INFORMATION (Continued)**

**(c) Interest Charges & Instalments**

<b>Instalment Options</b>	<b>Date Due</b>	<b>Instalment Plan Admin Charge</b>	<b>Instalment Plan Interest Rate</b>	<b>Unpaid Rates Interest Rate</b>
		<b>\$</b>	<b>%</b>	<b>%</b>
<b>Option One</b>				
Single full payment	7/09/2021	0.0	0.00%	7.00%
<b>Option Two</b>				
First instalment	7/09/2021		4.00%	7.00%
Second instalment	9/11/2021	6.0	4.00%	7.00%
Third instalment	11/01/2022	6.0	4.00%	7.00%
Fourth instalment	15/03/2022	6.0	4.00%	7.00%

	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>2021 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest on unpaid rates	191,110	80,000	179,595
Interest on instalment plan	23,161	12,000	17,093
Charges on instalment plan	10,332	5,000	8,916
	<b>224,603</b>	<b>97,000</b>	<b>205,604</b>

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

**27. RATE SETTING STATEMENT INFORMATION**

		2021/22 Budget	2020/21
	2021/22 (30 June 2022 Carried Forward)	(30 June 2022 Carried Forward)	(30 June 2021 Carried Forward)
Note	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
<b>Adjustments to operating activities</b>			
Less: Profit on asset disposals	10(b) (76,352)	(152,800)	(104,147)
Add: Loss on disposal of assets	10(b) 145,702	185,800	402,571
Add: Depreciation	10(a) 16,061,765	16,900,100	17,671,266
Non-cash movements in non-current assets and liabilities:			
Financial assets at amortised cost	(4,996)	0	(3,232)
Pensioner deferred rates	(1,606)	0	(2,886)
Employee benefit provisions	(63,289)	0	65,460
Other provisions	371,922	0	139,816
<b>Non-cash amounts excluded from operating activities</b>	<b>16,433,146</b>	<b>16,933,100</b>	<b>18,168,848</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
<b>Adjustments to net current assets</b>			
Less: Reserve accounts	29 (68,580,932)	(47,064,301)	(58,051,748)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	14 384,436	11,433,817	466,132
- Current portion of lease liabilities	11(b) 0	27,489	0
<b>Total adjustments to net current assets</b>	<b>(68,196,496)</b>	<b>(35,602,995)</b>	<b>(57,585,616)</b>
<b>Net current assets used in the Rate Setting Statement</b>			
Total current assets	84,575,907	56,760,368	71,876,950
Less: Total current liabilities	(11,851,368)	(18,361,608)	(10,845,659)
Less: Total adjustments to net current assets	(68,196,496)	(35,602,995)	(57,585,616)
<b>Net current assets used in the Rate Setting Statement</b>	<b>4,528,043</b>	<b>2,795,765</b>	<b>3,445,675</b>

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

28. BORROWING AND LEASE LIABILITIES

(a) Borrowings

		Actual							Budget			
Purpose	Note	Principal at 1 July 2020	New Loans During 2020-21	Principal Repayments During 2020-21	Principal at 30 June 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	Principal at 1 July 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Loan 67 - Staff Housing		193,959	0	(93,893)	100,066	0	(100,066)	0	193,958	0	(93,900)	100,058
Loan 71 - Staff Housing		929,660	0	(131,295)	798,365	0	(139,954)	658,411	929,661	0	(131,300)	798,361
Loan 72 - Sewerage Upgrade		1,354,945	0	(125,225)	1,229,720	0	(130,910)	1,098,810	1,354,944	0	(125,200)	1,229,744
Loan 73 - Sewerage Upgrade		823,455	0	(92,362)	731,093	0	(95,201)	635,892	823,455	0	(92,400)	731,055
Loan 74 - Sewerage Upgrade		0	0	0	0	0	0	0	495,142	4,700,000	(271,600)	4,923,542
Loan 66 - Airport Upgrade		495,142	0	(495,142)	0	0	0	0	0	0	(495,100)	(495,100)
Total		3,797,161	0	(937,917)	2,859,244	0	(466,131)	2,393,113	3,797,160	4,700,000	(1,209,500)	7,287,660
Total Borrowings	14	3,797,161	0	(937,917)	2,859,244	0	(466,131)	2,393,113	3,797,160	4,700,000	(1,209,500)	7,287,660

\* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 4 as other financial assets at amortised cost.  
All other loan repayments were financed by general purpose revenue.

Borrowing Interest Repayments

Purpose	Note	Function and activity	Loan Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021
						\$	\$	\$
Loan 67 - Staff Housing		Housing	67	WATC*	6.47%	(3,975)	(12,300)	(9,472)
Loan 71 - Staff Housing		Housing	71	WATC*	6.49%	(51,686)	(65,400)	(55,391)
Loan 72 - Sewerage Upgrade		Community amenities	72	WATC*	4.49%	(61,804)	(69,500)	(59,157)
Loan 73 - Sewerage Upgrade		Community amenities	73	WATC*	3.05%	(26,440)	(30,800)	(24,248)
Loan 74 - Sewerage Upgrade		Community amenities	74	WATC*	1.40%	0	(110,600)	0
Loan 66 - Airport Upgrade		Transport	66	WATC*	6.25%	0	(22,000)	(21,887)
<b>Total</b>						(143,905)	(310,600)	(170,155)
<b>Total Interest Repayments</b>	2(b)					(143,905)	(310,600)	(170,155)



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

28. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2021/22

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges \$	Actual Balance Unspent \$
					2022 Actual \$	2022 Budget \$	2022 Actual \$	2022 Budget \$		
Loan 74 - Sewerage Upgrade	WATC*		10	1.40%	0	6,500,000	0	6,500,000	0	0
Loan 75 - Marble Bar Aerodrome	WATC*		10	1.40%	0	5,000,000	0	5,000,000	0	0
					0	11,500,000	0	11,500,000	0	0

\* WA Treasury Corporation

(c) Lease Liabilities

Purpose	Note	Actual								Budget			
		Principal				Principal				Principal			
		Principal at 1 July 2020 \$	New Leases During 2020-21 \$	Repayments During 2020-21 \$	Principal at 30 June 2021 \$	New Leases During 2021-22 \$	Repayments During 2021-22 \$	Principal at 30 June 2022 \$		Principal at 1 July 2021 \$	New Leases During 2021-22 \$	Repayments During 2021-22 \$	Principal at 30 June 2022 \$
Gym Equipment		27,489	0	(27,489)	0	0	0	0		0	0	0	0
<b>Total Lease Liabilities</b>	11(b)	27,489	0	(27,489)	0	0	0	0		0	0	0	0

Lease Interest Repayments

Purpose	Note	Function and activity	Lease Number	Institution	Interest Rate	Actual for year ending 30 June 2022 \$	Budget for year ending 30 June 2022 \$	Actual for year ending 30 June 2021 \$	Lease Term
Gym Equipment			E6N0157912	Mala Financial	2.20%	0	0	(151)	18 Months
<b>Total Interest Repayments</b>	2(b)					0	0	(151)	

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

**29. RESERVE ACCOUNTS**

	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance	2022 Budget Opening Balance	2022 Budget Transfer to	2022 Budget Transfer (from)	2022 Budget Closing Balance	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Restricted by council</b>												
(a) Alice Springs Road Reserve	216,847	467	0	217,314	216,722	2,700	0	219,422	215,871	976	0	216,847
(b) Cape Keraudren Reserve	293,390	301,191	0	594,581	295,024	4,600	0	299,624	363,799	1,644	(72,053)	293,390
(c) Heavy Plant Reserve	1,511,097	3,253	0	1,514,350	1,509,664	19,300	0	1,528,964	1,837,818	11,199	(337,920)	1,511,097
(d) Computer Technology Reserve	670,931	1,444	0	672,375	670,614	6,400	0	677,014	668,455	2,476	0	670,931
(e) Newman Airport Reserve	42,392,849	7,716,480	0	50,109,329	42,769,773	230,700	(11,005,500)	31,994,973	35,879,532	7,360,401	(847,084)	42,392,849
(f) Rec'n Facilities Maint Reserve	2,062,501	304,999	0	2,367,500	1,982,355	16,000	(100,000)	1,898,355	2,537,320	109,827	(584,646)	2,062,501
(g) Staff Housing Reserve	563,058	301,771	0	864,829	562,368	7,100	0	569,468	557,666	5,392	0	563,058
(h) Public Art Reserve	125,365	100,456	0	225,821	125,293	1,000	0	126,293	124,801	564	0	125,365
(i) Waste Management Reserve	1,962,963	4,226	0	1,967,189	1,962,506	624,500	(700,000)	1,887,006	1,959,403	3,560	0	1,962,963
(j) Annual Leave Reserve	972,884	2,094	0	974,978	972,324	9,800	0	982,124	968,504	4,380	0	972,884
(k) Newman House Reserve	734,010	1,580	0	735,590	733,588	9,200	(10,000)	732,788	730,710	3,300	0	734,010
(l) Public Building Maintenance Reserve	2,028,519	304,926	0	2,333,445	2,069,674	16,400	(100,000)	1,986,074	2,390,433	10,813	(372,727)	2,028,519
(m) Martumili Operations Reserve	814,612	126,867	(343,286)	598,193	826,372	46,700	(84,200)	788,872	441,756	717,101	(344,245)	814,612
(n) Martumili Infrastructure Project Reserve	311,104	643,806	(45,858)	909,052	310,955	55,000	0	365,955	309,934	1,170	0	311,104
(o) Future Infrastructure Reserve	3,154,499	853,791	0	4,008,290	2,349,967	407,400	0	2,757,367	2,344,017	810,482	0	3,154,499
(p) Insurance Reserve	237,119	250,976	0	488,095	0	250,000		250,000	0	250,000	(12,881)	237,119
	58,051,748	10,918,327	(389,144)	68,580,931	57,357,201	1,706,800	(11,999,700)	47,064,301	51,330,019	9,293,285	(2,571,556)	58,051,748

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

In accordance with Council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Alice Springs Road Reserve	Ongoing	To establish a road link to Alice Springs from Marble Bar to the Northern Territory border.
(b) Cape Keraudren Reserve	Ongoing	For the maintenance, development & enhancement of the Cape Keraudren Reserve.
(c) Heavy Plant Reserve	Ongoing	To fund the purchase of heavy plant that is needed for the operation of the Shire.
(d) Computer Technology Reserve	Ongoing	For the replacement, enhancement and upgrading of computer hardware and software.
(e) Newman Airport Reserve	Ongoing	For the upgrading, maintenance and enhancement of the Newman Airport .
(f) Rec'n Facilities Maint Reserve	Ongoing	For the upgrading and enhancement of recreation facilities.
(g) Staff Housing Reserve	Ongoing	For the upgrading and maintenance of staff and community housing assets.
(h) Public Art Reserve	Ongoing	For the development, maintenance & enhancement of Public Art within the three towns of the East Pilbara Shire.
(i) Waste Management Reserve	Ongoing	For the development, maintenance & enhancement of waste facilities including the sewerage plant.
(j) Annual Leave Reserve	Ongoing	For the development, maintenance & enhancement of waste facilities including the sewerage plant.
(k) Newman House Reserve	Ongoing	For the upgrade, maintenance and enhancement of Newman House.
(l) Public Building Maintenance Reserve	Ongoing	For the upgrading, maintenance and enhancement of Public Buildings.
(m) Martumili Operations Reserve	Ongoing	To hold and utilise the allocation of Martumili's funds.
(n) Martumili Infrastructure 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

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

**30. TRUST FUNDS**

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

	1 July 2021	Amounts Received	Amounts Paid	30 June 2022
	\$	\$	\$	\$
Cash in Lieu of Public Open Space	758,224	0	0	758,224
Impounded Vehicle Income	4,545	0	0	4,545
Pilbara Regional Council	0	27,335	0	27,335
	<u>762,769</u>	<u>27,335</u>	<u>0</u>	<u>790,104</u>

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7 CONFIDENTIAL MATTERS BEHIND CLOSED DOORS

**COMMITTEE DECISION**

**Moved:** Cr Lockyer

**Seconded:** Cr McWhirter-Brooks

**That the meeting be closed to the public in accordance with section 5.23(2) of the *Local Government Act 1995*.**

**CARRIED UNANIMOUSLY  
RECORD OF VOTE 3/0**

**For:** Shire President, Deputy Shire President, Cr Lockyer

**Against:** Nil

*Cr Middleton and Cr Lockyer declared financial interests in this item. As both Councillors would disconnect (Cr Middleton) and leave the Chamber (Cr Lockyer) respectively, a loss of meeting quorum would result. A procedural motion to defer the item was considered.*

## 7.1 DIRECTOR CORPORATE SERVICES

### 7.1.1 SHIRE DEBT

**Responsible Officer:** Steven Harding  
Chief Executive Officer

**Author:** Steve Leeson  
Director Corporate Services

**Proposed Meeting Date:** 26 May 2023

**Location/Address:** N/A

**Name of Applicant:** N/A

**Author Disclosure of Interest:** Nil

#### PROCEDURAL MOTION/COMMITTEE DECISION

**Moved:** Cr McWhirter-Brooks  
**Seconded:** Cr Lockyer

**That the Audit Risk and Governance Committee refer consideration of Item 7.1.1 of the Agenda to Council for decision.**

**CARRIED UNANIMOUSLY  
RECORD OF VOTE 3/0**

**For:** Shire President, Deputy Shire President, Cr Lockyer  
**Against:** Nil

#### REASONS FOR CONFIDENTIALITY

**That in accordance with section 5.23 (2) of the *Local Government Act 1995* the meeting is closed to members of the public with the following aspect(s) of the Act being applicable to this matter:**

**(b) The personal affairs of any person.**

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**COMMITTEE DECISION**

**Moved:** Cr Lockyer

**Seconded:** Cr McWhirter-Brooks

**That the meeting return to Open Committee in accordance with section 5.23(2) of the *Local Government Act 1995*.**

**CARRIED UNANIMOUSLY  
RECORD OF VOTE 3/0**

**For:** Shire President, Deputy Shire President, Cr Lockyer

**Against:** Nil

**8 CLOSURE**

There being no further business the Shire of East Pilbara Audit, Risk and Governance Committee Meeting of 25 May 2023 was declared closed at 4.19pm.