

**SHIRE OF HALLS CREEK**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**TABLE OF CONTENTS**

Statement by Chief Executive Officer	2
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Statement of Financial Activity	7
Index of Notes to the Financial Report	8
Independent Auditor's Report	38

The Shire of Halls Creek conducts the operations of a local government with the following community vision:

*The Shire of Halls Creek town and remote communities are economically diverse, caring, and proactive with a strong sense of responsibility and pride.*

Principal place of business:  
2 Hall Street  
Halls Creek WA 6770

**SHIRE OF HALLS CREEK  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

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

**STATEMENT BY CEO**

The accompanying financial report of the Shire of Halls Creek has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the TWENTY FOURTH day of OCTOBER 2023

  
\_\_\_\_\_  
Chief Executive Officer

Phillip Cassell  
\_\_\_\_\_  
Name of Chief Executive Officer



**SHIRE OF HALLS CREEK**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
<b>Revenue</b>				
Rates	2(a),21	3,452,971	3,354,853	2,845,190
Grants, subsidies and contributions	2(a)	13,397,544	12,008,079	12,222,612
Fees and charges	2(a)	1,367,987	3,580,159	940,015
Service charges	2(a)	4,175	4,171	4,172
Interest revenue	2(a)	239,304	31,000	33,981
Other revenue	2(a)	814,394	458,307	608,038
		19,276,375	19,436,569	16,654,008
<b>Expenses</b>				
Employee costs	2(b)	(6,269,937)	(6,828,141)	(6,325,385)
Materials and contracts		(3,289,762)	(8,335,904)	(5,129,789)
Utility charges		(603,829)	(543,530)	(643,665)
Depreciation		(5,969,454)	(6,089,491)	(5,985,131)
Finance costs	2(b)	(71,622)	(61,417)	(136,038)
Insurance		(640,045)	(560,942)	(493,893)
Other expenditure	2(b)	(804,390)	(457,820)	(2,192,257)
		(17,649,039)	(22,877,245)	(20,906,158)
		1,627,336	(3,440,676)	(4,252,150)
Capital grants, subsidies and contributions	2(a)	2,752,243	1,402,968	3,677,911
Profit on asset disposals		163,807	0	1,200
Loss on asset disposals		(228,568)	0	(99,463)
		2,687,482	1,402,968	3,579,648
<b>Net result for the period</b>		<b>4,314,818</b>	<b>(2,037,708)</b>	<b>(672,502)</b>
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	15	5,068,746	0	5,098,776
<b>Total other comprehensive income for the period</b>	<b>15</b>	<b>5,068,746</b>	<b>0</b>	<b>5,098,776</b>
<b>Total comprehensive income for the period</b>		<b>9,383,564</b>	<b>(2,037,708)</b>	<b>4,426,274</b>

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



*[Handwritten signature]*

**SHIRE OF HALLS CREEK**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

	NOTE	2023 \$	2022 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	12,673,528	7,121,011
Trade and other receivables	4	2,283,837	1,536,941
Inventories	5	109,926	116,220
Other assets	6	0	120,000
<b>TOTAL CURRENT ASSETS</b>		<b>15,067,291</b>	<b>8,894,172</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	4	12,891	11,188
Property, plant and equipment	7	37,036,076	39,386,768
Infrastructure	8	101,605,974	96,054,607
<b>TOTAL NON-CURRENT ASSETS</b>		<b>138,654,941</b>	<b>135,452,563</b>
<b>TOTAL ASSETS</b>		<b>153,722,232</b>	<b>144,346,735</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	1,492,817	1,320,304
Other liabilities	11	2,478,432	1,684,468
Borrowings	12	919,817	982,737
Employee related provisions	13	475,432	488,534
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,366,498</b>	<b>4,476,043</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	12	819,329	1,664,704
Employee related provisions	13	96,127	24,745
Other provisions	14	1,159,522	1,284,051
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,074,978</b>	<b>2,973,500</b>
<b>TOTAL LIABILITIES</b>		<b>7,441,476</b>	<b>7,449,543</b>
<b>NET ASSETS</b>		<b>146,280,756</b>	<b>136,897,192</b>
<b>EQUITY</b>			
Retained surplus		38,803,396	34,548,392
Reserve accounts	24	4,052,189	3,992,375
Revaluation surplus	15	103,425,171	98,356,425
<b>TOTAL EQUITY</b>		<b>146,280,756</b>	<b>136,897,192</b>

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



**SHIRE OF HALLS CREEK  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2021</b>		<b>34,512,118</b>	<b>4,701,151</b>	<b>93,257,649</b>	<b>132,470,918</b>
Comprehensive income for the period					
Net result for the period		(672,502)	0	0	(672,502)
Other comprehensive income for the period	15	0	0	5,098,776	5,098,776
Total comprehensive income for the period		(672,502)	0	5,098,776	4,426,274
Transfers from reserve accounts	24	708,776	(708,776)	0	0
<b>Balance as at 30 June 2022</b>		<b>34,548,392</b>	<b>3,992,375</b>	<b>98,356,425</b>	<b>136,897,192</b>
Comprehensive income for the period					
Net result for the period		4,314,818	0	0	4,314,818
Other comprehensive income for the period	15	0	0	5,068,746	5,068,746
Total comprehensive income for the period		4,314,818	0	5,068,746	9,383,564
Transfers to reserve accounts	24	(59,814)	59,814	0	0
<b>Balance as at 30 June 2023</b>		<b>38,803,396</b>	<b>4,052,189</b>	<b>103,425,171</b>	<b>146,280,756</b>

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

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

	NOTE	2023 Actual \$	2022 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Rates		3,217,831	2,970,338
Grants, subsidies and contributions		13,696,777	12,765,565
Fees and charges		1,367,987	743,556
Service charges		4,175	4,172
Interest revenue		239,304	33,981
Goods and services tax received		1,089,415	379,660
Other revenue		814,394	608,038
		20,429,883	17,505,310
<b>Payments</b>			
Employee costs		(5,991,921)	(6,307,989)
Materials and contracts		(3,315,458)	(4,980,715)
Utility charges		(603,829)	(643,665)
Finance costs		(61,417)	(139,748)
Insurance paid		(640,045)	(493,893)
Goods and services tax paid		(1,003,376)	(1,372,827)
Other expenditure		(804,390)	(2,192,257)
		(12,420,436)	(16,131,094)
<b>Net cash provided by operating activities</b>		<b>8,009,447</b>	<b>1,374,216</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of property, plant & equipment	7(a)	(141,627)	(525,955)
Payments for construction of infrastructure	8(a)	(5,437,307)	(4,018,823)
Capital grants, subsidies and contributions		2,752,243	4,935,815
Proceeds from sale of property, plant & equipment		1,278,056	85,623
<b>Net cash provided by (used in) investing activities</b>		<b>(1,548,635)</b>	<b>476,660</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings	23(a)	(908,295)	(892,074)
<b>Net cash (used in) financing activities</b>		<b>(908,295)</b>	<b>(892,074)</b>
<b>Net increase in cash held</b>		<b>5,552,517</b>	<b>958,802</b>
Cash at beginning of year		7,121,011	6,162,209
<b>Cash and cash equivalents at the end of the year</b>		<b>12,673,528</b>	<b>7,121,011</b>

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

**SHIRE OF HALLS CREEK  
STATEMENT OF FINANCIAL ACTIVITY  
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
<b>OPERATING ACTIVITIES</b>				
Revenue from operating activities				
General rates	21	3,452,971	3,354,853	2,845,190
Grants, subsidies and contributions		13,397,544	12,008,079	12,222,612
Fees and charges		1,367,987	3,580,159	940,015
Service charges		4,175	4,171	4,172
Interest revenue		239,304	31,000	33,981
Other revenue		814,394	458,307	608,038
Profit on asset disposals		163,807	0	1,200
		19,440,182	19,436,569	16,655,208
Expenditure from operating activities				
Employee costs		(6,269,937)	(6,828,141)	(6,325,385)
Materials and contracts		(3,289,762)	(8,335,904)	(5,129,789)
Utility charges		(603,829)	(543,530)	(643,665)
Depreciation		(5,969,454)	(6,089,491)	(5,985,131)
Finance costs		(71,622)	(61,417)	(136,038)
Insurance		(640,045)	(560,942)	(493,893)
Other expenditure		(804,390)	(457,820)	(2,192,257)
Loss on asset disposals		(228,568)	0	(99,463)
		(17,877,607)	(22,877,245)	(21,005,621)
Non-cash amounts excluded from operating activities	22(a)	6,120,267	6,089,541	7,270,249
<b>Amount attributable to operating activities</b>		<b>7,682,842</b>	<b>2,648,865</b>	<b>2,919,836</b>
<b>INVESTING ACTIVITIES</b>				
Inflows from investing activities				
Capital grants, subsidies and contributions		2,752,243	1,402,968	3,677,911
Proceeds from disposal of assets		1,278,056	40,000	85,623
		4,030,299	1,442,968	3,763,534
Outflows from investing activities				
Purchase of property, plant and equipment	7(a)	(141,627)	(173,035)	(525,955)
Purchase and construction of infrastructure	8(a)	(5,437,307)	(1,823,040)	(4,018,823)
		(5,578,934)	(1,996,075)	(4,544,778)
<b>Amount attributable to investing activities</b>		<b>(1,548,635)</b>	<b>(553,107)</b>	<b>(781,244)</b>
<b>FINANCING ACTIVITIES</b>				
Inflows from financing activities				
Transfers from reserve accounts	24	0	0	708,776
		0	0	708,776
Outflows from financing activities				
Repayment of borrowings	23(a)	(908,295)	(982,736)	(892,074)
Transfers to reserve accounts	24	(59,814)	(2,682,307)	0
		(968,109)	(3,665,043)	(892,074)
<b>Amount attributable to financing activities</b>		<b>(968,109)</b>	<b>(3,665,043)</b>	<b>(183,298)</b>
<b>MOVEMENT IN SURPLUS OR DEFICIT</b>				
Surplus or deficit at the start of the financial year	22(b)	1,820,207	1,569,285	(135,087)
Amount attributable to operating activities		7,682,842	2,648,865	2,919,836
Amount attributable to investing activities		(1,548,635)	(553,107)	(781,244)
Amount attributable to financing activities		(968,109)	(3,665,043)	(183,298)
<b>Surplus or deficit after imposition of general rates</b>	<b>22(b)</b>	<b>6,986,305</b>	<b>0</b>	<b>1,820,207</b>

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



**SHIRE OF HALLS CREEK  
FOR THE YEAR ENDED 30 JUNE 2023  
INDEX OF NOTES TO THE FINANCIAL REPORT**

Note 1	Basis of Preparation	9
Note 2	Revenue and Expenses	10
Note 3	Cash and Cash Equivalents	12
Note 4	Trade and Other Receivables	13
Note 5	Inventories	14
Note 6	Other Assets	15
Note 7	Property, Plant and Equipment	16
Note 8	Infrastructure	18
Note 9	Fixed Assets	20
Note 10	Trade and Other Payables	22
Note 11	Other Liabilities	23
Note 12	Borrowings	24
Note 13	Employee Related Provisions	25
Note 14	Other Provisions	26
Note 15	Revaluation Surplus	27
Note 16	Restrictions Over Financial Assets	28
Note 17	Undrawn Borrowing Facilities and Credit Standby Arrangements	28
Note 18	Related Party Transactions	29
Note 19	Events Occurring After the End of the Reporting Period	31
Note 20	Other Significant Accounting Policies	32
 <b>Information required by legislation</b>		
Note 21	Rating Information	33
Note 22	Determination of Surplus or Deficit	34
Note 23	Borrowing and Lease Liabilities	35
Note 24	Reserve accounts	36



**SHIRE OF HALLS CREEK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**1. BASIS OF PREPARATION**

The financial report of the Shire of Halls Creek which is a Class 3 local government, comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

**Local Government Act 1995 requirements**

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the *Local Government Act 1995*, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board except for disclosure requirements of:

- AASB 7 *Financial Instruments Disclosures*
- AASB 16 *Leases* paragraph 58
- AASB 101 *Presentation of Financial Statements* paragraph 61
- AASB 107 *Statement of Cash Flows* paragraphs 43 and 45
- AASB 116 *Property, Plant and Equipment* paragraph 79
- AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* paragraph 85
- AASB 140 *Investment Property* paragraph 75(f)
- AASB 1052 *Disaggregated Disclosures* paragraph 11
- AASB 1054 *Australian Additional Disclosures* paragraph 16

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

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

**The local government reporting entity**

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

**Judgements and estimates**

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

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

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

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

**Initial application of accounting standards**

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2020-6 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date*
- AASB 2021-7a *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]*
- AASB 2022-3 *Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15 Revenue from Contracts with Customers*

These amendments have no material impact on the current annual financial report

**New accounting standards for application in future years**

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

- AASB 2014-10 *Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*  
This standard will result in a terminology change for significant accounting policies
- AASB 2021-7c *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- AASB 2022-5 *Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback*
- AASB 2022-6 *Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*
- AASB 2022-7 *Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*
- AASB 2022-10 *Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

**SHIRE OF HALLS CREEK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**2. REVENUE AND EXPENSES**

**(a) Revenue**

**Contracts with customers**

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Grants, subsidies and contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	On landing/departure event
Fees and charges - sale of stock	Kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

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

**Revenue Recognition**

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

**For the year ended 30 June 2023**

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	3,452,971	0	3,452,971
Grants, subsidies and contributions	6,710,747	0	0	6,686,797	13,397,544
Fees and charges	1,252,954	0	37,203	77,830	1,367,987
Service charges	0	0	4,175	0	4,175
Interest revenue	0	0	71,160	168,144	239,304
Other revenue	565,660	0	8,764	239,970	814,394
Capital grants, subsidies and contributions	0	2,752,243	0	0	2,752,243
<b>Total</b>	<b>8,529,361</b>	<b>2,752,243</b>	<b>3,574,273</b>	<b>7,172,741</b>	<b>22,028,618</b>

**For the year ended 30 June 2022**

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	2,845,190	0	2,845,190
Grants, subsidies and contributions	4,109,563	0	0	8,113,049	12,222,612
Fees and charges	347,327	0	397,341	195,347	940,015
Service charges	0	0	4,172	0	4,172
Interest revenue	0	0	33,951	30	33,981
Other revenue	324,186	0	0	283,852	608,038
Capital grants, subsidies and contributions	0	3,677,911	0	0	3,677,911
<b>Total</b>	<b>4,781,076</b>	<b>3,677,911</b>	<b>3,280,654</b>	<b>8,592,278</b>	<b>20,331,919</b>

**SHIRE OF HALLS CREEK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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

**(a) Revenue (Continued)**

Note	2023 Actual \$	2022 Actual \$
<b>Interest revenue</b>		
Interest on reserve account funds	89,704	0
Rates receivables overdue interest	71,160	33,951
Other interest revenue	78,440	30
	<u>239,304</u>	<u>33,981</u>

The 2023 original budget estimate in relation to:  
Trade and other receivables overdue interest was \$30,000.

**Fees and charges relating to rates receivable**

Charges on instalment plan	3,000	4,020
----------------------------	-------	-------

The 2023 original budget estimate in relation to:  
Charges on instalment plan was \$3,000.

**(b) Expenses**

**Auditors remuneration**

- Audit of the Annual Financial Report	66,230	59,995
- Other services – grant acquittals	0	2,000
	<u>66,230</u>	<u>61,995</u>

**Employee Costs**

Employee benefit costs	6,080,956	6,140,773
Other employee costs	188,981	184,612
	<u>6,269,937</u>	<u>6,325,385</u>

**Finance costs**

Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	61,417	98,724
Interest on overdraft facility	0	37,314
Provisions: unwinding of discount	10,205	0
	<u>71,622</u>	<u>136,038</u>

**Other expenditure**

Sundry expenses	804,390	2,192,257
	<u>804,390</u>	<u>2,192,257</u>

**SHIRE OF HALLS CREEK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**3. CASH AND CASH EQUIVALENTS**

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

Held as

- Unrestricted cash and cash equivalents
- Restricted cash and cash equivalents

Note	2023	2022
	\$	\$
	12,673,528	7,121,011
15(a)	12,673,528	7,121,011
	6,142,907	3,128,636
15(a)	6,530,621	3,992,375
	12,673,528	7,121,011

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

**Restricted financial assets**

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

**SHIRE OF HALLS CREEK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**4. TRADE AND OTHER RECEIVABLES**

	Note	2023	2022
		\$	\$
<b>Current</b>			
Rates and statutory receivables		807,475	555,310
Trade receivables		1,507,740	1,042,632
Allowance for credit losses of trade receivables	18(b)	(70,870)	(70,870)
ESL receivable		39,492	9,869
		2,283,837	1,536,941
<b>Non-current</b>			
Rates and statutory receivables		12,891	11,188
		12,891	11,188

**Disclosure of opening and closing balances related to contracts with customers**

Information about receivables from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

	Note	30 June 2023 Actual	30 June 2022 Actual
		\$	\$
Trade and other receivables from contracts with customers		1,507,740	1,042,632
Allowance for credit losses of trade receivables	4	(70,870)	(70,870)
Total trade and other receivables from contracts with customers		1,436,870	971,762

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates and statutory receivables**

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

**Trade receivables**

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations or for the construction of recognisable non financial assets as part of the ordinary course of business.

**Other receivables**

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers and amounts received as grants for the construction of recognisable non financial assets.

**Measurement**

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

**Classification and subsequent measurement**

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

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

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

**SHIRE OF HALLS CREEK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**5. INVENTORIES**

Note	2023	2022
	\$	\$
Current		
Fuel and materials	66,811	73,105
Visitor centre stock	43,115	43,115
	109,926	116,220
The following movements in inventories occurred during the year:		
Balance at beginning of year	116,220	85,173
Inventories expensed during the year	(348,498)	(156,303)
Additions to inventory	342,204	187,350
Balance at end of year	109,926	116,220

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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

**SHIRE OF HALLS CREEK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**6. OTHER ASSETS**

**Other assets - current**

Accrued income

2023	2022
\$	\$
0	120,000
0	120,000

**SIGNIFICANT ACCOUNTING POLICIES**

**Other current assets**

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

**SHIRE OF HALLS CREEK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**7. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in Balances**

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

	Land	Buildings - non- specialised	Buildings - specialised	Buildings not subject to operating lease	Total land and buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	5,110,000	8,611,755	16,535,096	30,256,851	30,256,851	186,237	7,407,059	37,850,147	
Additions	0	45,423	122,625	168,048	168,048	22,067	335,840	525,955	
Revaluation increments / (decrements) transferred to revaluation surplus	(870,000)	1,720,913	4,247,863	5,098,776	5,098,776	0	0	5,098,776	
Depreciation	0	(242,811)	(655,856)	(898,667)	(898,667)	(30,779)	(607,456)	(1,536,902)	
Transfers	0	447,720	(2,998,928)	(2,551,208)	(2,551,208)	0	0	(2,551,208)	
<b>Balance at 30 June 2022</b>	4,240,000	10,583,000	17,250,800	32,073,800	32,073,800	177,525	7,135,443	39,386,768	
<b>Comprises:</b>									
Gross balance amount at 30 June 2022	4,240,000	10,583,000	17,250,800	32,073,800	32,073,800	299,038	8,868,583	41,241,421	
Accumulated depreciation at 30 June 2022	0	0	0	0	0	(121,513)	(1,733,140)	(1,854,653)	
<b>Balance at 30 June 2022</b>	4,240,000	10,583,000	17,250,800	32,073,800	32,073,800	177,525	7,135,443	39,386,768	
<b>Additions</b>	0	0	0	0	0	24,065	117,562	141,627	
<b>Disposals</b>	0	0	0	0	0		(1,295,617)	(1,295,617)	
<b>Depreciation</b>	0	(264,573)	(276,681)	(541,254)	(541,254)	(28,703)	(626,745)	(1,196,702)	
<b>Balance at 30 June 2023</b>	4,240,000	10,318,427	16,974,119	31,532,546	31,532,546	172,887	5,330,643	37,036,076	
<b>Comprises:</b>									
Gross balance amount at 30 June 2023	4,240,000	10,583,000	17,250,800	32,073,800	32,073,800	323,103	7,301,905	39,698,808	
Accumulated depreciation at 30 June 2023	0	(264,573)	(276,681)	(541,254)	(541,254)	(150,216)	(1,971,262)	(2,662,732)	
<b>Balance at 30 June 2023</b>	4,240,000	10,318,427	16,974,119	31,532,546	31,532,546	172,887	5,330,643	37,036,076	



**SHIRE OF HALLS CREEK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**7. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Carrying Value Measurements**

<b>(i) Fair Value</b>		<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>Land and buildings</b>							
<b>Land</b>			2	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2022	While the unit rates based on square metres could be supported from market evidence, other inputs such as zoning, restrictions and accessibility required extensive professional judgement and impacted significantly on the final determination.
<b>Buildings - non-specialised</b>			2	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2022	Market or estimated price per square metre.
<b>Buildings - specialised</b>			3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2022	This required estimating the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. Other inputs such as residual value, useful life, pattern of consumption and asset condition required extensive professional judgement and impacted significantly on the final determination.
Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.							
During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.							
<b>(ii) Cost</b>							
<b>Furniture and equipment</b>			N/A	At cost	At cost	N/A	N/A
<b>Plant and equipment</b>			N/A	At cost	At cost	N/A	N/A

**SHIRE OF HALLS CREEK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**8. INFRASTRUCTURE**

**(a) Movements in Balances**

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

	Infrastructure - roads \$	Infrastructure - other \$	Infrastructure - landfill \$	Work in progress \$	Total Infrastructure \$
<b>Balance at 1 July 2021</b>	81,021,058	4,795,143	0	8,116,604	93,932,805
Additions	2,078,344	41,720	1,122,100	776,659	4,018,823
Depreciation	(4,023,329)	(424,900)	0	0	(4,448,229)
Transfers	0	2,551,208	0	0	2,551,208
<b>Balance at 30 June 2022</b>	79,076,073	6,963,171	1,122,100	8,893,263	96,054,607
<b>Comprises:</b>					
Gross balance at 30 June 2022	93,488,016	9,070,337	1,122,100	8,893,263	112,573,716
Accumulated depreciation at 30 June 2022	(14,411,943)	(2,107,166)	0	0	(16,519,109)
<b>Balance at 30 June 2022</b>	79,076,073	6,963,171	1,122,100	8,893,263	96,054,607
<b>Additions</b>	2,985,047	2,452,260	0	0	5,437,307
(Disposals)	0	(47,200)		0	(47,200)
Revaluation increments / (decrements) transferred to revaluation surplus - Refer note 15	4,934,012	0	0	0	4,934,012
Depreciation	(4,197,032)	(495,568)	(80,152)	0	(4,772,752)
Transfers	0	8,841,863	0	(8,841,863)	0
<b>Balance at 30 June 2023</b>	82,798,100	17,714,526	1,041,948	51,400	101,605,974
<b>Comprises:</b>					
Gross balance at 30 June 2023	101,407,075	20,305,460	1,122,100	51,400	122,886,035
Accumulated depreciation at 30 June 2023	(18,608,975)	(2,590,934)	(80,152)	0	(21,280,061)
<b>Balance at 30 June 2023</b>	82,798,100	17,714,526	1,041,948	51,400	101,605,974

**SHIRE OF HALLS CREEK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**8. INFRASTRUCTURE (Continued)**

**(b) Carrying Value Measurements**

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
	Infrastructure - roads	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2023	Construction and current condition residual values and remaining useful life assessment inputs.
	Infrastructure - other	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2018	Construction and current condition residual values and remaining useful life assessment inputs.
	Infrastructure - landfill	3	Cost approach using depreciated replacement cost and using discounted cashflow methodology for make good estimates	Management valuation utilising independent estimates of future make good costs.	June 2022	Construction costs including discounted future make good cost estimates and remaining useful life estimates.

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

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

**SHIRE OF HALLS CREEK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**9. FIXED ASSETS**

**(a) Depreciation**

**Depreciation rates**

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

<b>Asset Class</b>	<b>Useful life</b>
Buildings	20 to 100 years
Furniture and equipment	4 to 10 years
Plant and equipment	4 to 20 years
Roads and streets	
- subgrade	not depreciated
- basecourse unsealed	10 years
- basecourse sealed	40 years
- reseal	15 years
- asphalt	25 years
- sand seal	5 years
- culverts	80 years
- stock grids	80 years
- drainage	25-75 years
Footpaths - concrete	40 years
Footpaths - slabs	30 years
Footpaths - gravel	10 years
Floodways - unsealed	10 years
Floodways - sealed	30 years
Floodways - concrete	80 years
Landfill	40 years

**SHIRE OF HALLS CREEK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**9. FIXED ASSETS (Continued)**

**SIGNIFICANT ACCOUNTING POLICIES**

**Fixed assets**

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

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

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

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

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

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

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

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the Shire's revaluation policy, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next revaluation consistent with *Financial Management Regulation 17A(4)*.

**Revaluation**

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

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

**Revaluation (continued)**

For land, buildings and infrastructure increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity.

Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

**Depreciation**

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

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

**Depreciation on revaluation**

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

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset.
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

**Impairment**

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

**Gains or losses on disposal**

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

**SHIRE OF HALLS CREEK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**10. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors	
Prepaid rates	
Accrued payroll liabilities	
ATO liabilities	
Bonds and deposits held	
Accrued interest on long term loans	
Accrued expenses	

2023	2022
\$	\$
1,016,654	1,034,532
38,669	19,941
278,757	59,021
84,792	0
60,816	116,678
6,215	10,151
6,914	79,981
1,492,817	1,320,304

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**Prepaid rates**

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

**SHIRE OF HALLS CREEK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

## 11. OTHER LIABILITIES

OTHER LIABILITIES	2023	2022
	\$	\$
<b>Current</b>		
Contract liabilities	2,478,432	1,684,468
	2,478,432	1,684,468
<b>Reconciliation of changes in contract liabilities</b>		
Opening balance	1,684,468	860,348
Additions	2,478,432	1,684,468
Revenue from contracts with customers included as a contract liability at the start of the period	(1,684,468)	(860,348)
	2,478,432	1,684,468
The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$2,478,432 (2022: \$1,684,468)		
The Shire expects to satisfy the performance obligations, from contracts with customers unsatisfied at the end of the reporting period, within the next 12 months.		
<b>Reconciliation of changes in capital grant/contribution liabilities</b>		
Opening balance	0	26,147
Revenue from capital grant/contributions held as a liability at the start of the period	0	(26,147)
	0	0

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

## SIGNIFICANT ACCOUNTING POLICIES

## Contract liabilities

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

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

**SHIRE OF HALLS CREEK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**12. BORROWINGS**

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
<b>Secured</b>		\$	\$	\$	\$	\$	\$
Debentures		919,817	819,329	1,739,146	982,737	1,664,704	2,647,441
<b>Total secured borrowings</b>	23(a)	919,817	819,329	1,739,146	982,737	1,664,704	2,647,441

**Secured liabilities and assets pledged as security**

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Shire of Halls Creek. Other loans relate to transferred receivables. Refer to Note 4.

The Shire of Halls Creek has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 years.

**SIGNIFICANT ACCOUNTING POLICIES**

**Borrowing costs**

The Shire has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

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

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 20(i)) due to the unobservable inputs, including own credit risk.

**Risk**

Details of individual borrowings required by regulations are provided at Note 23(a).



**SHIRE OF HALLS CREEK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**13. EMPLOYEE RELATED PROVISIONS**

**Employee Related Provisions**

**Current provisions**

**Employee benefit provisions**

Annual leave

Long service leave

Other employee leave provisions

**Total current employee related provisions**

**Non-current provisions**

**Employee benefit provisions**

Long service leave

**Total non-current employee related provisions**

**Total employee related provisions**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
	330,179	287,837
	145,253	178,810
	0	21,887
	475,432	488,534
	475,432	488,534
	96,127	24,745
	96,127	24,745
	96,127	24,745
	571,559	513,279

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

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

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

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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

**SHIRE OF HALLS CREEK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**14. OTHER PROVISIONS**

	Note	Provision for remediation costs	Total
		\$	\$
<b>Opening balance at 1 July 2022</b>			
Non-current provisions		1,284,051	1,284,051
		1,284,051	1,284,051
Unused amounts reversed	15	(134,734)	(134,734)
Charged to profit or loss			
- unwinding of discount		10,205	10,205
<b>Balance at 30 June 2023</b>		1,159,522	1,159,522
<b>Comprises</b>			
Non-current		1,159,522	1,159,522
		1,159,522	1,159,522

**Other provisions**

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

**Provision for remediation costs**

Under the licence for the operation of the Halls Creek waste landfill site, the Shire has a legal obligation to restore the site.

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

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

**Provisions**

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

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

**SHIRE OF HALLS CREEK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**15. REVALUATION SURPLUS**

Notes	2023 Opening Balance \$	Total Movement on Revaluation \$	2023 Closing Balance \$	2022 Opening Balance \$	Total Movement on Revaluation \$	2022 Closing Balance \$
Revaluation surplus - Furniture and equipment	21,395	0	21,395	21,395	0	21,395
Revaluation surplus - Plant and equipment	866,220	0	866,220	866,220	0	866,220
Revaluation surplus - Land and buildings	13,853,911	0	13,853,911	8,755,135	5,098,776	13,853,911
Revaluation surplus - Infrastructure - roads	79,271,111	4,934,012	84,205,123	79,271,111	0	79,271,111
Revaluation surplus - Infrastructure - other	4,343,788	0	4,343,788	4,343,788	0	4,343,788
	98,356,425	4,934,012	103,290,437	93,257,649	5,098,776	98,356,425
Revaluation surplus - Infrastructure - landfill liability	0	134,734	134,734	0	0	0
	98,356,425	5,068,746	103,425,171	93,257,649	5,098,776	98,356,425

**SHIRE OF HALLS CREEK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**16. RESTRICTIONS OVER FINANCIAL ASSETS**

The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents

3

6,530,621

5,676,843

6,530,621

5,676,843

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

Restricted reserve accounts

24

4,052,189

3,992,375

Contract liabilities

11

2,478,432

1,684,468

**Total restricted financial assets**

6,530,621

5,676,843

**17. UNDRAWN BORROWING FACILITIES AND CREDIT  
STANDBY ARRANGEMENTS**

Bank overdraft limit

2,000,000

2,000,000

Bank overdraft at balance date

0

0

Credit card limit

35,000

20,000

Credit card balance at balance date

(11,019)

0

**Total amount of credit unused**

2,023,981

2,020,000

**Loan facilities**

Loan facilities - current

919,817

982,737

Loan facilities - non-current

819,329

1,664,704

**Total facilities in use at balance date**

1,739,146

2,647,441

**Unused loan facilities at balance date**

NIL

NIL

**SHIRE OF HALLS CREEK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**18. RELATED PARTY TRANSACTIONS**

**(a) Elected Member Remuneration**

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

Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
President's annual allowance	10,304	10,323	9,795
President's meeting attendance fees	10,304	10,323	9,795
President's ICT expenses	3,276	3,276	3,276
President's travel and accommodation expenses	0	200	0
	23,884	24,122	22,866
Deputy President's annual allowance	2,576	2,581	2,449
Deputy President's meeting attendance fees	10,304	10,323	9,795
Deputy President's ICT expenses	3,276	3,276	3,276
	16,156	16,180	15,520
All other council member's meeting attendance fees	51,522	51,615	46,408
All other council member's ICT expenses	16,380	16,380	14,994
	67,902	67,995	61,402
18(b)	107,942	108,297	99,788

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

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

Short-term employee benefits	647,533	888,363
Post-employment benefits	110,386	126,154
Employee - other long-term benefits	124,017	323,351
Employee - termination benefits	33,584	0
Council member costs	107,942	99,788
18(a)	1,023,462	1,437,656

*Short-term employee benefits*

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

*Post-employment benefits*

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

*Other long-term benefits*

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

*Termination benefits*

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

*Council member costs*

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

**SHIRE OF HALLS CREEK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**18. RELATED PARTY TRANSACTIONS**

**Transactions with related parties**

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

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

There were no transactions occurring with related parties.

**SHIRE OF HALLS CREEK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

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

There were no events that occurred after the end of the reporting period 30 June 2023.

**SHIRE OF HALLS CREEK**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**20. OTHER SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

**b) Current and non-current classification**

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

**c) Rounding off figures**

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

**d) Comparative figures**

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

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

**e) Budget comparative figures**

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

**f) Superannuation**

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

**g) Fair value of assets and liabilities**

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

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

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

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

**h) Interest revenue**

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

**i) Fair value hierarchy**

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

**Valuation techniques**

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

**Market approach**

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

**Income approach**

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

**Cost approach**

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

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

**j) Impairment of assets**

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

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

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



**SHIRE OF HALLS CREEK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**21. RATING INFORMATION**

**(a) General Rates**

RATE TYPE	Basis of valuation	Rate in \$	Number of Properties	2022/23 Actual Rateable Value*	2022/23 Actual Rate	2022/23 Actual Interim Rates	2022/23 Actual Total Revenue	2022/23 Budget Rate	2022/23 Budget Interim Rate	2022/23 Budget Total Revenue	2021/22 Actual Total Revenue
Town	Gross rental valuation	0.08640	339	12,904,868	1,114,981	3,031	1,118,012	1,111,004	25,000	1,136,004	1,078,743
Town vacant	Gross rental valuation	0.15490	1	21,060	3,262	0	3,262	3,262	0	3,262	2,631
Rural/Pastoral	Unimproved valuation	0.04614	27	15,853,500	731,480	0	731,480	731,480	0	731,480	490,544
Mining	Unimproved valuation	0.38478	34	2,152,651	828,297	3,746	832,043	828,297	0	828,297	712,827
Prospecting/Exploration	Unimproved valuation	0.23285	179	2,469,219	574,958	109,462	684,420	570,963	0	570,963	482,829
<b>Total general rates</b>			<b>580</b>	<b>33,401,298</b>	<b>3,252,978</b>	<b>116,239</b>	<b>3,369,217</b>	<b>3,245,006</b>	<b>25,000</b>	<b>3,270,006</b>	<b>2,767,574</b>
<b>Minimum Payment</b>											
Town	Gross rental valuation	851	3	5,100	2,553	0	2,553	2,553	0	2,553	3,336
Town vacant	Gross rental valuation	1,093	13	35,500	14,209	0	14,209	15,302	0	15,302	17,152
Rural/Pastoral	Unimproved valuation	921	20	32,500	18,420	0	18,420	18,420	0	18,420	17,420
Mining	Unimproved valuation	880	6	7,480	5,280	0	5,280	5,280	0	5,280	4,998
Prospecting/Exploration	Unimproved valuation	548	79	98,653	43,292	0	43,292	43,292	0	43,292	34,710
<b>Total minimum payments</b>			<b>121</b>	<b>179,233</b>	<b>83,754</b>	<b>0</b>	<b>83,754</b>	<b>84,847</b>	<b>0</b>	<b>84,847</b>	<b>77,616</b>
<b>Total general rates and minimum payments</b>			<b>701</b>	<b>33,580,531</b>	<b>3,336,732</b>	<b>116,239</b>	<b>3,452,971</b>	<b>3,329,853</b>	<b>25,000</b>	<b>3,354,853</b>	<b>2,845,190</b>
<b>Total Rates</b>							<b>3,452,971</b>			<b>3,354,853</b>	
Rate overdue interest	Note 2(a)						<b>61,026</b>			<b>30,000</b>	<b>33,951</b>

The rate revenue was recognised from the rate record as soon as practicable after the Shire resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

\*Rateable Value at time of raising of rate.

## 22. DETERMINATION OF SURPLUS OR DEFICIT

| 34

**SHIRE OF HALLS CREEK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**23. BORROWING AND LEASE LIABILITIES**

**(a) Borrowings**

Purpose	Note	Actual				Budget			
		Principal at 1 July 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	New Loans During 2022-23	Principal Repayments During 2022-23	Principal at 1 July 2022	Principal at 30 June 2023
		\$	\$	\$	\$	\$	\$	\$	\$
Triplex Housing units		182,943	0	(42,798)	120,145	0	(45,703)	120,145	74,442
Plant and equipment		551,341	0	(54,203)	497,138	0	(57,868)	497,138	439,270
Total		2,825,231	0	(795,073)	2,030,158	0	(804,724)	2,030,158	1,225,434
<b>Borrowing Finance Cost Payments</b>		<b>3,539,515</b>	<b>0</b>	<b>(892,074)</b>	<b>2,647,441</b>	<b>0</b>	<b>(908,295)</b>	<b>2,647,441</b>	<b>1,739,146</b>
Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023		Actual for year ending 30 June 2022	
						\$	\$	\$	\$
Triplex Housing units		23	WATC	6.69%	1/07/2024	(7,166)	(7,166)	(9,689)	(9,689)
Plant and equipment		25	WATC	6.76%	1/10/2024	(32,113)	(32,113)	(39,852)	(39,852)
Total		26	WATC	1.21%	30/06/2029	(22,138)	(22,138)	(49,183)	(49,183)
						(61,417)	(61,417)	(98,724)	(98,724)
						0	0	(37,314)	(37,314)
<b>Total Finance Cost Payments</b>						<b>(61,417)</b>	<b>(61,417)</b>	<b>(136,038)</b>	<b>(136,038)</b>

During the financial year 2022 the Shire utilised its overdraft facility incurring interest expense of \$ 37,314.

**Total Finance Cost Payments**

\* WA Treasury Corporation

**SHIRE OF HALLS CREEK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**24. RESERVE ACCOUNTS**

	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance	2023 Budget Opening Balance	2023 Budget Transfer to	2023 Budget Transfer (from)	2023 Budget Closing Balance	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance
<b>Restricted by legislation/agreement</b>												
(a) Service charge reserve - TV re-broadcasting reserve	65,977	988	0	66,965	65,977	8	0	65,985	65,977	0	0	65,977
	65,977	988	0	66,965	65,977	8	0	65,985	65,977	0	0	65,977
<b>Restricted by council</b>												
(b) Leave reserve	411,715	6,169	0	417,884	411,716	127,586	0	539,302	541,972	0	(130,257)	411,715
(c) Computer upgrade reserve	231,198	3,465	0	234,663	231,198	100,028	0	331,226	231,198	0	0	231,198
(d) Office redevelopment reserve	784,553	11,754	0	796,307	784,552	100,096	0	884,648	924,553	0	(140,000)	784,553
(e) Refuse site rehabilitation reserve	62,867	942	0	63,809	62,867	100,008	0	162,875	62,867	0	0	62,867
(f) Airport reserve	488,426	7,317	0	495,743	488,426	100,059	0	588,485	503,426	0	(15,000)	488,426
(g) Road reserve	359,038	5,379	0	364,417	359,038	600,044	0	959,082	414,057	0	(55,019)	359,038
(h) Staff housing reserve	559,020	8,375	0	567,395	559,020	200,068	0	759,088	664,020	0	(105,000)	559,020
(i) Aquatic reserve	290,934	4,359	0	295,293	290,934	300,049	0	590,983	404,434	0	(113,500)	290,934
(j) EDL community reserve	103,647	1,552	0	105,199	103,647	13	0	103,660	103,647	0	0	103,647
(k) Mosquito reserve	2,000	30	0	2,030	2,000	4,771	0	6,771	2,000	0	0	2,000
(l) Town planning development reserve	633,000	9,484	0	642,484	633,000	100,077	0	733,077	783,000	0	(150,000)	633,000
(m) Roads reserve	0	0	0	0	0	750,000	0	750,000	0	0	0	0
(n) Staff alignment & development reserve	0	0	0	0	0	199,500	0	199,500	0	0	0	0
	3,926,398	58,826	0	3,985,224	3,926,398	2,682,299	0	6,608,697	4,635,174	0	(708,776)	3,926,398
	3,992,375	59,814	0	4,052,189	3,992,375	2,682,307	0	6,674,682	4,701,151	0	(708,776)	3,992,375

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

**SHIRE OF HALLS CREEK  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**24. RESERVE ACCOUNTS**

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

<b>Name of reserve account</b>	<b>Purpose of the reserve account</b>
<b>Restricted by legislation/agreement</b>	
(a) Service charge reserve - TV re-broadcasting reserve	To be used to fund the upgrade, new purchase of re-broadcasting equipment, for both television and radio, as per the Shire's rebroadcasting commitments.
<b>Restricted by council</b>	
(b) Leave reserve	To be used to fund long service leave and/or other significant payments that may be required upon termination of an employee.
(c) Computer upgrade reserve	To be used to fund the upgrade and/or replacement of the Shire's electronic and network operating system or any of the administrative or financial management computer operating systems.
(d) Office redevelopment reserve	To be used for the extension/major re-development of the Administration Office building and associated buildings.
(e) Refuse site rehabilitation reserve	Funds to be set aside for the rehabilitation of the refuse site upon closure.
(f) Airport reserve	To be used to fund major operational or major capital works required at the Halls Creek Airport.
(g) Road reserve	To be used for the purchase of major capital upgrade of plant items.
(h) Staff housing reserve	To be used for the construction, renovation, development or purchase of residential housing and land utilised by the Shire of Halls Creek for the provision of staff housing.
(i) Aquatic reserve	To be used to fund any major repairs, upgrade or capital requirements of the Shire of Halls Creek aquatic and recreation centre.
(j) EDL community reserve	To distribute monies to members or organisations in the Shire of Halls Creek (other than the Shire itself) to be used solely for not-for-profit projects or activities that benefit the Shire of Halls Creek and EDL NGD (WA) PTY LTD.
(k) Mosquito reserve	To have access to extra funds in years where mosquito-borne disease/nuisance is greater than normal.
(l) Town planning development reserve	To be used for town planning and development.
(m) Roads reserve	To fund road operations, repairs, upgrade and capital requirements.
(n) Staff alignment & development reserve	To fund the alignment of the Shire workforce to operational demand, retention strategies and development.

