

CITY OF KARRATHA

BUDGET

FOR THE YEAR ENDED 30 JUNE 2022

Local Government Act 1995

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CITY'S VISION

To be Australia's most liveable regional city

CITY OF KARRATHA
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2021/22 Budget	2020/21 Actual	2020/21 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	45,352,357	44,298,154	43,374,241
Operating grants, subsidies and contributions	10(a)	16,013,802	14,471,699	19,550,160
Fees and charges	9	42,765,274	39,697,227	37,545,656
Interest earnings	13(a)	1,062,404	1,067,554	1,174,577
Other revenue	13(b)	1,093,251	2,835,940	765,673
		106,287,088	102,370,574	102,410,307
Expenses				
Employee costs		(37,265,326)	(35,825,082)	(35,425,142)
Materials and contracts		(34,029,855)	(31,494,686)	(33,273,148)
Utility charges		(6,596,858)	(6,399,152)	(6,475,307)
Depreciation on non-current assets	5	(18,924,084)	(19,207,407)	(18,594,262)
Interest expenses	13(d)	(40,357)	(29,633)	(5,994)
Insurance expenses		(2,089,521)	(1,903,606)	(1,773,981)
Other expenditure		(3,242,016)	(3,574,090)	(4,460,820)
		(102,188,017)	(98,433,656)	(100,008,654)
Subtotal				
		4,099,071	3,936,918	2,401,653
Non-operating grants, subsidies and contributions	10(b)	8,700,142	5,820,932	5,523,990
Profit on asset disposals	4(b)	2,043,048	544,646	1,200
Loss on asset disposals	4(b)	(201,800)	(286,478)	(272,783)
		10,541,390	6,079,100	5,252,407
Net result				
		14,640,461	10,016,018	7,654,060
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income				
		14,640,461	10,016,018	7,654,060

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

BASIS OF PREPARATION

The budget has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

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

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 17 to the budget.

2020/21 ACTUAL BALANCES

Balances shown in this budget as 2020/21 Actual are estimates as forecast at the time of budget preparation and are subject to final adjustments.

CHANGE IN ACCOUNTING POLICIES

On the 1 July 2021 no new accounting policies are to be adopted and no new policies are expected to impact the annual budget.

KEY TERMS AND DEFINITIONS - NATURE OR TYPE

REVENUES
RATES

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

SERVICE CHARGES

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

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

PROFIT ON ASSET DISPOSAL

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

REVENUES (CONTINUED)

OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

FEES AND CHARGES

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

INTEREST EARNINGS

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

OTHER REVENUE / INCOME

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

EXPENSES

EMPLOYEE COSTS

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

MATERIALS AND CONTRACTS

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

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

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

INSURANCE

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

LOSS ON ASSET DISPOSAL

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

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation and amortisation expense raised on all classes of assets.

INTEREST EXPENSES

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

OTHER EXPENDITURE

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

CITY OF KARRATHA
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2021/22 Budget	2020/21 Actual	2020/21 Budget
Revenue	1,9,10(a),13(a),13(b)	\$	\$	\$
Governance		83,147	1,125,518	1,092,924
General purpose funding		52,230,669	49,816,905	48,598,000
Law, order, public safety		668,194	801,864	590,401
Health		166,407	233,150	158,542
Education and welfare		72,000	60,900	78,000
Housing		821,690	942,318	997,756
Community amenities		11,597,591	11,564,866	10,443,981
Recreation and culture		15,822,747	10,985,955	16,795,946
Transport		23,422,957	25,345,946	22,812,423
Economic services		715,976	673,371	543,350
Other property and services		685,710	819,781	298,984
		106,287,088	102,370,574	102,410,307
Expenses excluding finance costs	4(a),5,13(c)(e)			
Governance		(4,613,589)	(2,606,477)	(3,491,541)
General purpose funding		(2,896,012)	(1,992,478)	(1,459,347)
Law, order, public safety		(1,707,144)	(1,374,269)	(1,475,308)
Health		(1,171,584)	(1,100,581)	(1,152,792)
Education and welfare		(163,917)	(158,058)	(178,845)
Housing		(764,129)	(942,092)	(992,084)
Community amenities		(19,602,710)	(17,336,431)	(16,940,376)
Recreation and culture		(40,750,819)	(42,922,293)	(43,887,123)
Transport		(26,708,635)	(27,477,957)	(24,820,710)
Economic services		(2,802,440)	(2,066,297)	(5,454,399)
Other property and services		(966,681)	(427,090)	(150,135)
		(102,147,660)	(98,404,023)	(100,002,660)
Finance costs	6(a),7,13(d)			
General purpose funding		(3,861)	(5,994)	(5,994)
Recreation and culture		(36,496)	(23,639)	0
		(40,357)	(29,633)	(5,994)
Subtotal		4,099,071	3,936,918	2,401,653
Non-operating grants, subsidies and contributions	10(b)	8,700,142	5,820,932	5,523,990
Profit on disposal of assets	4(b)	2,043,048	544,646	1,200
(Loss) on disposal of assets	4(b)	(201,800)	(286,478)	(272,783)
		10,541,390	6,079,100	5,252,407
Net result		14,640,461	10,016,018	7,654,060
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		14,640,461	10,016,018	7,654,060

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

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

<p>In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the City's Community Vision, and for each of its broad activities/programs.</p>	
<p>OBJECTIVE</p> <p>GOVERNANCE</p> <p>To provide a decision making process for the efficient allocation of scarce resources.</p>	<p>ACTIVITIES</p> <p>Functions relating to Councillors and the oversight of legislative compliance. Expenditure includes election costs as well as fees and allowances paid to elected members and other costs associated with members of Council. Governance also includes other tasks such as the City's internal audit function, Freedom of Information requests, Public Interest Disclosures and procurement policy development and oversight.</p>
<p>GENERAL PURPOSE FUNDING</p> <p>To collect revenue to allow for the provision of services.</p>	<p>Rating (including ex-gratia contributions), interest revenues, investment property revenues and general purpose Government grant functions. Includes the Financial Assistance Grant received from the Local Government Grants Commission and all other rate income.</p>
<p>LAW, ORDER, PUBLIC SAFETY</p> <p>To provide services to help ensure a safer and environmentally conscious community.</p>	<p>Supervision of various by-laws, fire and emergency services and animal control. Includes expenditure for Ranger Services, State Emergency Service and disaster preparation and recovery expenses.</p>
<p>HEALTH</p> <p>To provide an operational framework for environmental and community health.</p>	<p>Food control, immunisation services, mosquito control and maintenance of child health centres. Expenditure includes the maintenance of the child health clinic buildings, various health promotions and pest control expenses primarily relating to mosquito control.</p>
<p>EDUCATION AND WELFARE</p> <p>To provide services to disadvantaged persons, the elderly, children and youth.</p>	<p>Maintain preschool facilities and day care centres. This includes expenditure in maintaining the day care centre buildings and also donations to schools for awards etc.</p>
<p>HOUSING</p> <p>To provide and maintain staff housing.</p>	<p>Maintenance and operational expenses associated with the provision of staff housing.</p>
<p>COMMUNITY AMENITIES</p> <p>To provide services required by the community.</p>	<p>Rubbish collection services, operation of waste facility, administration of town planning schemes and operation of cemeteries. Also included are the costs associated with the maintaining and cleaning of public toilets.</p>
<p>RECREATION AND CULTURE</p> <p>To establish and effectively manage infrastructure and resources which will help the social well being of the community.</p>	<p>Maintenance and operation of halls, recreation and aquatic centres, various reserves and libraries. Expenditure includes the cost of the Karratha Leisureplex, Red Earth Arts Precinct, community hubs and other pavillions, ovals and parks maintenance, coastal rehabilitation, and four libraries. Expenses relating to JJJ radio re-broadcasting are also included in this function.</p>
<p>TRANSPORT</p> <p>To provide safe, effective and efficient transport services to the community.</p>	<p>Construction and maintenance of roads, drainage, footpaths, parking facilities and traffic signs. It also includes expenditure relating to parking control and the operation of the Karratha & Roebourne Airport.</p>
<p>ECONOMIC SERVICES</p> <p>To help promote the local government and its economic wellbeing.</p>	<p>Includes expenditure associated with operation of visitor services and camping grounds, in addition to the administration of building controls.</p>
<p>OTHER PROPERTY AND SERVICES</p> <p>To monitor and control operating accounts.</p>	<p>Includes private works on property and services not under the care, control and management of the City. It also includes expenditure relating to plant operations, technical services, town planning schemes and other unclassified works.</p>

CITY OF KARRATHA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2021/22 Budget	2020/21 Actual	2020/21 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		46,824,592	44,233,424	43,427,852
Operating grants, subsidies and contributions		18,063,802	16,451,438	18,429,528
Fees and charges		42,765,274	39,697,227	37,545,656
Interest received		1,062,404	1,067,554	1,174,577
Goods and services tax received		0	3,659	19,709
Other revenue		1,093,251	2,835,940	765,673
		109,809,323	104,289,242	101,362,995
Payments				
Employee costs		(37,265,326)	(35,825,082)	(35,931,106)
Materials and contracts		(32,529,855)	(33,280,570)	(29,444,529)
Utility charges		(6,596,858)	(6,399,152)	(6,475,307)
Interest expenses		(40,357)	(29,633)	(5,994)
Insurance paid		(2,089,521)	(1,903,606)	(1,773,981)
Other expenditure		(3,242,016)	(3,574,090)	(4,460,820)
		(81,763,933)	(81,012,133)	(78,091,737)
Net cash provided by (used in) operating activities	3	28,045,390	23,277,109	23,271,258
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for loans receivable - clubs/institutions		(3,450,000)	(650,000)	(3,246,000)
Payments for development of land held for resale	4(a)	(1,950,996)	(715,424)	(150,000)
Payments for purchase of investment property	4(a)	(255,000)	(70,080)	(125,100)
Payments for purchase of property, plant & equipment	4(a)	(13,424,181)	(10,222,366)	(15,872,674)
Payments for construction of infrastructure	4(a)	(24,653,118)	(18,763,742)	(20,926,361)
Payments for right of use asset	4(a)	0	(1,411,035)	0
Non-operating grants, subsidies and contributions	10(b)	8,700,142	5,820,932	5,523,990
Proceeds from sale of land held for resale	4(b)	2,800,000	735,000	0
Proceeds from sale of plant and equipment	4(b)	1,989,000	626,472	1,028,200
Proceeds on financial assets at amortised cost - self supporting loans		87,654	790	85,520
Net cash provided by (used in) investing activities		(30,156,499)	(24,649,453)	(33,682,425)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(85,947)	(85,520)	(85,520)
Principal elements of lease payments	7	(132,763)	(84,233)	0
New lease liabilities incurred	7	0	1,351,035	0
Proceeds on disposal of financial assets at amortised cost - term deposits		0	13,163,678	0
Net cash provided by (used in) financing activities		(218,710)	14,344,960	(85,520)
Net increase (decrease) in cash held		(2,329,819)	12,972,616	(10,496,687)
Cash at beginning of year		68,148,286	55,175,670	74,128,328
Cash and cash equivalents at the end of the year	3	65,818,467	68,148,286	63,631,641

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

CITY OF KARRATHA
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2021/22 Budget \$	2020/21 Actual \$	2020/21 Budget \$
OPERATING ACTIVITIES				
Restricted surplus at start of financial year		298,260	453,046	452,483
Net current assets at start of financial year - surplus/(deficit)	2(a)	3,653,875	1,700,172	5,048,682
		3,952,135	2,153,218	5,501,165
Revenue from operating activities (excluding rates)				
Governance		1,375,195	1,662,464	1,092,924
General purpose funding		6,930,712	5,570,190	5,275,198
Law, order, public safety		668,194	801,864	590,401
Health		166,407	233,150	158,542
Education and welfare		72,000	60,900	78,000
Housing		1,571,690	942,318	997,756
Community amenities		11,597,591	11,564,866	10,443,981
Recreation and culture		15,823,747	10,992,455	16,795,946
Transport		23,422,957	25,347,146	22,813,623
Economic services		715,976	673,371	543,350
Other property and services		685,710	819,781	298,984
		63,030,179	58,668,505	59,088,705
Expenditure from operating activities				
Governance		(4,613,589)	(2,606,477)	(3,491,541)
General purpose funding		(2,899,873)	(1,998,472)	(1,465,341)
Law, order, public safety		(1,728,644)	(1,374,269)	(1,496,808)
Health		(1,171,584)	(1,100,581)	(1,152,792)
Education and welfare		(163,917)	(158,058)	(178,845)
Housing		(764,129)	(942,092)	(992,084)
Community amenities		(19,685,710)	(17,526,931)	(17,099,376)
Recreation and culture		(40,804,315)	(42,954,706)	(43,923,311)
Transport		(26,785,435)	(27,540,261)	(24,844,905)
Economic services		(2,802,940)	(2,075,297)	(5,463,399)
Other property and services		(969,681)	(442,990)	(173,035)
		(102,389,817)	(98,720,134)	(100,281,437)
Non-cash amounts excluded from operating activities	2(b)	17,203,662	19,182,861	18,865,845
Amount attributable to operating activities		(18,203,841)	(18,715,550)	(16,825,722)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		8,700,142	5,820,932	5,523,990
Payments for land held for resale	4(a)	(1,950,996)	(715,424)	(150,000)
Payments for investment property	4(a)	(255,000)	(70,080)	(125,100)
Payments for property, plant and equipment	4(a)	(13,424,181)	(10,222,366)	(15,872,674)
Payments for construction of infrastructure	4(a)	(24,653,118)	(18,763,742)	(20,926,361)
Payments for right of use asset	4(a)	0	(1,411,035)	0
Payments for loans receivable - clubs/institutions		(3,450,000)	(650,000)	(3,246,000)
Proceeds from disposal of assets	4(b)	4,789,000	1,361,472	1,028,200
Proceeds from financial assets at amortised cost - self supporting loans		87,654	790	85,520
		(30,156,499)	(24,649,453)	(33,682,425)
Amount attributable to investing activities		(30,156,499)	(24,649,453)	(33,682,425)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(85,947)	(85,520)	(85,520)
Principal elements of finance lease payments	7	(132,763)	(84,233)	0
Lease liabilities incurred	7	0	1,351,035	0
Transfers to cash backed reserves (restricted assets)	8(a)	(28,211,568)	(14,195,706)	(14,849,022)
Transfers from cash backed reserves (restricted assets)	8(a)	31,645,182	16,084,847	22,552,393
Amount attributable to financing activities		3,214,904	3,070,423	7,617,851
Budgeted deficiency before imposition of general rates		(45,145,436)	(40,294,580)	(42,890,296)
Estimated amount to be raised from general rates	1	45,299,957	44,246,715	43,322,802
Less Restricted Surplus		(150,000)	(298,260)	(298,823)
Net current assets at end of financial year - surplus/(deficit)	2(a)	4,521	3,653,875	133,683

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

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CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2021/22 Budgeted rate revenue	2021/22 Budgeted interim rates	2021/22 Budgeted back rates	2021/22 Budgeted total revenue	2020/21 Actual total revenue	2020/21 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate									
Gross rental valuations									
Residential	0.118536	7,004	143,758,441	17,040,551	50,000	40,000	17,130,551	16,983,914	16,934,831
Commercial / Industrial	0.101677	721	73,490,346	7,472,278	50,000	10,000	7,532,278	7,334,702	7,337,109
Airport / Strategic Industry	0.157867	28	13,254,570	2,092,459	20,000	10,000	2,122,459	2,072,247	2,040,471
Transient Workforce Accommodation/Workforce Accommodation	0.390527	23	16,039,700	6,263,936	0	0	6,263,936	6,139,038	5,325,803
Unimproved valuations									
Pastoral	0.104571	10	2,178,416	227,799	0	(62,500)	165,299	288,555	288,555
Mining / Other	0.134096	220	7,286,328	977,067	100,000	5,000	1,082,067	7,477,874	917,800
Strategic Industry	0.186544	30	42,149,932	7,862,817	66,159	0	7,928,976	955,150	7,477,874
Sub-Totals		8,036	298,157,733	41,936,907	286,159	2,500	42,225,566	41,251,480	40,322,443
Minimum									
Minimum payment									
	\$								
Gross rental valuations									
Residential	1,563	1,540	12,926,450	2,407,020	0	0	2,407,020	2,337,441	2,334,343
Commercial / Industrial	1,563	402	3,013,896	628,326	0	0	628,326	616,502	622,698
Airport / Strategic Industry	1,563	3	4,750	4,689	0	0	4,689	4,647	3,098
Transient Workforce Accommodation/Workforce Accommodation	1,563	0	0	0	0	0	0	0	0
Unimproved valuations									
Pastoral	328	0	0	0	0	0	0	0	0
Mining / Other	328	185	213,788	60,680	0	0	60,680	63,050	65,975
Strategic Industry	328	12	8	3,936	0	0	3,936	3,575	4,225
Sub-Totals		2,142	16,158,892	3,104,651	0	0	3,104,651	3,025,215	3,030,339
		10,178	314,316,625	45,041,558	286,159	2,500	45,330,217	44,276,695	43,352,782
Concessions (Refer note 1(f))							(30,260)	(29,980)	(29,980)
Total amount raised from general rates							45,299,957	44,246,715	43,322,802
Ex gratia rates							52,400	51,439	51,439
Total rates							45,352,357	44,298,154	43,374,241

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

The general rates detailed for the 2021/22 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

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

1. RATES AND SERVICE CHARGES (CONTINUED)

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

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

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one				
Single full payment	3/09/2021	0	0.0%	7.0%
Option two				
First instalment	3/09/2021	0	4.5%	7.0%
Second instalment	17/01/2022	10	4.5%	7.0%
Option three				
First instalment	3/09/2021	0	4.5%	7.0%
Second instalment	8/11/2021	10	4.5%	7.0%
Third instalment	17/01/2022	10	4.5%	7.0%
Fourth instalment	28/03/2022	10	4.5%	7.0%

	2021/22 Budget revenue	2020/21 Actual revenue	2020/21 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	70,000	53,525	61,000
Instalment plan interest earned	88,000	87,348	90,000
Unpaid rates and service charge interest earned	240,000	132,000	240,000
Service Charge Instalment Plan Admin Charge Revenue	4,450	4,450	2,690
Service Charge Instalment Plan Interest Earned	40,000	40,815	28,443
Unpaid Service Charges Interest Earned	12,000	6,142	24,000
Administration Fee - Adhoc Arrangement	0	0	0
Administration Fee - Direct Debit	0	0	0
Deferred Pensioner Interest	1,000	1,300	1,100
	455,450	325,580	447,233



OBJECTS AND REASONS FOR PROPOSED DIFFERENTIAL RATES FOR THE YEAR ENDING 30 JUNE 2022

In accordance with Section 6.36 of the *Local Government Act 1995*, the City of Karratha is required to publish its Objects and Reasons for implementing Differential Rates.

OVERALL OBJECTIVE

The purpose of the levying of rates is to meet Council's budget requirements in each financial year in order to deliver services and community infrastructure.

Property valuations provided by the Valuer General are used as the basis for the calculation of rates each year. Section 6.33 of the *Local Government Act 1995* provides the ability to differentially rate properties based on zoning and/or land use as determined by the City of Karratha. The application of differential rating maintains equity in the rating of properties across the City.

Council has considered the Key Values contained within the Rating Policy Differential Rates (s.6.33) May 2019 released by the Department of Local Government and Communities, being:

- Objectivity
- Fairness and Equity
- Consistency
- Transparency and administrative efficiency

A copy of the policy can be obtained from [Rating Policy: Differential Rates \(dlgsc.wa.gov.au\)](http://dlgsc.wa.gov.au)

Council has determined its required rates yield after reviewing all revenue sources, expenditure and efficiency measures as part of its budget deliberations.

The Rate in the Dollar applied to all rating categories reflects a 0.9% increase to facilitate Council's objective of raising a total of \$45.3 million in rates. This will ensure an equitable distribution of the required rates yield from one year to the next consistent with Council's approach in previous years.

The rate yield of \$45.3 million is below the revenue requirements of Council's Long Term Financial Plan (LTFP) of \$49.4 million for the 2021/22 financial year, which provides for Capital Works and Programs.

Council has reviewed its expenditure and considered efficiency measures as part of its budget deliberations. In particular, the following actions have been undertaken:

Efficiency Measures:

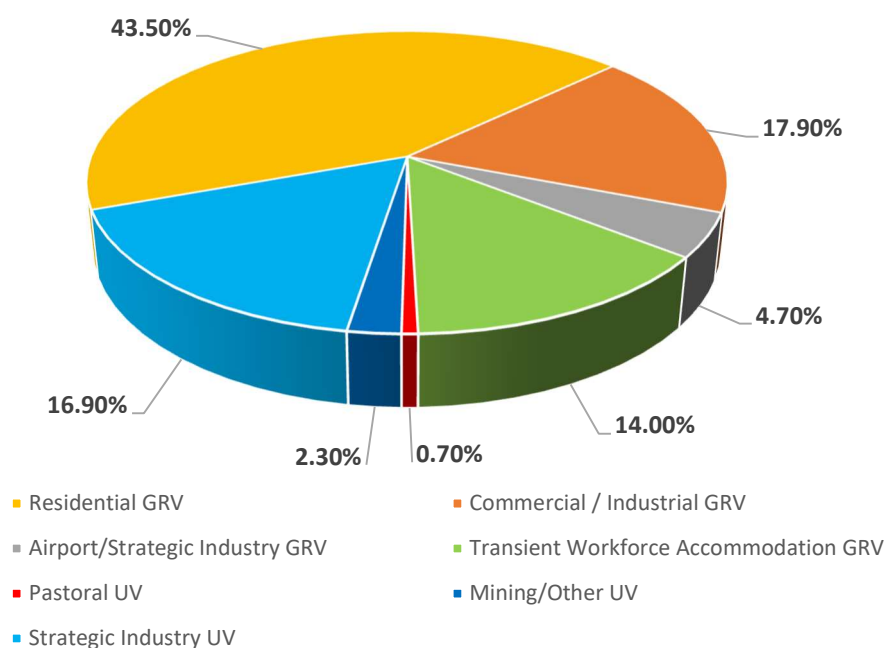
- continued review of the need for and remuneration of each vacant position;
- disposal of under-utilised light fleet and plant;
- continued use of local suppliers whenever possible and appropriate;
- implementing energy and water efficiency strategies and actions;
- installation of solar PV array at Karratha Leisureplex;
- review of GRV rating for capital improvements under the State's Rating Policy – Valuation of Land – Mining;
- conduct two full budget reviews each financial year;
- implementation of records digitisation strategy;
- review of Enterprise Resource Planning system;
- ongoing investment in property to generate alternative revenue streams and reduce reliance on rates.

Service Improvements:

- redevelopment of Karratha Leisureplex;
- reconstruction of Bayly Avenue at the Karratha Airport;
- reconstruction of Coolawanyah Road stage 3;
- expansion of local road and footpath network and associated infrastructure;
- completion of Dampier Foreshore Redevelopment;
- land development to allow another 20 residential lots to be released;
- Dampier land transfers from Rio Tinto;
- Kevin Richards Memorial Oval, Windy Ridge Oval and Hampton Oval upgrades;
- increase in frequency of slashing and mowing;
- lot 7020 development in the CBD;
- completion of the golf course redevelopment;
- conduct of annual community survey to inform services and priorities;
- increase in indigenous engagement.

Table 1 represents the total 2021/22 rates to be levied by land use / zoning.

Table 1: Indicative Percentage Rates Contribution by Land Use / Zoning



GROSS RENTAL VALUE PROPERTIES (GRV)

The *Local Government Act 1995* determines that properties of a non-rural purpose be rated using the Gross Rental Valuation (GRV) as the basis for the calculation of annual rates.

The Valuer General supplies and updates the GRV for all properties within the City of Karratha every three years but the current valuation will be on a five year cycle due to Covid-19 delaying last year's visit from Landgate to do the 2021 revaluation. GRV properties were revalued in 2017 and were effective from 1 July 2018. The next full revaluation of GRV properties is now scheduled to be applicable from 1 July 2022.

Interim valuations are provided monthly to the City of Karratha by the Valuer General for properties where changes have occurred (i.e. subdivisions or strata title of property, amalgamations, building constructions, demolition, additions and/or property rezoning). In such instances Council recalculates the rates for the affected properties and issues interim rates notices.

Table 2 below summarises the proposed 2021/22 minimum payments and rates in the dollar for GRV:

Table 2: Proposed differential rates for 2021/22 financial year (GRV)
Including average rate per assessment

Differential Rates 2021/22				
Category	Proposed Minimum Payment	Proposed Rate in the Dollar	Proposed Average Rate per Property	Change in Average Rate
Gross Rental Value	\$	\$	\$	%
Residential	1,563	0.118536	2,273	1.04%
Commercial / Industrial	1,563	0.101677	7,132	1.35%
Airport / Strategic Industry (GRV)	1,563	0.157867	67,650	0.98%
Transient Workforce Accommodation / Workforce Accommodation	1,563	0.390527	272,345	0.90%

Residential – means any land:

- that is predominantly used for residential purposes;
- or**
- which is vacant of any construction, and is zoned as residential under the City's Planning Scheme.

This differential rate is applicable to properties that have a predominant land use of residential, or used by organisations involved in activities for community benefit including Arts and Craft facilities, Youth Centres, Day Care Centres, Sporting Grounds/Clubs (that do not run a commercial business/kitchen) and health & emergency service facilities.

The reason for the rate in the dollar for this category is to reflect the level of rating required to raise the necessary revenue to operate efficiently and provide the diverse range of services and programs and associated infrastructure/facilities required for developed residential and urban areas. Also to further the City's strategic goals to encourage and support residential development in the town sites and organisations that contribute toward a safe, healthy, cohesive and vibrant community.

Council is focussed on sustainably managing its community and infrastructure assets through the funding of renewal and replacement asset programs. These programs include but are not limited to investment in the resealing of roads, replacement and development of footpath networks, refurbishing of public ablutions and other building maintenance programs.

The rate for this category maintains an increase to the average rate for residential properties of 1.04% with an increase in the rate-in-the-dollar of 0.9% for the 2021/22 financial year. The minimum rate of \$1,563 is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

Commercial / Industrial – means any land:

- that is predominately used for either:
 - commercial purposes;
 - tourism purposes;
 - industrial purposes;
 - a combination of industrial, commercial and tourism purposes;
- or**
- which is vacant of any construction, and is zoned as Commercial, Tourism, Town Centre, Industrial or Mixed Business under the City's Planning Scheme.
- or**
- that does not have the characteristics of any other GRV differential rate category.

The reason for the rate in the dollar for this category is to recognise a greater share of costs associated with economic development, tourism and marketing, parking, LIA infrastructure, environmental health and regulatory services, and CBD infrastructure and amenity. The objective is to raise revenue to contribute toward associated costs, but not limited to, rubbish collection in relevant areas, town planning control costs, health inspections and administration costs, complexity in building control, traffic volumes

and vehicle mass due to commercial and industrial activity, parking facilities, traffic management, pedestrian access, commercial and industrial signage, visitor servicing and street furniture.

Council is focussed on sustainably managing its community and infrastructure assets through the funding of renewal and replacement asset programs. These programs include but are not limited to investment in the resealing of roads (including reconstruction of major distributor roads within the LIA such as Mooligunn Road) and replacement and development of footpaths.

The rate for this category maintains an increase to the average rate for properties of 1.35% for the 2021/22 financial year. The minimum rate of \$1,563 is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

Airport / Strategic Industry – means any land:

- which is located within Karratha Airport (Reserve #30948);
or
- that is predominately used for the purpose of resource processing.

The reasons for the category are to recognise a greater share of costs associated with economic development, tourism and marketing, parking, and transport infrastructure associated with heavy plant and equipment.

In order to ensure that Council can maintain and sustain these infrastructure assets and services, a higher differential rate is proposed to be struck.

Strategic Industry – properties with a land use of Strategic Industry have State or Regional significance which utilise a proportionately high level of infrastructure assets due to heavy haulage vehicle movements. In addition, they also impact on the provision of environmental and strategic planning services as well as access to all other services and facilities provided by Council.

Airport - properties located in the Karratha Airport Precinct (second busiest airport in Western Australia) receive direct benefit from significant Airport Infrastructure and services more so than any other ratepayer. In addition, these properties have access to all other services and facilities provided by Council.

Karratha Airport is a strategic asset of Council and the services afforded to Airport properties are of significant benefit. Operating costs of circa \$9 million (excludes recoverable costs) are forecast for 2020/21 with similar operating costs (plus associated CPI and Utility increases) anticipated for 2021/22.

Council's significant terminal (2015) and forecourt, carpark (2017) and Bayly Avenue (2021) redevelopment projects provide a higher amenity and service to airport properties.

The rate for this category results in an increase to the average rate for properties of 0.98% with an increase in the rate-in-the-dollar of 0.9% for the 2021/22 financial year. This is due to growth in the number of rateable properties during the current financial year. The minimum rate of \$1,563 is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

Transient Workforce Accommodation / Workforce Accommodation – means any land:

- that is predominately used for the purpose of workforce accommodation;
or
- that is predominately used for the purpose of transient workforce accommodation;
or
- that has been zoned as Transient Workforce.

The rate in the dollar for the Transient Workforce Accommodation / Workforce Accommodation (TWA) category is proposed to be three point two nine times (x3.29) the Residential rate category which equates to three point eight four times (x3.84) the lowest GRV rate in the dollar being Commercial / Industrial.

This differential rate maintains a proportional share of rating required to raise the necessary revenue to operate efficiently and provide the diverse range of services and programs and associated infrastructure/facilities required for developed residential and urban areas. These services, programs

and facilities are available to FIFO workers in the same manner as they are available to all other residents of the City and the contribution from this category has been set at a level that reflects this fact.

Council is focused on sustainably managing its community and infrastructure assets through the funding of renewal and replacement asset programs. These programs include but are not limited to investment in the resealing of roads, replacement and development of footpath networks, refurbishing of public ablutions and other building maintenance programs. In addition, these properties have access to all other services and facilities provided by Council.

The rates per TWA accommodation unit are less than the equivalent rate per residential accommodation unit and are significantly less than the minimum rate of \$1,563 for a single bedroom residence. Despite the lower rate per accommodation unit, TWA properties have the potential to have a greater impact on Council services/assets than other properties due to their number of occupants in a relatively small land parcel (i.e. concentrated coach/vehicle movements on local roads). In order to appropriately maintain and manage Council's asset and infrastructure in the longer term, a higher differential rate is proposed for this category to reflect the greater potential and actual intensity of use of Council assets and infrastructure.

The rate for this category supports Council's preferred option that the operational workforce associated with resource interests be housed in normal residential properties within the town boundaries.

The rate for this category maintains an increase to the average rate for TWA's of 0.9% with an increase in the rate-in-the-dollar of 0.9% for the 2021/22 financial year. This is due to growth in the number of rateable properties during the current financial year. The minimum rate of \$1,563 is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

UNIMPROVED VALUE PROPERTIES (UV)

Properties that are predominantly of a rural purpose are assigned an Unimproved Value that is supplied and updated by the Valuer General on an annual basis.

Table 3 below summarises the proposed 2021/22 minimum payments and rates in the dollar for Unimproved Values:

**Table 3: Proposed differential rates for 2021/22 financial year (UV)
Including average rate per assessment**

Differential Rates 2021/22				
Category	Proposed Minimum Payment	Proposed Rate in the Dollar	Proposed Average Rate per Property	Change in Average Rate
Unimproved Value	\$	\$	\$	%
Pastoral	328	0.104571	29,115	0.9%
Mining/Other	328	0.134096	2,537	0.9%
Strategic Industry (UV)	328	0.186544	179,733	0.9%

Pastoral – means any land:

- that currently has a pastoral lease granted;
and
- that is used predominantly for the purpose of grazing (including agistment), dairying, pig-farming, poultry farming, fish farming, tree farming, bee-keeping, viticulture, horticulture, fruit growing or the growing of crops of any kind or for any combination of these activities.

This rating category reflects the level of rating required to raise the necessary revenue to operate efficiently and provide for rural infrastructure and services in addition to the urban services, programs and infrastructure which are available to be accessed by the properties in this category.

The land is predominately used for livestock, grazing and providing a tourism service, including Caravan Parks and Holiday Accommodation. The reason for a lower rate applied to the UV Pastoral category, as compared to UV Mining/Industrial, is to reflect the lower level of impact these activities have on general infrastructure and facilities including road infrastructure, recreation facilities and the permanent nature of the business activity relevant to mining and related industry.

The rate for this category maintains an increase to the average rate for Pastoral of 0.9% with an increase in the rate-in-the-dollar of 0.9% for the 2021/22 financial year. The UV minimum rate of \$328 is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

Mining / Other – means any land:

- that a mining, exploration, prospecting or retention lease and/or license has been granted;
or
- that does not have the characteristics of any other UV differential rate category.

The reasons for this category is to reflect the impact on utilisation of rural infrastructure (comparative to Pastoral) by heavy transport and associated higher traffic volumes. In addition, these properties have access to all other services and facilities provided by Council.

The rate for this category maintains an increase to the average rate for Mining/Other properties of 0.9% with an increase in the rate-in-the-dollar of 0.9% for the 2021/22 financial year. The UV minimum rate of \$328 is to ensure that all ratepayers make a reasonable contribution for basic services and infrastructure.

Strategic Industry – means any land:

- that is predominately used for industrial purposes;
or
- that is predominately used for the purpose of resource processing;
or
- that is predominately used for the purpose of supporting a transient workforce.

The reasons for this category are to reflect the impact on utilisation of urban and rural infrastructure (comparative to Pastoral) by heavy transport and associated higher traffic volumes by operations associated with State Agreements and/or significant resource sector operations. In addition, these properties have access to all other services and facilities provided by Council.

Properties with a land use of Strategic Industry have State or Regional significance, many of which are subject to legacy State Agreement Acts that limit the method of valuation to UV with restrictive formulae for the calculation of the valuation. The higher differential rate for this category is proposed in order to levy a somewhat commensurate rate comparative with their impact on the local community (i.e. heavy haulage vehicle movements, environmental health, strategic planning).

The rate for this category maintains an increase to the average rate for UV Strategic Industry properties of 0.9% with an increase in the rate-in-the-dollar of 0.9% for the 2021/22 financial year. The UV minimum rate of \$328 is to ensure that all ratepayers make a minimum contribution for basic services and infrastructure.

1. RATES AND SERVICE CHARGES (cont.)

(d) Specified Area Rate

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

(e) Service Charges

The City did not budget service charges for the year ended 30th June 2022.

The City of Karratha introduced a service charge for the 2014/15 financial year in relation to the Pilbara Underground Power Project (PUPP).

Service charges paid prior to the end of the 2017/18 financial year were transferred to the Pilbara Underground Power Reserve to fund expenditure over the life of the project. The project was completed in 2017/18.

While the project has been completed, Council offered some ratepayers the option to pay their service charges by 40 instalments over 10 years up to 30 June 2024. Outstanding service charges continue to be paid in accordance with the prescribed instalment option.

1. RATES AND SERVICE CHARGES (cont.)

(f) Waivers or concessions

Rate or fee and charge to which the waiver or concession is granted	Type	Discount %	Discount (\$)	2021/22 Budget	2020/21 Actual	2020/21 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
Cossack Concessions	Concession		\$1,513	\$ 30,260	\$ 29,980	\$ 29,980	All 20 rateable properties within the Cossack Township.	To recognise the heritage nature of the Cossack Township, development restrictions and lack of town utilities.
Fees and Charges	Waiver	% or Amount as determined upon application		10,000	10,063	30,000	Fee Waivers for local Not for Profit and Community Organisations considered upon application for the use of the City's waste and recreational facilities.	To recognise the community benefit provided by local Not for Profit Community Organisations and assist them to remain viable.
	Waiver	% or Amount as determined upon application		10,000	406	20,000	Fee Waivers for Economic Development purposes considered on an individual basis by Council or administratively by delegated authority.	To encourage economic diversity and growth within the City of Karratha.
	Waiver	% or Amount as determined upon application		15,000	5,375	50,000	General Fee Waivers considered on an individual basis administratively by delegated authority.	To ensure business continuity, administrative efficiency and marketing opportunities.
	Write Off	Amount as determined upon application		50,000	231,096	50,000	Considered on an individual basis by Council or administratively by delegated authority.	To manage the City's debt portfolio in an economically viable manner.

1. RATES AND SERVICE CHARGES (cont.)

(f) Waivers or concessions (cont.)

Rate or fee and charge to which the waiver or concession is granted	Type	Discount %	Discount (\$)	2021/22 Budget	2020/21 Actual	2020/21 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
Rates	Waiver	100%		\$ 126,000	\$ 31,069	\$ 31,069	Waiver of Rates for Local Groups where no commercial return is derived from the property.	To assist local organisations to remain operational for the benefit of the Community.
Rates and Penalty Interest	Write Off	Amount as determined upon application		74,000	0	30,000	Considered on an individual basis by Council or administratively by delegated authority.	To manage the City's rates register in an economically viable manner.
				315,260	307,989	241,049		

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022

2. NET CURRENT ASSETS

(a) Composition of estimated net current assets

Current assets

Cash and cash equivalents - unrestricted
Cash and cash equivalents - restricted
Financial assets - unrestricted
Receivables
Contract assets
Inventories

Less: current liabilities

Trade and other payables
Contract liabilities
Lease liabilities
Long term borrowings
Employee provisions

Net current assets

Less: Total adjustments to net current assets

Less: Restricted Surplus

Net current assets used in the Rate Setting Statement

Note	2021/22 Budget 30 June 2022	2020/21 Actual 30 June 2021	2020/21 Budget 30 June 2021
	\$	\$	\$
3	1,134,098	580,303	1,265,169
3	64,684,369	67,567,983	62,366,472
	89,840	87,654	3,167,678
	5,501,616	8,473,851	4,726,535
	150,000	150,000	0
	1,880,955	1,440,911	477,604
	73,440,878	78,300,702	72,003,458
	(5,898,644)	(4,398,644)	(9,103,355)
	(2,500,518)	(1,950,518)	0
7	(132,763)	(132,763)	0
6	(91,547)	(85,947)	(87,653)
	(4,618,608)	(4,618,608)	(3,617,024)
	(13,242,080)	(11,186,480)	(12,808,032)
	60,198,798	67,114,222	59,195,426
2(c)	(60,044,277)	(63,162,087)	(58,762,920)
	(150,000)	(298,260)	(298,823)
	4,521	3,653,875	133,683

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2022

2. NET CURRENT ASSETS (cont.)

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

Items excluded from calculation of budgeted deficiency

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

(b) Operating activities excluded from budgeted deficiency

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

Adjustments to operating activities

Less: Profit on asset disposals
Add: Loss on disposal of assets
Add: Depreciation on assets
Add: Fair value adjustments to financial assets at fair value through profit and loss
Movement in current contract liabilities associated with restricted cash

Non cash amounts excluded from operating activities

Note	2021/22 Budget 30 June 2022	2020/21 Actual 30 June 2021	2020/21 Budget 30 June 2021
	\$	\$	\$
4(b)	(2,043,048)	(544,646)	(1,200)
4(b)	201,800	286,478	272,783
5	18,924,084	19,207,407	18,594,262
	243,536	233,622	0
	(122,710)	0	0
	17,203,662	19,182,861	18,865,845

(c) Current assets and liabilities excluded from budgeted deficiency

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

Adjustments to net current assets

Less: Cash - restricted reserves
Less: Current assets not expected to be received at end of year
- Land held for resale
- Provision for Doubtful Debts
- Contract liabilities from transfers for recognisable non financial assets
Add: Current liabilities not expected to be cleared at end of year
- Current portion of borrowings
- Current portion of lease liabilities
- Current portion of contract liability held in reserve
- Current portion of employee benefit provisions held in reserve
Add: Movement in provisions between current and non-current provisions

Total adjustments to net current assets

8(c)	(62,183,851)	(65,617,465)	(62,366,472)
	(1,445,969)	(1,005,925)	(185,893)
	(1,768,054)	(1,768,054)	0
	541,260	561,018	0
	91,547	85,947	87,653
7	132,763	132,763	0
	0	122,710	0
	4,618,608	4,618,608	3,617,024
	(30,581)	(291,689)	84,768
	(60,044,277)	(63,162,087)	(58,762,920)

2. NET CURRENT ASSETS (cont.)

(d) SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

An asset or liability is classified as current if it is expected to be settled within the next 12 months, being the City's operational cycle. In the case of liabilities where the City 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 City's intentions to release for sale.

TRADE AND OTHER PAYABLES

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

PREPAID RATES

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

INVENTORIES

General

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

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

Superannuation

The City of Karratha contributes to a number of superannuation funds on behalf of employees.

All funds to which the City of Karratha contributes are defined contribution plans.

LAND HELD FOR RESALE

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

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

CONTRACT ASSETS

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

TRADE AND OTHER RECEIVABLES

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

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

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

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

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

PROVISIONS

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

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

EMPLOYEE BENEFITS

Short-term employee benefits

Provision is made for the City'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 City's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The City's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

CONTRACT LIABILITIES

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

3. RECONCILIATION OF CASH

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

Note	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
Cash at bank and on hand	49,418,467	51,748,286	63,631,641
Term deposits	16,400,000	16,400,000	0
Total cash and cash equivalents	65,818,467	68,148,286	63,631,641
Held as			
- Unrestricted cash and cash equivalents	1,134,098	580,303	1,265,169
- Restricted cash and cash equivalents	64,684,369	67,567,983	62,366,472
	65,818,467	68,148,286	63,631,641
Restrictions			
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	64,684,369	67,567,983	62,366,472
	64,684,369	67,567,983	62,366,472
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Reserves - cash/financial asset backed	8	62,183,851	65,617,465
Contract liabilities		2,500,518	1,950,518
		64,684,369	67,567,983
Reconciliation of net cash provided by operating activities to net result			
Net result		14,640,461	10,016,018
Depreciation	5	18,924,084	19,207,407
(Profit)/loss on sale of asset	4(b)	(1,841,248)	(258,168)
(Increase)/decrease in receivables		2,972,235	2,231,214
(Increase)/decrease in contract assets		0	(150,000)
(Increase)/decrease in inventories		0	17,590
Increase/(decrease) in payables		1,500,000	(1,796,662)
Increase/(decrease) in contract liabilities		550,000	(169,358)
Increase/(decrease) in employee provisions		0	0
Non-operating grants, subsidies and contributions		(8,700,142)	(5,820,932)
Net cash from operating activities		28,045,390	23,277,109

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

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

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

FINANCIAL ASSETS AT AMORTISED COST

The City 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.

CITY OF KARRATHA
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2022

4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program										2021/22 Budget total	2020/21 Actual total	2020/21 Budget total
	Governance	General purpose funding	Law, order, public safety	Education and welfare	Housing	Community amenities	Recreation and culture	Transport	Economic services	Other property and services			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<u>Property, Plant and Equipment</u>													
Land - freehold land	2,605,000	0	0	0	0	0	0	0	0	0	2,605,000	300,000	3,000,000
Buildings - non-specialised	1,660,240	0	0	50,000	3,761,772	0	465,757	842,395	0	0	6,780,164	2,534,003	2,277,630
Furniture and equipment	538,317	0	0	0	0	0	227,000	15,000	0	0	780,317	1,638,357	2,899,491
Plant	45,000	0	157,678	0	0	516,553	548,000	610,229	25,000	25,000	1,927,460	4,193,338	4,374,159
Equipment	0	0	0	0	0	7,000	25,000	1,090,907	0	0	1,122,907	1,299,683	2,658,045
Artworks & Sculptures	0	0	0	0	0	0	208,333	0	0	0	208,333	256,985	663,349
	4,848,557	0	157,678	50,000	3,761,772	523,553	1,474,090	2,558,531	25,000	25,000	13,424,181	10,222,366	15,872,674
<u>Infrastructure</u>													
Infrastructure - Roads	0	0	0	0	0	0	0	6,865,062	0	0	6,865,062	2,147,322	8,908,115
Infrastructure - Footpaths	0	0	0	0	0	0	0	1,107,162	0	0	1,107,162	1,288,097	1,010,089
Infrastructure - Drainage	0	0	0	0	0	0	0	254,604	0	0	254,604	220,663	370,324
Infrastructure - Parks, Recreation & Open Space	0	0	0	0	0	0	2,147,229	46,966	0	0	2,194,195	5,400,433	6,703,153
Infrastructure - Aerodomes	0	0	0	0	0	0	0	0	0	0	0	7,719,487	1,295,680
Infrastructure - Miscellaneous Structures	0	0	0	117,000	0	167,000	13,948,095	0	0	0	14,232,095	1,987,740	2,639,000
	0	0	0	117,000	0	167,000	16,095,324	8,273,794	0	0	24,653,118	18,763,742	20,926,361
<u>Right of use assets</u>													
Right of use - buildings	0	0	0	0	0	0	0	0	0	0	0	1,411,035	0
	0	0	0	0	0	0	0	0	0	0	0	1,411,035	0
<u>Land Held for Resale</u>													
Land held for resale	0	1,950,996	0	0	0	0	0	0	0	0	1,950,996	715,424	150,000
<u>Investment Property</u>													
Land	0	0	0	0	0	0	0	0	0	0	0	0	0
Buildings	255,000	0	0	0	0	0	0	0	0	0	255,000	70,080	125,100
	255,000	0	0	0	0	0	0	0	0	0	255,000	70,080	125,100
Total acquisitions	5,103,557	1,950,996	157,678	167,000	3,761,772	690,553	17,569,414	10,832,325	25,000	25,000	40,283,295	31,182,647	37,074,135

SIGNIFICANT ACCOUNTING POLICIES

RECOGNITION OF ASSETS

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

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised. In the case of infrastructure assets, assets are recognised individually to support asset maintenance programming and associated reporting.

4. FIXED ASSETS (cont.)

(b) Disposals of Assets

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

	2021/22 Budget Net Book Value	2021/22 Budget Sale Proceeds	2021/22 Budget Profit	2021/22 Budget Loss	2020/21 Actual Net Book Value	2020/21 Actual Sale Proceeds	2020/21 Actual Profit	2020/21 Actual Loss	2020/21 Budget Net Book Value	2020/21 Budget Sale Proceeds	2020/21 Budget Profit	2020/21 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
Governance	1,537,952	2,830,000	1,292,048	0	207,054	744,000	536,946	0	9,000	9,000	0	0
Law, order, public safety	50,500	29,000	0	(21,500)	22,000	22,000	0	0	66,000	44,500	0	(21,500)
Health	0	0	0	0	14,500	14,500	0	0	14,500	14,500	0	0
Housing	750,000	1,500,000	750,000	0	0	0	0	0	0	0	0	0
Community amenities	177,500	94,500	0	(83,000)	358,727	168,227	0	(190,500)	485,000	326,000	0	(159,000)
Recreation and culture	88,000	72,000	1,000	(17,000)	120,800	118,526	6,500	(8,774)	133,188	97,000	0	(36,188)
Transport	304,300	227,500	0	(76,800)	226,273	165,169	1,200	(62,304)	469,195	446,200	1,200	(24,195)
Economic services	23,500	23,000	0	(500)	34,000	25,000	0	(9,000)	43,500	34,500	0	(9,000)
Other property and services	16,000	13,000	0	(3,000)	119,950	104,050	0	(15,900)	79,400	56,500	0	(22,900)
	2,947,752	4,789,000	2,043,048	(201,800)	1,103,304	1,361,472	544,646	(286,478)	1,299,783	1,028,200	1,200	(272,783)
By Class												
<u>Property, Plant and Equipment</u>												
Buildings - non-specialised	750,000	1,500,000	750,000	0	0	0	0	0	0	0	0	0
Plant	686,800	489,000	4,000	(201,800)	901,401	622,623	7,700	(286,478)	1,243,783	994,200	1,200	(250,783)
Equipment	0	0	0	0	3,849	3,849	0	0	56,000	34,000	0	(22,000)
<u>Land Held for Resale</u>												
Land held for resale	1,510,952	2,800,000	1,289,048	0	198,054	735,000	536,946	0	0	0	0	0
	2,947,752	4,789,000	2,043,048	(201,800)	1,103,304	1,361,472	544,646	(286,478)	1,299,783	1,028,200	1,200	(272,783)

SIGNIFICANT ACCOUNTING POLICIES

GAINS AND LOSSES ON DISPOSAL

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

5. ASSET DEPRECIATION

By Program

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

By Class

Buildings - non-specialised
Furniture and equipment
Plant
Equipment
Artworks & Sculptures
Infrastructure - Roads
Infrastructure - Footpaths
Infrastructure - Parks, Recreation & Open Space
Infrastructure - Aerodomes
Infrastructure - Miscellaneous Structures
Right of use - buildings

2021/22 Budget	2020/21 Actual	2020/21 Budget
\$	\$	\$
410,556	411,524	425,023
90,744	92,076	120,715
44,124	44,124	43,856
99,060	99,292	114,996
283,248	288,811	296,565
947,520	980,010	951,278
6,394,392	6,501,168	6,210,321
9,450,372	9,466,102	9,169,252
52,032	52,726	50,038
1,152,036	1,271,574	1,212,218
18,924,084	19,207,407	18,594,262
5,262,264	5,319,840	5,288,646
530,916	530,918	509,333
1,170,384	1,289,907	1,264,618
90,096	90,098	93,629
0	45,920	39,794
5,060,820	5,018,440	4,986,952
762,636	804,026	780,368
1,933,608	2,011,132	1,640,505
2,046,588	2,048,742	2,068,534
1,917,600	1,951,023	1,921,883
149,172	97,361	0
18,924,084	19,207,407	18,594,262

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

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

The assets residual values and useful lives are reviewed, and adjusted if appropriate, as part of the asset revaluation cycle.

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

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

Buildings	10 to 100 Years
Furniture and equipment	3 to 10 Years
Plant & Equipment	2 to 15 Years
Artworks & Sculptures	0 to 50 Years
Infrastructure:	
- Roads	12 to 80 Years
- Footpaths	10 to 80 Years
- Drainage	40 to 80 Years
- Parks, Recreation and Open Space	15 to 30 Years
- Aerodomes	10 to 80 Years
- Miscellaneous structures	15 to 100 Years
Right of use - buildings	Based on the remaining lease

AMORTISATION

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

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

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

CITY OF KARRATHA
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2022

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose				Budget	2021/22	2021/22	Budget	2021/22				Actual	2020/21	2020/21	Actual	2020/21	Budget	2020/21	Budget	2020/21
	Loan	Interest	Principal	Budget	Budget	Budget	Principal	Budget	Actual	Actual	Actual	Principal	Actual	Budget	Budget	Budget	Principal	Budget	Principal	Budget
	Number	Institution	Rate	1 July 2021	New Loans	Principal Repayments	outstanding 30 June 2022	Repayments	1 July 2020	New Loans	Principal Repayments	outstanding 30 June 2021	Repayments	1 July 2020	New Loans	Principal Repayments	outstanding 30 June 2021	Repayments	Repayments	
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Self Supporting Loans																				
Governance																				
Karratha Country Club 2016	1	WATC	0.0244	144,225	0	(69,531)	74,694	(3,087)	213,757	0	(69,531)	144,225	(4,794)	213,757	0	(69,531)	144,226		(4,794)	
Karratha & Districts RSL 2018	100	WATC	0.0265	33,269	0	(16,415)	16,853	(774)	49,258	0	(15,989)	33,269	(1,200)	49,258	0	(15,989)	33,269		(1,200)	
				177,494	0	(85,947)	91,547	(3,861)	263,014	0	(85,520)	177,494	(5,994)	263,015	0	(85,520)	177,495		(5,994)	
				177,494	0	(85,947)	91,547	(3,861)	263,014	0	(85,520)	177,494	(5,994)	263,015	0	(85,520)	177,495		(5,994)	

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

6. INFORMATION ON BORROWINGS (cont.)

(b) New borrowings - 2021/22

The City does not intend to undertake any new borrowings for the year ended 30 June 2022.

(c) Unspent borrowings

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

(d) Credit Facilities

	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
Undrawn borrowing facilities credit standby arrangements			
Bank overdraft limit	1,000,000	1,000,000	1,000,000
Bank overdraft at balance date	0	0	0
Credit card limit	111,000	111,000	107,000
Credit card balance at balance date	(20,000)	(16,918)	(20,000)
Total amount of credit unused	1,091,000	1,094,082	1,087,000
Loan facilities			
Loan facilities in use at balance date	91,547	177,494	177,495

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.

CITY OF KARRATHA
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2022

7. LEASE LIABILITIES

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Budget Lease Principal	2021/22 Budget New Leases	2021/22 Budget Lease Principal Repayments	Budget Lease Principal outstanding 30 June 2022	2021/22 Budget Lease Interest Repayments	Actual Principal 1 July 2020	2020/21 Actual New Leases	2020/21 Actual Lease repayments Principal	Actual Lease Principal outstanding 30 June 2021	2020/21 Actual Lease repayments Interest	Budget Principal 1 July 2020	2020/21 Budget New Leases	2020/21 Budget Lease repayments Principal	Budget Lease Principal outstanding 30 June 2021	2020/21 Budget Lease Interest Repayments
					1 July 2021														
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Recreation and culture																			
Roebourne Library		Wawardu Ltd	2.9%	3 years	12,830	0	(12,830)	0	(170)	27,829	0	(14,998)	12,830	(602)	0	0	0	0	0
Tambrey Indoor Play Centre		Tambrey Developments Pty Ltd	3.0%	10 years	1,281,801	0	(119,933)	1,161,868	(36,326)	0	1,351,035	(69,234)	1,281,801	(23,037)	0	0	0	0	0
					1,294,631	0	(132,763)	1,161,868	(36,496)	27,829	1,351,035	(84,233)	1,294,631	(23,639)	0	0	0	0	0

SIGNIFICANT ACCOUNTING POLICIES

LEASES

At the inception of a contract, the City assesses whether the contract is, or contains, 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 a 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 City uses its' incremental borrowing rate.

LEASE LIABILITIES

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

8. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2021/22 Budget Opening Balance	2021/22 Budget Transfer to	2021/22 Budget Transfer (from)	2021/22 Budget Closing Balance	2020/21 Actual Opening Balance	2020/21 Actual Transfer to	2020/21 Actual Transfer (from)	2020/21 Actual Closing Balance	2020/21 Budget Opening Balance	2020/21 Budget Transfer to	2020/21 Budget Transfer (from)	2020/21 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Aerodrome Reserve	3,525,063	32,640	0	3,557,703	3,490,739	34,324	0	3,525,063	4,057,520	167,107	0	4,224,627
(b) Carry Forward Budget Reserve	490,043	0	0	490,043	540,043	0	(50,000)	490,043	515,082	0	(152,853)	362,229
(c) Community Development Reserve	582,828	5,398	(46,966)	541,260	912,174	9,135	(338,481)	582,828	912,088	9,580	(452,400)	469,268
(d) Dampier Drainage Reserve	11,090	0	0	11,090	10,981	109	0	11,090	10,979	116	0	11,095
(e) Economic Development Reserve	1,174,546	10,878	0	1,185,424	1,323,651	13,257	(162,362)	1,174,546	1,323,527	13,902	(487,297)	850,132
(f) Employee Entitlement Reserve	4,990,956	46,219	0	5,037,175	5,075,015	50,860	(134,919)	4,990,956	5,106,124	53,631	0	5,159,755
(g) Infrastructure Reserve	29,953,464	18,334,572	(24,449,023)	23,839,013	25,669,327	9,654,016	(5,369,879)	29,953,464	26,155,436	4,476,620	(11,477,919)	19,154,137
(h) Medical Services Assistance Package Reserve	351,113	3,250	(159,200)	195,163	404,535	4,051	(57,473)	351,113	404,496	4,246	0	408,742
(i) Mosquito Control Reserve	10,100	93	0	10,193	9,999	101	0	10,100	10,043	105	0	10,148
(j) Partnership Reserve	6,226,468	9,457,655	(3,548,111)	12,136,012	7,361,483	4,417,451	(5,552,466)	6,226,468	8,013,640	9,910,308	(7,057,767)	10,866,181
(k) Plant Replacement Reserve	0	0	0	0	812,416	8,136	(820,552)	0	809,389	1,362	0	810,751
(l) Restricted Funds Reserve	393,835	0	0	393,835	1,615,999	0	(1,222,164)	393,835	1,763,835	0	0	1,763,835
(m) Walkington Theatre Reserve*	0	0	0	0	33,315	334	(33,649)	0	33,313	348	(1,370,000)	(1,336,339)
(n) Waste Management Reserve	17,511,379	186,177	(3,441,882)	14,255,674	19,854,281	0	(2,342,902)	17,511,379	20,561,758	207,572	0	20,769,330
(o) Workers Compensation Reserve	396,580	3,673	0	400,253	392,648	3,932	0	396,580	392,613	4,125	(1,554,157)	(1,157,419)
(p) Public Open Space Reserve	0	131,013	0	131,013	0	0	0	0	0	0	0	0
	65,617,465	28,211,568	(31,645,182)	62,183,851	67,506,606	14,195,706	(16,084,847)	65,617,465	70,069,843	14,849,022	(22,552,393)	62,366,472

* The Walkington Theatre Reserve is budgeted to be closed at the conclusion of the year ended 30 June 2021.

8. CASH BACKED RESERVES (cont.)

(b) Cash Backed Reserves - Purposes

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

Reserve name	Anticipated date of use	Purpose of the reserve
(a) Aerodrome Reserve	Ongoing	The purpose of this reserve is to fund the development, operation and maintenance of the Karratha Airport, inclusive of any repayments of borrowings and the funding of employee entitlements.
(b) Carry Forward Budget Reserve	Ongoing	This reserve is for the purpose of preserving projects funds carried over.
(c) Community Development Reserve	Ongoing	The purpose of this reserve is to hold Annual Community Association Grant Scheme unspent payments each year and to fund future projects initiated by Community Associations from time to time via the Annual Community Association Grant Scheme.
(d) Dampier Drainage Reserve	Ongoing	This reserve is maintained as part of an agreement between the Council and Hamersley Iron. The purpose of the reserve is to ensure funds are available for the maintenance of drainage in Dampier. Hamersley Iron pay to the Council each year a \$10,000 contribution towards this maintenance with any additional works required being drawn from this reserve and similarly, any funds remaining unspent being transferred to this reserve.
(e) Economic Development Reserve	Ongoing	To fund economic development activities within the City, including Destination Marketing, Business Attraction, Property Development and Tourism.
(f) Employee Entitlement Reserve	Ongoing	To fund employee leave entitlements when on extended leave, including long service leave as well as periods of Annual Leave for periods greater than 4 weeks duration thereby retaining salary and wages budgets for the funding of replacement staffing during extended periods of leave.
(g) Infrastructure Reserve	Ongoing	The purpose of this reserve is to allow for the use of these reserve funds for the enhancement, replacement, refurbishment and purchase of infrastructure assets or project works of the City of Karratha inclusive of the associated repayment of borrowings on infrastructure. Project works funded from this reserve may not necessarily belong to the City of Karratha but must be carried out for the benefit of the City of Karratha.
(h) Medical Services Assistance Package Reserve	Ongoing	The purpose of this reserve is to fund future assistance to Medical Services in accordance with Council's participation in the Medical Services Incentive Scheme. This is inclusive of retention payments to General Practitioner's in accordance with the Medical Services Incentive Scheme.
(i) Mosquito Control Reserve	Ongoing	The purpose of this reserve is to fund mosquito control programmes inclusive of the purchase of replacement equipment as required.
(j) Partnership Reserve	Ongoing	This reserve is maintained as part of the Community Infrastructure and Services Partnership (the Partnership) and the related funding agreements between the Council and Rio Tinto Iron Ore. The purpose of the reserve is to preserve funds received under each funding agreement under the Partnership and restrict the funds for the purpose of each funding agreements.
(k) Plant Replacement Reserve	Ongoing	The purposes of this reserve is to fund the capital purchase of plant and equipment.
(l) Restricted Funds Reserve	Ongoing	This reserve is for the purpose of holding Unexpended or Prepaid Grants (other than Royalties for Regions) and Capital Contributions provided for specific purposes.
(m) Walkington Theatre Reserve*	2021	The purpose of this reserve is to fund the operation and capital works of the Walkington Theatre.
(n) Waste Management Reserve	Ongoing	The purpose of this reserve is to fund development, operation and maintenance of the Council's Waste Management facilities inclusive of repayments of borrowings and the funding of employee entitlements.
(o) Workers Compensation Reserve	Ongoing	The purpose of this reserve is to provide Council with sufficient funds to cover its potential liability in regard to the performance based workers compensation scheme of Local Government Insurance Services of which the City of Karratha is a member. Funds within the reserve that become surplus to requirements will be transferred to Council's Employee Entitlements Reserve via way of Council's Annual Budget.
(p) Public Open Space Reserve	Ongoing	The purpose of this reserve is to fund future developments of public open space funded by contributions received in line with the Planning and Development Act 2005 relating to the Hancock Way subdivision.

9. FEES & CHARGES REVENUE

	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
Governance	11,367	23,082	21,132
General purpose funding	2,927,526	2,747,868	2,539,910
Law, order, public safety	112,070	93,715	79,550
Health	153,850	156,643	146,000
Education and welfare	72,000	60,900	78,000
Housing	821,690	942,318	997,756
Community amenities	11,350,056	11,203,387	10,228,819
Recreation and culture	4,697,999	4,703,069	4,126,290
Transport	21,462,030	18,792,187	18,776,849
Economic services	641,976	631,371	506,350
Other property and services	514,710	342,687	45,000
	42,765,274	39,697,227	37,545,656

10. GRANT REVENUE

By Program:

(a) Operating grants, subsidies and contributions

	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
Governance	4,500	1,038,472	1,029,472
General purpose funding	2,827,042	1,730,849	1,403,017
Law, order, public safety	410,000	562,119	443,851
Health	12,557	76,507	12,542
Community amenities	40,000	85,193	35,800
Recreation and culture	11,119,148	6,282,526	12,669,296
Transport	1,526,555	4,654,033	3,919,182
Economic services	74,000	42,000	37,000
	16,013,802	14,471,699	19,550,160

(b) Non-operating grants, subsidies and contributions

	2021/22 Budget	2020/21 Actual	2020/21 Budget
Law, order, public safety	20,000	17,324	0
Community amenities	0	70,000	20,000
Recreation and culture	3,163,428	2,883,429	3,101,055
Transport	5,516,714	2,850,179	2,402,935
	8,700,142	5,820,932	5,523,990
Total grants, subsidies and contributions	24,713,944	20,292,631	25,074,150

11. REVENUE RECOGNITION

SIGNIFICANT ACCOUNTING POLICIES

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Revenue recognition	Accounting standard
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued	AASB 15 AASB 1058
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued	AASB 15 AASB 1058
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared	AASB 15
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared	AASB 15
Grants with no contractual commitments	General appropriations and contributions with no specific contractual commitments	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled	AASB 1058

11. REVENUE RECOGNITION (cont.)

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Revenue recognition	Accounting standard
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval	AASB 1058
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle	AASB 1058
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs	AASB 1058
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service	AASB 15 AASB 1058
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility	AASB 1058
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/departure event	AASB 1058

11. REVENUE RECOGNITION (cont.)

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Revenue recognition	Accounting standard
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire	AASB 15
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right	AASB 15
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works	AASB 1058
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods	AASB 1058
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled	AASB 15
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed	AASB 15

12. ELECTED MEMBERS REMUNERATION

	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
Mayor - Cr Peter Long			
Mayor's allowance	89,753	89,753	89,753
Meeting attendance fees	47,516	47,516	47,516
Training & other expenses (including child care)	2,500	1,600	0
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	2,800	14,107	2,500
	146,069	156,476	143,269
Deputy Mayor - Cr Kelly Nunn			
Deputy Mayor's allowance	22,438	22,438	22,438
Meeting attendance fees	31,678	31,678	31,678
Training & other expenses (including child care)	2,500	1,600	2,500
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	2,800	2,825	2,500
	62,916	62,041	62,616
Cr Jamie Armstrong (sworn in 22 March 2021)			
Meeting attendance fees	31,678	8,787	0
Training & other expenses (including child care)	2,500	667	0
Annual allowance for ICT expenses	3,500	1,434	0
Travel and accommodation expenses	2,800	412	0
	40,478	11,300	0
Cr Margaret Bertling			
Meeting attendance fees	31,678	31,678	31,678
Training & other expenses (including child care)	2,500	1,600	2,500
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	2,800	382	800
	40,478	37,160	38,478
Cr Geoff Harris			
Meeting attendance fees	31,678	31,678	31,678
Training & other expenses (including child care)	2,500	1,600	2,500
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	2,800	382	800
	40,478	37,160	38,478
Cr Pablo Miller			
Meeting attendance fees	31,678	31,678	31,678
Training & other expenses (including child care)	2,500	1,600	2,500
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	2,800	382	800
	40,478	37,160	38,478
Cr Daniel Scott			
Meeting attendance fees	31,678	31,678	31,678
Training & other expenses (including child care)	2,500	1,600	2,500
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	2,800	382	800
	40,478	37,160	38,478

12. ELECTED MEMBERS REMUNERATION (cont.)

	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
Cr Evette Smeathers			
Meeting attendance fees	31,678	31,678	31,678
Training & other expenses (including child care)	2,500	1,600	2,500
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	2,800	382	800
	40,478	37,160	38,478
Cr Joanne Waterstrom Muller			
Meeting attendance fees	31,678	31,678	31,678
Training & other expenses (including child care)	2,500	1,600	2,500
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	2,800	382	800
	40,478	37,160	38,478
Cr Garry Bailey			
Meeting attendance fees	31,678	31,678	31,678
Training & other expenses (including child care)	2,500	1,600	2,500
Annual allowance for ICT expenses	3,500	3,500	3,500
Travel and accommodation expenses	2,800	1,437	800
	40,478	38,215	38,478
Cr Georgia Evans (resigned 8 January 2021)			
Meeting attendance fees	0	17,611	31,678
Training & other expenses (including child care)	0	933	2,500
Annual allowance for ICT expenses	0	1,486	3,500
Travel and accommodation expenses	0	1,586	800
	0	21,616	38,478
Vacant - to be Elected 17th Oct 2021			
Meeting attendance fees	22,310	0	0
Training & other expenses (including child care)	1,762	0	0
Annual allowance for ICT expenses	2,461	0	0
Travel and accommodation expenses	2,000	0	0
	28,533	0	0
Total Elected Member Remuneration	561,342	512,608	513,709
Mayor's allowance	89,753	89,753	89,753
Deputy Mayor's allowance	22,438	22,438	22,438
Meeting attendance fees	354,928	327,338	332,618
Training & other expenses (including child care)	26,762	16,000	22,500
Annual allowance for ICT expenses	37,461	34,420	35,000
Travel and accommodation expenses	30,000	22,659	11,400
	561,342	512,608	513,709

13. OTHER INFORMATION

	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
The net result includes as revenues			
(a) Interest earnings			
Investments			
- Reserve funds	572,862	644,676	699,184
- Other funds	48,542	104,773	49,850
Late payment of fees and charges *	113,000	98,757	95,543
Other interest revenue (refer note 1b)	328,000	219,348	330,000
	1,062,404	1,067,554	1,174,577
* The City has resolved to charge interest under section 6.13 for the late payment of any amount of money at 7%.			
(b) Other revenue			
Reimbursements and recoveries	1,093,251	2,835,940	765,673
	1,093,251	2,835,940	765,673
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	60,000	60,198	53,000
	60,000	60,198	53,000
(d) Interest expenses (finance costs)			
Borrowings (refer note 6(a))	3,861	5,994	5,994
Interest expense on lease liabilities (refer note 7)	36,496	23,639	0
	40,357	29,633	5,994
(e) Write offs			
General rate	74,000	0	30,000
Fees and charges	50,000	231,096	50,000
	124,000	231,096	80,000

14. MAJOR LAND TRANSACTIONS

The budget contains \$2.6m for the purchase of strategic land holdings in Karratha. When land is identified, Business Plans will be prepared and presented to Council for adoption, if required.

The budget also contains \$0.3m for the design of Lot 7020 Development. A Business Plan is currently being drafted for potential development of this site and will be presented to Council for adoption.

15. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Airport Operations

(a) Details

The City operates the Karratha Airport and operates the aerodrome with the purpose of producing a return on infrastructure. Forecasts are reviewed annually as part of Council's Long Term Financial Plan. These assumptions underpin future forecasts for airport operations.

(b) Statement of Comprehensive Income

	2020/21 Actual	2021/22 Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
	\$	\$	\$	\$	\$	\$	\$
Revenue							
- Fees & charges	21,212,995	21,461,340	23,392,861	25,264,289	27,032,790	28,384,429	29,519,806
- Other revenue	54,246	965,693	777,381	793,706	810,374	827,392	844,767
	21,267,241	22,427,033	24,170,242	26,057,996	27,843,164	29,211,821	30,364,574
Expenditure							
- Employee costs	(2,716,056)	(2,420,989)	(2,471,830)	(2,523,738)	(2,576,737)	(2,630,848)	(2,686,096)
- Materials and contracts	(5,689,388)	(5,372,153)	(5,484,968)	(5,600,153)	(5,717,756)	(5,837,829)	(5,960,423)
- Utilities	(1,804,071)	(1,799,938)	(1,837,737)	(1,876,329)	(1,915,732)	(1,955,962)	(1,997,038)
- Insurance	(513,493)	(562,668)	(574,484)	(586,548)	(598,866)	(611,442)	(624,282)
- Depreciation	(3,239,117)	(3,226,836)	(3,294,600)	(3,363,786)	(3,434,426)	(3,506,549)	(3,580,186)
- Other expenditure	(191,042)	(42,240)	(43,127)	(44,033)	(44,957)	(45,901)	(46,865)
	(14,153,167)	(13,424,824)	(13,706,745)	(13,994,587)	(14,288,473)	(14,588,531)	(14,894,890)
NET RESULT	7,114,074	9,002,209	10,463,497	12,063,409	13,554,690	14,623,290	15,469,683
TOTAL COMPREHENSIVE INCOME	7,114,074	9,002,209	10,463,497	12,063,409	13,554,690	14,623,290	15,469,683

Airport operations are cash backed by the Aerodrome Reserve, more information pertaining to this can be found in Note 8.

	2020/21 Actual	2021/22 Budget
	\$	\$
CURRENT ASSETS		
Trade and other receivables	3,457,686	3,388,532
Reserves - Cash Backed	3,525,063	3,557,703
	6,982,749	6,946,235
NON CURRENT ASSETS		
Buildings	46,712,627	47,455,022
Less Accumulated Depreciation	(7,887,652)	(9,065,908)
Infrastructure	92,518,173	92,518,173
Less Accumulated Depreciation	(24,354,513)	(26,363,829)
Plant	278,476	368,476
Less Accumulated Depreciation	(19,848)	(19,848)
Equipment	1,610,937	2,701,844
Less Accumulated Depreciation	(23,842)	(36,466)
Furniture & Equipment	301,323	316,323
Less Accumulated Depreciation	(74,939)	(101,579)
Artwork	167,500	167,500
Less Accumulated Depreciation	(10,061)	(10,061)
	109,218,181	107,929,647
CURRENT LIABILITIES		
Trade and other payables	979,596	960,004
	979,596	960,004
NET ASSETS	115,221,334	113,915,878
EQUITY		
Reserves - cash backed	3,525,063	3,557,703
Retained surplus	111,696,271	110,358,175
TOTAL EQUITY	115,221,334	113,915,878

15. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS (cont.)

The Quarter HQ

(a) Details

A Business Plan for The Quarter HQ was prepared and advertised for public submissions. Submissions regarding the proposed purchase were considered by Council on 29 May 2017. The City purchased The Quarter HQ on 21 June 2017, this note has been prepared based on forecasts which are reviewed annually as part of Council's Long Term Financial Plan.

(b) Statement of Comprehensive Income

	2020/21 Actual	2021/22 Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast
	\$	\$	\$	\$	\$	\$	\$
Revenue							
- Lease Income	2,095,293	2,338,062	2,380,147	2,422,990	2,466,604	2,511,002	2,556,200
- Variable Outgoings Recoveries	965,108	764,532	778,294	792,303	806,564	821,082	835,862
	3,060,401	3,102,594	3,158,441	3,215,293	3,273,168	3,332,085	3,392,062
Expenditure							
- Insurance, cleaning, security and strata fees	(1,833,579)	(2,213,507)	(2,253,350)	(2,293,910)	(2,335,201)	(2,377,234)	(2,420,025)
	(1,833,579)	(2,213,507)	(2,253,350)	(2,293,910)	(2,335,201)	(2,377,234)	(2,420,025)
NET OPERATING RESULT	1,226,822	889,087	905,091	921,382	937,967	954,850	972,038
TOTAL COMPREHENSIVE INCOME	1,226,822	889,087	905,091	921,382	937,967	954,850	972,038

	2020/21 Actual	2021/22 Budget
	\$	\$
Current Assets		
Trade and other receivables	181,910	178,271
	181,910	178,271
Non Current Assets		
Land	1,000,000	1,000,000
Buildings	23,070,080	23,325,080
	24,070,080	24,325,080
Current Liabilities		
Trade and other payables	(10,780)	(10,564)
	(10,780)	(10,564)
NET ASSETS	24,241,210	24,492,787
Equity		
Retained surplus	24,241,210	24,492,787
TOTAL EQUITY	24,241,210	24,492,787

16. INTERESTS IN JOINT ARRANGEMENTS

Following acceptance of a tender for City Housing Construction at its' December meeting of Council (Res#15733), the City of Karratha entered into a joint venture arrangement with GBSC Yurra Pty Ltd ('GBSC') on 15 February 2021 to build 9 dwellings within the City. Under the agreement, the City is to contribute 7/9 of costs less 2/9 the current market value of the land, with GBSC to contribute the remainder. Following construction completion, the City will retain ownership of 7 constructed properties, with ownership of the 2 remaining properties passing to GBSC. The project is expected to be completed 31 March 2022.

	2021/22 Budget	2020/21 Actual	2020/21 Budget
	\$	\$	\$
Project costs	3,511,772	200,000	0
	3,511,772	200,000	0

SIGNIFICANT ACCOUNTING POLICIES

INTERESTS IN JOINT ARRANGEMENTS

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The City of Karratha's interests in the assets liabilities revenue and expenses of joint operations are included in the respective line items of the financial statements.

17. TRUST FUNDS

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

Detail	Balance 30 June 2021	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2022
	\$	\$	\$	\$
Other Bonds & Guarantees	512,428	0	(282,261)	230,167
Treasury - Unclaimed Monies	2,983	0	0	2,983
VAST Trust	12,261	1,000	0	13,261
	527,672	1,000	(282,261)	246,411

18. SIGNIFICANT ACCOUNTING POLICIES - OTHER INFORMATION

GOODS AND SERVICES TAX (GST)

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

ROUNDING OFF FIGURES

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

COMPARATIVE FIGURES

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

BUDGET COMPARATIVE FIGURES

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