

ATTACHMENTS

Special Council Meeting

Wednesday, 1 February 2023

Table of Contents

6.1.1	P2022-122 Lot 14 (No.19A) Clinton Street, Toodyay - Temporary Placement of 20FT Shipping Container	
	Attachment 1 P2022-122 - Application details	4
6.2.1	Adoption of the Revised 2022/2023 Annual Budget	
	Attachment 1 Notification of Minister's decision not to approve application	6
	Attachment 2 SAT Determination [2022] WASAT 113 - Shire of Toodyay Differential Rates.....	8
	Attachment 3 Revised 2022/2023 Annual Budget.....	24



12 December 2022

Hugo de Vos
Manager Development and Regulation
Shire of Toodyay
PO Box 96
Toodyay WA 6566

Dear Hugo

Please find attached a completed Development Application for approval to place a 20' shipping container in the driveway of 19A Clinton Street, Toodyay WA 6566.

As you are aware, we will be moving to the Shire owned residence at 19A Clinton Street early in the new year. As the residence is furnished, we will need to store our furniture and effects for approximately 4 months until tenants vacate a premises owned by us in Dawesville.

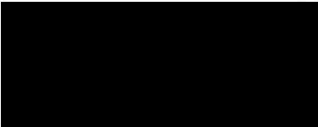
The proposed location in the driveway towards the rear of the house will ensure security for our belongings while causing the least disruption to visual amenity.

In order to give us time to fill the container prior to our current lease termination, we have arranged for the container to be delivered this Wednesday 14 December 2022. We anticipate removing the container prior to 30 April 2023.

As this is an issue in which I have a direct conflict, I understand you will be seeking approval from Council for this application.

Please don't hesitate to contact me on  if you have any queries.

Yours sincerely







Department of
**Local Government, Sport
and Cultural Industries**

Our ref E22093333
Enquiries Subha Gunalan
Phone 08 6552 1731
Email Lg.accounting@dlgsc.wa.gov.au

Suzie Haslehurst
Chief Executive Officer
Shire of Toodyay
PO Box 96
TOODYAY WA 6566

s.haslehurst@toodyay.wa.gov.au

Dear Ms Haslehurst

SHIRE OF TOODYAY – 2022/23 ANNUAL BUDGET AND NON-COMPLIANT DIFFERENTIAL RATE

I refer to recent discussions between the Department of Local Government, Sport and Cultural Industries (DLGSC) and the Shire of Toodyay.

As advised, DLGSC has identified an issue with the Shire of Toodyay's (Shire) 2022-23 Annual Budget.

The Shire adopted their 2022-23 Budget at a Special Council Meeting on 10 August 2022 and in the process adopted a UV Mining general differential rate of 0.885755 which is more than double the lowest differential general rate for UV Rural of 0.8298, without the approval of the Minister pursuant to section 6.33(3) of the *Local Government Act 1995* (the Act). The Department considers the UV mining differential rate to be non-compliant with the Act.

In accordance with section 6.82 of the Act, where there is a question of general interest as to whether a rate was imposed in accordance with the Act, it may be referred to the State Administrative Tribunal (SAT) to have it resolved. If SAT determine that a rate has been improperly made or imposed, they may make an order quashing the rate.

Following the quashing of a rate by SAT under section 6.82 of the Act, the following actions are required by a local government:

- Impose a new general rate (per section 6.32(3)(b) of the Act); and
- Prepare and adopt a budget in a form and manner similar to the annual budget (per section 6.3(a) of the Act).

The Shire has standing to make an application to SAT under section 6.82 of the Act.

Gordon Stephenson House, 140 William Street
PO Box 8349 Perth Business Centre, WA 6849
Telephone (08) 6552 7300
Email info@dlgsc.wa.gov.au
Web www.dlgsc.wa.gov.au

- 2 -

As previously recommended, the Shire should seek its own legal advice on this matter.

We request a response by 16 September 2022 on the planned approach to address the above matters.

Should you wish to discuss these matters, please contact Subha Gunalan or Alan Carmichael on 6552 1731 or 6552 1430 respectively.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tim Fraser', with a stylized flourish at the end.

Tim Fraser
Executive Director Local Government

5 September 2022

[2022] WASAT 113

JURISDICTION : STATE ADMINISTRATIVE TRIBUNAL

ACT : LOCAL GOVERNMENT ACT 1995 (WA)

CITATION : SHIRE OF TOODYAY [2022] WASAT 113

MEMBER : DR S WILLEY, SENIOR MEMBER

HEARD : 7 DECEMBER 2022

DELIVERED : 21 DECEMBER 2022

FILE NO/S : DR 170 of 2022

BETWEEN : SHIRE OF TOODYAY
Applicant

THE DIRECTOR GENERAL OF THE
DEPARTMENT OF LOCAL GOVERNMENT,
SPORT AND CULTURAL INDUSTRIES
Intervenor

Catchwords:

Local government - Rates - Differential rates - General rates - Ministerial approval
- Annual budget - Referral of general question - Rates not imposed in accordance
with Act - Quashing of rates

Legislation:

*Local Government (Financial Management) Regulations 1996 (WA), reg 23,
reg 52A, Pt 5*

*Local Government Act 1995 (WA), s 5.56, s 6.1, s 6.2, s 6.2(1), s 6.2(2),
s 6.2(3), s 6.26, s 6.28, s 6.82(2), s 6.3, s 6.32, s 6.32(1), s 6.32(1)(a),
s 6.32(1)(b), s 6.32(1)(c), s 6.32(2), s 6.32(2)(b), s 6.32(3), s 6.32(3)(b), s 6.33,
s 6.33(3), s 6.34, s 6.82, s 6.82(1), s 6.82(3), Pt 6, Div 1, Div 2, Div 6*

Page 1

[2022] WASAT 113

Planning and Development Act 2005 (WA)
State Administrative Tribunal Act 2004 (WA), s 27(2), s 37(3)

Result:

Rates quashed

Category: A

Representation:

Counsel:

Applicant : T Houweling
Intervenor : J Misso

Solicitors:

Applicant : Cornerstone Legal
Intervenor : State Solicitor's Office

Case(s) referred to in decision(s):

City of Kalgoorlie-Boulder [2017] WASAT 56
Citygate Properties Pty Ltd and City of Bunbury [2009] WASAT 142
Forrest & Forrest Pty Ltd v Wilson [2017] HCA 30; (2017) 262 CLR 510
Project Blue Sky Inc v Australian Broadcasting Authority [1998] HCA 28;
(1998) 194 CLR 355
Shire of Toodyay [2016] WASAT 141
Shire of Yalgoo [2016] WASAT 136

[2022] WASAT 113

REASONS FOR DECISION OF THE TRIBUNAL:

Introduction

1 The Shire of Toodyay (**Shire** or **Applicant**) has referred a general question as to whether its rates for the 2022-23 financial year have been imposed in accordance with the *Local Government Act 1995* (WA) (**LG Act**). Section 6.82 of the LG Act allows such questions to be referred to the Tribunal.

2 At the heart of the matter is the Council of the Shire of Toodyay's decision, in May 2022, to introduce a Mining Tenement Differential Rate (**MTDR**) (the 'UV Mining' rate) to recognise the impacts of mining exploration activities on the Shire's assets.

3 The Director General of the Department of Local Government, Sport and Cultural Industries has intervened (**Intervenor**) in this matter pursuant to s 37(3) of the *State Administrative Tribunal Act 2004* (WA) (**SAT Act**).

4 Both the Applicant and the Intervenor are of the view that the decision to impose the MTDR was not in accordance with the LG Act. However, the Applicant submits that the Tribunal should just dismiss the application as the resolution to impose the MTDR was of no legal effect. In the alternative, the Applicant submits that only the decision to impose the differential rate on land identified as 'UV Mining' should be quashed pursuant to s 6.82 of the LG Act.

5 The Intervenor submits that the Tribunal should quash the general rate for land rated on the basis of unimproved value, rather than just the differential rate for UV Mining.

6 For the following reasons, the Intervenor's submissions should be accepted. The UV Mining general differential rate was not imposed in accordance with the LG Act and will be quashed. The consequence of that is that, perforce of s 6.32(3)(b) of the LG Act, the Shire must now adopt a new general rate for the purposes of its annual budget.

Background

7 The following facts are agreed between the parties:

- 1) On 15 July 2022, the Applicant submitted an application to the Minister for Local Government (**Minister**) under s 6.33(3) of the *Local Government Act 1995* (WA)

[2022] WASAT 113

(**LG Act**) for approval to impose a differential rate on land categorised as 'UV Mining' for the 2022-23 financial year (**application**).

- 2) At a Special Council Meeting (**SCM**) held on 10 August 2022, the Council of the Applicant considered the following recommendation (**Recommendation 1**) from the administration of the Shire:

'The Shire of Toodyay raises annual rates on a differential basis. This means that Council has the option to set more than one rate in the dollar based on property class, rather than having a uniform rate for all property classes. Differential rates allow different classes of property to be taxed differently.

In accordance with legislative requirements, Officers sought Council's approval to advertise differential rates at a SCM held on 8 June 2022. This included the introduction of a mining differential rate to meet the cost incurred by mining activities taking place within the Shire. The rates were advertised for a period of 21 days inviting submissions from the community.

At an SCM held on 13 July 2022, Council considered the submissions received and authorised the CEO to seek the approval of the Minister to impose a differential general rate which is more than twice the lowest differential general rate imposed by it, in accordance with s 6.33(3) of the Act. Officers await the outcome of the decision.

Officers have included the revenue to be raised from the proposed differential rate. Should the Minister refuse approval, a report will be brought back to Council for a budget amendment.

The proposed differential rates are contained in the table below.'

[2022] WASAT 113

General Rate - Gross Rental Value (GRV)	Rate in \$ (cents)
GRV Residential	0.138729
GRV Commercial	0.147014
GRV Industrial	0.128650
GRV Rural	0.128292
GRV Rural Residential	0.121456
General Rate - Unimproved Value (UV)	
UV General	0.014170
UV Rural	0.008298
UV Mining	0.885755

- 3) At the SCM on 10 August 2022, the Council carried a motion to impose the above differential rates for the 2022-23 financial year.
 - 4) As at 10 August 2022, the Minister had not approved the Shire's application under s 6.33(3) of the LG Act.
 - 5) As at 31 August 2022, the date by which s 6.2(1) of the LG Act requires local governments to adopt their annual budget (unless the Minister allows an extension of time), the Minister had not approved the Shire's application.
 - 6) On 5 September 2022, the delegate of the Minister rejected the Shire's application.
- 8 I have also received a witness statement from Mr Maurice Werder,¹ an officer at the Shire. Mr Werder explains that the basis of the MTDR was to allow the Applicant to address revenue requirements, to maintain additional infrastructure and road expenditure generation by mining exploration being conducted within the Shire's municipal area.
- 9 Mr Werder's statement also explains the process by which the Shire prepared its budget for the 2022/23 financial year.

¹ Exhibit 1.

[2022] WASAT 113

Statutory scheme

10 Part 6 of the LG Act deals with the financial management of local governments.

11 Section 6.1 includes the following defined terms:

differential general rate means the rate imposed under section 6.33;

general rate means a rate imposed in accordance with section 6.32(1)(a).

12 Division 2 of Pt 6 relates to the annual budget. Section 6.2(1) requires a local government to prepare an annual budget for its municipal fund each financial year. In preparing that annual budget, the local government is to have regard to the contents of the plan for the future made pursuant to s 5.56 of the LG Act. The local government is to prepare a detailed estimate for the current year of:

- (a) the expenditure by the local government; and
- (b) the revenue and income, independent of general rates, of the local government; and
- (c) the amount required to make up the deficiency, if any, shown by comparing the estimated expenditure with the estimated revenue and income.

13 All expenditure, revenue and income of the local government is to be taken into account unless otherwise prescribed.²

14 Section 6.3 provides for a budget to be made 'in other circumstances', including where it is required to do so in consequence of the quashing of either a 'general valuation or a 'rate or service charge', by a court or by the Tribunal.

15 Division 6 of Pt 6 of the LG Act deals with rates and service charges.

16 Section 6.26 of the LG Act explains what is 'rateable land'. Pursuant to s 6.28 the Minister determines the method of valuation of land to be used by a local government as the basis for a rate. The Minister's determination must be published in the *Government Gazette*. In making

² LG Act, s 6.2(3).

[2022] WASAT 113

that determination, the Minister is to have regard to the general principle that the basis for a rate on any land is to be:

- (a) where the land is used predominantly for rural purposes, the unimproved value of the land; and
- (b) where the land is used predominantly for non-rural purposes, the gross rental value of the land.

17 Subdivision 2 of Div 6 of the LG Act is directed to 'rates and service charges'.

18 Section 6.32(1) provides that when adopting the annual budget, a local government, in order to make up a budget deficiency, is to impose a general rate on rateable land within its district, such rate may be imposed 'uniformly' or 'differentially'. Section 6.32(1)(b) recognises other forms of rates including a 'specified area rate' and a 'minimum payment'. Section 6.32(1)(c) provides for the imposition of a 'service charge'.

19 Section 6.32(2) of the LG Act requires the local government, in imposing a rate, to:

- (a) set a rate which is expressed as a rate in the dollar of the gross rental value of rateable land within its district to be rated on gross rental value; and
- (b) set a rate which is expressed as a rate in the dollar of the unimproved value of rateable land within its district to be rated on unimproved value.

20 Section 6.32(3) then provides that a local government:

- (a) may, at any time after the imposition of rates in a financial year, in an emergency, impose (by absolute majority) a supplementary general rate or specified area rate for the unexpired portion of the current financial year; and
- (b) is to, after a court or the Tribunal has quashed a general valuation, rate or service charge, impose (by absolute majority) a new general rate, specified area rate or service charge.

21 Section 6.33 is headed 'Differential general rates'.

[2022] WASAT 113

22 Section 6.33(1) provides that a local government may impose differential general rates according to any, or a combination, of the following characteristics:

- (a) the purpose for which the land is zoned, whether or not under a planning scheme as defined in the *Planning and Development Act 2005* (**PD Act**); or
- (b) a purpose for which the land is held or used as determined by the local government; or
- (c) whether or not the land is vacant land; or
- (d) any other characteristic or combination of characteristics prescribed.³

23 Section 6.33(3) then provides:

In imposing a differential general rate a local government is not to, without the approval of the Minister, impose a differential general rate which is more than twice the lowest differential general rate imposed by it.

24 Local governments cannot rely on rates to raise unlimited funds. Section 6.34 of the LG Act provides that, unless otherwise approved by the Minister, the amount shown in the annual budget as being the amount it is estimated will be yielded by the general rate is not to be:

- (a) more than 110% of the amount of the budget deficiency; or
- (b) less than 90% of the amount of the budget deficiency.

25 Section 6.82(1) of the LG Act provides that in circumstances where there is a question of general interest as to whether a rate or service charge was imposed in accordance with this Act, the local government or any person may refer the question to the Tribunal to have it resolved.

26 The referral of questions under s 6.82 of the LG Act arises in the Tribunal's review jurisdiction.⁴ It follows that my task is therefore to make the correct and preferable decision on the review.⁵

³ *Local Government (Financial Management) Regulations 1996* (WA), reg 52A.

⁴ *Citygate Properties Pty Ltd and City of Bunbury* [2009] WASAT 142 [35]-[36].

⁵ SAT Act, s 27(2).

[2022] WASAT 113

27 Section 6.82(3) of the LG Act then provides that the Tribunal, in dealing with a matter referred to it, 'may make an order quashing a rate or service charge which in its opinion has been improperly made or imposed'.

The UV Mining Rate was not imposed in accordance with the LG Act

28 As is clear from the agreed facts, the differential general rate imposed by the Shire on land rated as 'UV Mining' for the 2022-23 financial year was 0.885755 cents in the dollar.

29 The lowest differential rate based upon unimproved value imposed by the Shire for the 2022-23 financial year was 0.008298 cents in the dollar.

30 It follows that the differential general rate imposed by the Shire on land rated as UV Mining for the 2022-23 financial year did not comply with s 6.33(3) of the LG Act because it was more than twice the lowest differential general rate imposed by the Shire, but the Shire had not obtained, and in fact did not obtain, the Minister's approval to impose the rate. The differential rate of 0.885755 is, in fact, more than 106 times greater than the lowest differential rate of 0.008298.

Intervenor's submissions

31 The Intervenor submits that the correct and preferable decision is for the Tribunal to quash the general rate for land rates on the basis of unimproved value (which is generally rural land), rather than just the differential rate for UV Mining for the following reasons.

32 ***Firstly***, under s 6.32(2) of the LG Act, the general rate must be imposed separately for rateable land valued on its unimproved value (UV land) and rateable land valued on its gross rental value (GRV land). Therefore, there are two general rates, one for GRV land and one for UV land.

33 ***Secondly***, s 6.32(1)(a) of the LG Act speaks of imposing 'a general rate' and s 6.32(2)(b) and s 6.82 refer to quashing 'a rate' rather than a particular differential rate.

34 ***Thirdly***, if only a particular differential rating category (such as UV Mining) is quashed, the Shire may not have the flexibility to address the issue in a way that is in the best interests of the local government, because a local government can only change a rate in limited

[2022] WASAT 113

circumstances, such as where a Court or the Tribunal has quashed a general rate: s 6.32(3) of the LG Act.

35 **Fourthly**, s 6.3 of the LG Act refers to the quashing of a 'rate or service charge'. That same phrase is relevantly used in s 6.82(3). Section 6.2 confers on local governments the power to prepare and adopt a budget. Section 6.3 provides for the making of a budget in other circumstances 'in a form and manner similar to the annual budget', and therefore is to include detailed information relating to the rates and service charges that will apply.

36 The fact that s 6.3 of the LG Act confers power for the preparation and adoption of a new budget following the quashing of a rate by the Tribunal suggests a legislative intention that the local government would have the ability and flexibility to make any adjustments to its budget 'as are necessary to meet the case', rather than being limited to removing or adjusting a particular differential rate.

37 **Fifthly**, while s 6.3 requires a local government to prepare and adopt a new budget following the quashing of a rate, the power to impose 'a new general rate, specified area rate or service charge' after a court or the Tribunal has quashed a 'general valuation, rate or service charge' is found in s 6.32(3)(b) of the LG Act.

38 The fact that a local government is required by s 6.32(3)(b) to impose 'a new general rate, specified area rate or service charge' supports the position that an order made by the Tribunal under s 6.82(3) should quash a general rate, as opposed to a particular differential general rate, because a local government could not impose a new 'general rate' under s 6.32(3)(b) unless the previous general rate had first been quashed by the Tribunal.

Applicant's submissions

39 The Applicant agrees that the UV Mining was not imposed in accordance with the LG Act. However, it does not agree with the orders put forward by the Intervenor.

40 The Applicant says the preferred course is for the Tribunal to dismiss the application under the SAT Act. The basis for its submission is that there is nothing needed to quash the imposition of the UV Mining rate because it never had legal effect. This is because the differential rate of the nature sought required, but did not receive, the Minister's approval. The differential UV Mining rate was therefore, as a matter of law, never

[2022] WASAT 113

imposed. Accordingly, there is no determination with legal effect that can be the subject of an order to quash.

41 In the alternative, the Applicant submits that the Tribunal should make orders quashing only the UV Mining rate. It says, in effect, that the UV Mining rate is severable from the other general rates imposed on the basis of unimproved value.

42 The Applicant focuses on the text of s 6.82 of the LG Act and the use of the word 'rate' (as opposed to 'rates'). It submits the ordinary term 'rate' relates to a general rate imposed on a particular basis by s 6.32(1) of the LG Act and is not, as is contended by the Intervenor, a reference to a plurality of rates under a designation in 6.32(2) of the LG Act.

43 The Applicant further submits that s 6.3 provides flexibility for a local government to make any adjustments to its budget making process 'as are necessary' in response to a rate being quashed.

44 The Applicant accepts that it is arguable that 'quashing "a rate" requires the local government to amend its rates schedule by replacing not only the impugned differential rate but all UV rates and to adopt a new budget'. However, the Applicant submits that such a construction requires reading words into the provision and is not made clear by the language used.

45 The Applicant says that the Tribunal has, in the past, in decisions such as *Shire of Toodyay*,⁶ treated rates within the UV category as distinct for the purposes of making orders under s 6.82 of the LG Act. That is to say, the lawfulness of each rate was determined by the Tribunal independently on separate grounds.

Disposition

An order under s 6.82(3) is appropriate

46 For the following two reasons, I agree with the Intervenor that an order quashing the differential general rate that was adopted by the Shire is appropriate.

47 ***First***, as is agreed between the parties, the UV Mining rate was imposed in a manner contrary to the requirements of s 6.33(3) of the LG Act. The differential general rate was therefore, I find, not imposed in accordance with the LG Act. In the circumstances, resolving the

⁶ *Shire of Toodyay* [2016] WASAT 141 [7].

[2022] WASAT 113

matter via an order made pursuant to s 6.82 of the LG Act seems to be the appropriate course provided by the statute.

48 *Second*, I do not agree with the Applicant that there is no need for an order and that I should instead simply dismiss the application.

49 What has been referred to the Tribunal by the Shire 'is a question of general interest' as to whether, relevantly the differential general rate for UV Mining was imposed in accordance with the LG Act.

50 In all instances, where a rate is found not to have been imposed in accordance with the LG Act it may be argued that there is in fact no need for an order under s 6.82(3) of the LG Act quashing the rate. That is because, if rates were imposed in a manner that is *ultra vires*, it may be argued that the decision to impose the rate is of no legal consequence and thus no declaration is required from the Tribunal confirming that to be so.

51 I do not accept that, having found that the rate was not imposed in accordance with the LG Act, that I should then dismiss the application, rather than make an order quashing the rate, is consistent with the architecture of the LG Act and the statutory scheme. Parliament has given the Tribunal the function of making a determination as to whether a rate has been imposed in accordance with the LG Act.

52 By its express terms, s 6.82 is to operate in instances where there is a general question as to whether a rate has been imposed in a manner that accords with the requirements of the LG Act. No doubt a provision of this nature recognises the fact that there are currently 137 local governments in Western Australia, each of which must impose rates in order to meet a budget deficiency. It is trite that general questions as to whether rates adopted by local governments accord with the requirements of the LG Act will arise from time to time.

53 This is such a case. Having found that there is a general question, I am not simply inclined to dismiss the application on the basis of a submission that the rate never took effect and has not been levied. In my view, an order in the terms of s 6.82(3) is warranted.

54 Furthermore, as submitted by Mr Misso, counsel for the Intervenor, as a matter of administrative law, an act done in breach of a condition regulating the exercise of a statutory power (in this case, the power to impose a differential general rate) is not necessarily invalid and of no effect. Whether such an act is invalid and of no effect 'depends upon

[2022] WASAT 113

whether there can be discerned a legislative purpose to invalidate any act that fails to comply with the condition'.⁷

55 That would then involve an inquiry as to whether the statutory purpose of the duty (relevantly, to seek Ministerial consent pursuant to s 6.33(3) of the LG Act), when considered on context, would be advanced by holding an exercise of decision-making power affected by the breach of duty to be invalid.⁸

56 The Shire adopted the budget on 10 August 2022. It remains the adopted budget. To not make an order under s 6.82(3) of the LG Act does not bring finality to this situation and leaves open the question of the validity of the adopted differential general rate for UV Mining.

57 Coming back to the evident purpose of s 6.82, an order quashing the imposition of the rate not only serves the purpose of answering the question posed by the Applicant, but also alerts and informs other local governments and stakeholders which may have similar rating questions.

58 It is also the case that in order to be empowered to set a new general rate under s 6.32(3)(b), and to prepare a new budget under s 6.3, an order quashing a rate under s 6.82(3) must first be made.

59 I will make an order pursuant to s 6.82(3) of the LG Act.

What is the appropriate terms for an order under s 6.82(3)

60 Having determined that an order pursuant to s 6.82(3) of the LG Act is appropriate, I turn now to the appropriate terms of the order.

61 There is a contest between the parties as to whether I may only quash the UV Mining differential general rate or whether I am required to quash the general differential rate (comprising in this instance, the 'UV General', 'UV Rural' and 'UV Mining' differential rates).

62 The answer to this is a question of statutory construction. It is not straightforward. There are some textual indications on each side of the debate.

63 In my exchanges with counsel, it is clear that this question has not before been directly addressed by the Tribunal or in Western Australia.

⁷ *Project Blue Sky Inc v Australian Broadcasting Authority* [1998] HCA 28; (1998) 194 CLR 355, 388-389 [91] (McHugh, Gummow, Kirby and Hayne JJ).

⁸ *Forrest & Forrest Pty Ltd v Wilson* [2017] HCA 30; (2017) 262 CLR 510, 534 [83] (Kiefel CJ, Bell, Gagler and Keane JJ).

[2022] WASAT 113

My own searches have yielded no case authorities which may assist. The Tribunal has made many orders quashing particular differential rates⁹ and there are others where the Tribunal has quashed the general differential rate.¹⁰ This no doubt reflects the fact that proceedings of this nature are rarely contested and argued.

64 I turn to set out the features of the statutory scheme that arise for consideration.

65 A local government is required to, perforce of 6.32(1) of the LG Act, impose a rate, being a general rate, either uniformly or differentially. The definition of general rate includes a differential general rate.¹¹

66 Section 6.33 is directed to differential general rates. It is plain from that section that there can be more than one differential general rate adopted. Section 6.33 controls the relationship between each differential general rate that has been adopted by requiring that no general differential rate can be more than twice that of the lowest differential general rate, unless the Minister's approval has been obtained.

67 Turning to s 6.82, this provision empowers the Tribunal to consider a question of general interest as to whether a rate was imposed in accordance with the LG Act. The Tribunal may 'make an order quashing a rate or service charge' that was improperly made.

68 Once an order under s 6.82 is made, s 6.32(3)(b) requires the local government to, relevantly, impose a new 'general rate'.

69 It is important to note that the rate setting exercise does not operate in vacuum. It arises in the context of the setting of the annual budget and rates are imposed to make up a budget deficiency. The revenue that can be leveraged from rates is limited and must, pursuant to, s 6.34 of the LG Act be such that rates yield between no more than 110%, and no less than 90%, of the budget deficiency.

70 Intuitively, one may assume that if one differential general rate is to be quashed, then the local government may need to adjust all the differential general rates that were adopted in order to ensure the budget

⁹ *Shire of Toodyay* [2016] WASAT 141; *City of Kalgoorlie-Boulder* [2017] WASAT 56.

¹⁰ *Minister for Local Government and Shire of Mingenew* [2013] DR 479; *Shire of Yalgoo* [2016] WASAT 136; *Shire of Carnarvon and No Respondent* [2020] DR 72.

¹¹ Regulation 23 of the *Local Government (Financial Management) Regulations 1996* (WA) addresses the rate information required in the annual budget and includes references to both general rates and differential general rates.

[2022] WASAT 113

deficiency can be met. It may not be as simple as reimposing only one particular differential general rate in a manner that accords with s 6.33(3).

71 However, that is not what is pressed for here by the Shire. The Shire submits I should only quash the UV Mining differential general rate.

72 The Intervenor's submissions have much force. Those submissions are to the effect that if Parliament intended that the Tribunal may quash a particular 'differential general rate', rather than a 'general rate', then the term 'differential general rate' rather than a 'general rate' would have been used in s 6.32(3)(b). That is to say, what s 6.32(3)(b) requires is for a new *general rate*, for the purposes of s 6.32(1)(a) of the LG Act, to be imposed.

73 Against that, it may be said that s 6.33 recognises that there may be, in fact must be, more than one differential general rate imposed and that s 6.82(3) uses the term that a 'rate' may be quashed. That is to say, the term 'general rate' is not used in s 6.82(3).

74 While that fact does support the Applicant's argument at some level, it is also the case that the use of the generic term 'rate' in s 6.82(3) reflects the fact that there may be any number of rates imposed by a local government including a general rate (either uniform or differential), as well as specified area rate or minimum payment, that may be quashed.

75 The primary difference between the parties in this matter seems to be whether, following an order quashing a 'rate' (no matter what kind of rate) is made under s 6.82(3), what then follows?

76 Section 6.3 requires a local government to prepare a new budget in consequence of the quashing of a rate by the Tribunal. The new budget is to be in a form and manner similar to the annual budget, with such modifications as are necessary.

77 It seems to me that s 6.3, read together with s 6.32(3)(b), and taking account of the statutory scheme in general, means that when a rate is quashed, the consequence is that a new general rate is required to be imposed and a new budget prepared.

78 That makes sense to me, given that the rates set out in the annual budget come into existence *uno flato* with the objective of, together, meeting the budget deficit. To me, it is axiomatic that the quashing of one rate that was imposed may, indeed possibly even must, have

[2022] WASAT 113

consequential effects on the other rates adopted and imposed. That is to say, the rates that are adopted to meet the needs of the annual budget, stand or fall together.

79 Following the quashing of 'a rate' under s 6.82(3), s 6.32(3)(b) requires a local government to impose 'a new general rate'. The reference to 'general rate' and not a 'differential general rate' refers to the imposition of general rates under s 6.32, not s 6.33 which relates to the setting of differential general rates.

80 For these reasons, the Intervenor's case should, on balance, be accepted as the preferred construction.

81 The parties each submitted draft orders depending on the conclusion I ultimately reached.

82 For the reasons set out above, the order sought by the Intervenor will be made.

Orders

The Tribunal orders:

1. The general rate imposed by the Shire of Toodyay upon rateable land within its district to be rated on unimproved value for the 2022-23 financial year pursuant to 6.32(1) of the *Local Government Act 1995* (WA) is quashed pursuant to s 6.82 of that Act.

I certify that the preceding paragraph(s) comprise the reasons for decision of the State Administrative Tribunal.

DR S WILLEY, SENIOR MEMBER

21 DECEMBER 2022

SHIRE OF TOODYAY
ANNUAL BUDGET
FOR THE YEAR ENDED 30 JUNE 2023
LOCAL GOVERNMENT ACT 1995

TABLE OF CONTENTS

Statement of Comprehensive Income by Nature or Type	2
Statement of Cash Flows	3
Rate Setting Statement	4
Index of Notes to the Budget	6

SHIRE'S VISION

The Shire will endeavour to provide community services and facilities to meet the needs of members of the community and enable them to enjoy a pleasant and healthy way of life.

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

	NOTE	2022/23 Budget	2021/22 Actual	2021/22 Budget
		\$	\$	\$
Revenue				
Rates	2(a)	7,069,204	6,895,483	6,870,033
Operating grants, subsidies and contributions	11	1,810,514	3,290,588	2,475,731
Fees and charges	14	1,420,409	1,162,168	1,568,041
Interest earnings	12(a)	50,000	51,525	36,000
Other revenue	12(b)	140,428	888,105	416,271
		10,490,555	12,287,869	11,366,076
Expenses				
Employee costs		(4,273,693)	(3,714,584)	(3,960,004)
Materials and contracts		(4,266,992)	(4,201,919)	(4,253,010)
Utility charges		(450,649)	(373,792)	(473,360)
Depreciation on non-current assets	6	(4,436,148)	(4,300,000)	(3,907,920)
Interest expenses	12(d)	(155,813)	(166,711)	(291,090)
Insurance expenses		(394,663)	(372,519)	(307,650)
Other expenditure		(291,946)	(207,892)	(255,910)
		(14,269,904)	(13,337,417)	(13,448,944)
		(3,779,349)	(1,049,548)	(2,082,868)
Non-operating grants, subsidies and contributions	11	3,776,923	1,671,882	3,301,633
Profit on asset disposals	5(b)	0	0	4,000
		3,776,923	1,671,882	3,305,633
Net result for the period		(2,426)	622,334	1,222,765
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus		0	0	0
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		(2,426)	622,334	1,222,765

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

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

NOTE	2022/23 Budget	2021/22 Actual	2021/22 Budget	
	\$	\$	\$	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates	7,069,204	6,551,349	6,870,033	
Operating grants, subsidies and contributions	1,810,514	3,290,588	2,475,731	
Fees and charges	1,420,409	1,162,168	1,568,041	
Interest received	50,000	51,525	40,000	
Other revenue	140,428	888,105	416,271	
	10,490,555	11,943,735	11,370,076	
Payments				
Employee costs	(4,273,693)	(3,955,775)	(3,960,004)	
Materials and contracts	(4,266,992)	(4,410,485)	(4,253,010)	
Utility charges	(450,649)	(373,792)	(473,360)	
Interest expenses	(155,813)	(166,711)	(291,090)	
Insurance paid	(394,663)	(372,519)	(307,650)	
Other expenditure	(291,946)	(207,892)	(255,910)	
	(9,833,756)	(9,487,174)	(9,541,024)	
Net cash provided by (used in) operating activities	4	656,799	2,456,561	1,829,052
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	5(a)	(2,427,971)	(438,043)	(1,846,684)
Payments for construction of infrastructure	5(a)	(5,144,065)	(2,144,424)	(4,158,829)
Non-operating grants, subsidies and contributions		3,776,923	1,671,882	3,301,633
Proceeds from sale of property, plant and equipment	5(b)	593,000	298,068	692,500
Net cash provided by (used in) investing activities		(3,202,113)	(612,516)	(2,011,380)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	7(a)	(317,686)	(306,787)	(471,167)
Principal elements of lease payments	8	(139,662)	(195,947)	0
Net cash provided by (used in) financing activities		(457,348)	(502,734)	(471,167)
Net increase (decrease) in cash held		(3,002,662)	1,341,311	(653,495)
Cash at beginning of year		4,667,695	4,436,093	2,856,717
Cash and cash equivalents at the end of the year	4	1,665,033	5,777,404	2,203,222

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

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

	NOTE	2022/23 Budget	2021/22 est. Actual	2021/22 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	3	3,198,000	1,111,677	780,101
		3,198,000	1,111,677	780,101
Revenue from operating activities (excluding rates)				
Operating grants, subsidies and contributions	11	1,810,514	3,290,588	2,475,731
Fees and charges	14	1,420,409	1,162,168	1,568,041
Interest earnings	12(a)	50,000	51,525	36,000
Other revenue	12(b)	140,428	888,105	416,271
Profit on asset disposals	5(b)	0	0	4,000
		3,421,351	5,392,386	4,500,043
Expenditure from operating activities				
Employee costs		(4,273,693)	(3,714,584)	(3,960,003)
Materials and contracts		(4,266,992)	(4,201,919)	(4,253,010)
Utility charges		(450,649)	(373,792)	(473,360)
Depreciation on non-current assets	6	(4,436,148)	(4,300,000)	(3,907,920)
Interest expenses	12(d)	(155,813)	(166,711)	(291,090)
Insurance expenses		(394,663)	(372,519)	(307,650)
Other expenditure		(291,946)	(207,892)	(255,910)
		(14,269,904)	(13,337,417)	(13,448,943)
Non-cash amounts excluded from operating activities	3(b)	4,461,148	4,314,855	3,907,920
Amount attributable to operating activities		(3,189,405)	(2,518,499)	(4,260,879)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	11	3,776,923	1,671,882	3,301,633
Payments for property, plant and equipment		(2,288,309)	(438,043)	(1,846,684)
Payments for construction of infrastructure	5(a)	(5,144,065)	(2,144,424)	(4,158,829)
Proceeds from disposal of assets	5(b)	593,000	298,068	692,500
Amount attributable to investing activities		(3,062,451)	(612,516)	(2,011,380)
Amount attributable to investing activities		(3,062,451)	(612,516)	(2,011,380)
FINANCING ACTIVITIES				
Repayment of borrowings	7(a)	(317,686)	(306,787)	(471,167)
Principal elements of finance lease payments	8	(139,662)		0
Transfers to cash backed reserves (restricted assets)	9(a)	(406,000)	(721,406)	(771,738)
Transfers from cash backed reserves (restricted assets)	9(a)	56,000	624,879	655,131
Amount attributable to financing activities		(807,348)	(403,314)	(587,774)
Budgeted deficiency before general rates		(7,059,204)	(3,534,329)	(6,860,033)
Estimated amount to be raised from general rates	2(a)	7,069,204	6,876,480	6,870,033
Net current assets at end of financial year - surplus/(deficit)	3	10,000	3,342,151	10,000

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

SHIRE OF TOODYAY
FOR THE YEAR ENDED 30 JUNE 2023

INDEX OF NOTES TO THE BUDGET

Note 1	Basis of Preparation	6
Note 2	Rates	14
Note 3	Net Current Assets	22
Note 4	Reconciliation of cash	25
Note 5	Fixed Assets	26
Note 6	Asset Depreciation	28
Note 7	Borrowings	29
Note 8	Leases	34
Note 9	Reserves	35
Note 10	Revenue Recognition	36
Note 11	Program Information	37
Note 12	Other Information	38
Note 13	Elected Members Remuneration	39
Note 14	Major Land Transactions	40
Note 15	Trading Undertakings and Major Trading Undertakings	41
Note 16	Investment in Associates	42
Note 17	Trust	43
Note 18	Fees and Charges	44

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

1 (a) BASIS OF PREPARATION

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

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

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

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

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

The local government reporting entity

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 13 to the annual budget.

2021/22 actual balances

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

Budget comparative figures

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

Comparative figures

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

Initial application of accounting standards

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

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

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

New accounting standards for application in future years

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

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

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

Judgements, estimates and assumptions

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

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

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

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

Rounding off figures

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

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

1 (b) KEY TERMS AND DEFINITIONS - NATURE OR TYPE

REVENUES

RATES

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

SERVICE CHARGES

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

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

PROFIT ON ASSET DISPOSAL

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

OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

FEES AND CHARGES

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

INTEREST EARNINGS

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

OTHER REVENUE / INCOME

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

EXPENSES

EMPLOYEE COSTS

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

MATERIALS AND CONTRACTS

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

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

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

INSURANCE

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

LOSS ON ASSET DISPOSAL

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

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation and amortisation expense raised on all classes of assets.

INTEREST EXPENSES

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

OTHER EXPENDITURE

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

SHIRE OF TOODYAY

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

(a) Rating Information

Rate Description	Basis of valuation	Rate in	Number of properties	Rateable value	2022/23 Budgeted rate revenue	2022/23 Budgeted interim rates	2022/23 Budgeted back rates	2022/23 Budgeted total revenue	2021/22 Budget total revenue
		\$		\$	\$	\$	\$	\$	\$
(i) Differential general rates or general rates									
Gross rental valuations					0			0	
GRV Residential		0.138729	568	7,870,244	1,091,831			1,091,831	1,018,184
GRV Commercial		0.147014	28	1,355,370	199,258			199,258	191,323
GRV Industrial		0.128650	20	431,330	55,491			55,491	52,284
GRV Rural		0.128292	107	1,505,180	193,103			193,103	186,060
GRV Rural Residential		0.121456	979	14,013,000	1,701,963			1,701,963	1,596,702
Unimproved valuations					0			0	
UV General (incl. Mining)		0.014170	458	80,952,500	1,147,097			1,147,097	1,107,749
UV Rural		0.008298	188	185,358,000	1,538,101			1,538,101	1,485,619
UV Mining		0.885757	0	0	0			0	0
Sub-Total			2,348	291,485,624	5,926,844	0	0	5,926,844	5,637,921
Minimum payment		\$							
Gross rental valuations					0			0	
GRV Residential		1,351	233	959,716	314,783			314,783	347,207
GRV Commercial		1,351	6	29,850	8,106			8,106	6,755
GRV Industrial		1,351	9	29,200	12,159			12,159	13,510
GRV Rural		1,351	36	277,428	48,636			48,636	49,987
GRV Rural Residential		1,351	430	2,341,302	580,930			580,930	636,321
Unimproved valuations					0			0	
UV General (incl. Mining)		1,351	126	6,272,161	170,226			170,226	172,928
UV Rural		1,351	20	2,063,000	27,020			27,020	5,404
UV Mining		1,351	0	0	0			0	0
Interims and Back rates					0	10,000		10,000	
Sub-Total			860	11,972,657	1,161,860	10,000	0	1,171,860	1,232,112
			3,208	303,458,281	7,088,704	10,000	0	7,098,704	6,870,033
Concessions on general rates (Refer note 2(g))								(29,500)	0
Total amount raised from general rates								7,069,204	6,870,033
Ex-gratia rates								1,273	0
Concessions on specified area and ex gratia rates (Refer note 2(g))								0	0
Total specified area and ex gratia rates								1,273	0
Total rates								7,070,477	6,870,033

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

The general rates detailed for the 2022/23 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

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

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

2. RATES AND SERVICE CHARGES (CONTINUED)

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

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

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one				
Single full payment	12/10/2022	0	0.0%	7.0%
Option two				
First instalment	12/10/2022	0	3.0%	7.0%
Second instalment	12/12/2022	7.50	3.0%	7.0%
Third instalment	13/02/2023	7.50	3.0%	7.0%
Fourth instalment	13/04/2023	7.50	3.0%	7.0%

	2022/23 Budget revenue	2021/22 Actual revenue	2021/22 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	16,000	15,415	20,000
Instalment plan interest earned	10,000	11,128	10,000
Unpaid rates and service charge interest earned	45,000	51,525	25,000
	71,000	78,068	55,000

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

2. RATES AND SERVICE CHARGES (CONTINUED)

(c) Objectives and Reasons for Differential Rating

The rates in the dollar (\$) for the various differential rates are calculated to provide the shortfall in income required to enable the Shire to provide necessary works and services in the 2022/2023 financial year for each category after taking into account all non-rate sources of income.

Differential rates provide equity in the rating of properties across the Shire. The following rate categories have been determined for the implementation of differential rating.

Differential general rate

Description	Characteristics	Objects	Reasons
GRV Residential	The rate in the \$ of 0.138729 has been set to ensure that the porportion of total rate revenue derived from Residential property remains consistent with previous years. This is based on the total raised from all properties now rated as Residential.		
GRV Commercial	The rate in the \$ of 0.147014 has been set to ensure that the porportion of total rate revenue derived from Commercial property remains consistent with previous and recognises the higher demand on Shire infrastructure and services from the activity on Commercial property.		
GRV Industrial	The rate in the \$ of 0.128650 has been set to ensure that the porportion of total rate revenue derived from Industrial property remains consistent with previous and recognises the higher demand on Shire infrastructure and services from the activity on Industrial property.		
GRV Rural	The rate in the \$ of 0.128292 has been set to ensure that the porportion of total rate revenue derived from these properties remains consistent with previous years.		
GRV Rural Residential	The rate in the \$ of 0.121456 has been set to ensure that the porportion of total rate revenue derived from these properties remains consistent with previous years, notwithstanding that in previous years these properties had been rated as UV General.		
UV General	The rate in the \$ of 0.01417 has been set to ensure that the porportion of total rate revenue derived from small rural holdings remains consistent with previous years.		
UV Rural	The rate of \$ 0.008298 has been set to ensure that broadacre farming properties, those above 100 hectares and used for grazing or cropping, are not adversely affected by the valuation changes resulting from preponderance of small rural holdings.		
UV Mining	The rate of \$ 0.000000 has been set to ensure that the requirements of the Mining Tenements can be significantly addressed within the rates revenue from this sector.		

(d) Differential Minimum Payment

Differential Minimum A minimum payment of \$1,351 is applied to GRV & UV properties in recognition that every property receives some minimum level of benefit from works and services provided. The minimum payment helps encourage development and discourage speculation.

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

2. RATES AND SERVICE CHARGES (CONTINUED)

(e) Specified Area Rate

(f) Service Charges

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

(g) Waivers or concessions

Rate, fee or charge to which the waiver or concession is granted	Type	Discount %	Discount (\$)	2022/23 Budget	2021/22 Actual	2021/22 Budget	Circumstances in which the waiver or concession is granted
General Rates	Concession			\$ 19,500	\$ 19,003	\$	0 Concessions provided to charitable groups
Write Offs	Waiver			10,000	0	0	0 Budget allocation for unrecoverable rates charges
				29,500	19,003	0	

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

3. NET CURRENT ASSETS

Note	2022/23 Budget 30 June 2023	2021/22 Actual 30 June 2022	2021/22 Budget 30 June 2022	
	\$	\$	\$	
(a) Composition of estimated net current assets				
Current assets				
Cash and cash equivalents - unrestricted	4	1,695,033	2,885,711	1,379,724
Cash and cash equivalents - restricted	4	2,131,984	1,781,984	2,403,825
Receivables		1,698,188	1,698,188	1,439,215
Inventories		166,846	166,846	115,904
		5,692,051	6,532,729	5,338,668
Less: current liabilities				
Trade and other payables		(3,440,773)	(1,274,300)	(2,303,518)
Contract liabilities		0	0	(527,306)
Lease liabilities	8	(201,348)	(341,010)	0
Long term borrowings	7	(306,788)	(306,788)	(471,167)
Employee provisions		(406,724)	(406,724)	(868,755)
		(4,355,633)	(2,328,822)	(4,170,746)
Net current assets		1,336,418	4,203,907	1,167,922
Less: Total adjustments to net current assets	3.(c)	(1,326,418)	(861,756)	(1,157,922)
Net current assets used in the Rate Setting Statement		10,000	3,342,151	10,000

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

Items excluded from calculation of budgeted deficiency

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

(b) Non-cash amounts excluded from operating activities

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

Adjustments to operating activities

Note	2022/23 Budget 30 June 2023	2021/22 Actual 30 June 2022	2021/22 Budget 30 June 2022	
	\$	\$	\$	
Less: Profit on asset disposals	5(b)	0	0	(4,000)
Add: Depreciation on assets	6	4,436,148	4,300,000	3,907,920
Movement in non-current pensioner deferred rates		0	14,855	0
Movement in current employee provisions associated with restricted cash		25,000	0	0
Non cash amounts excluded from operating activities		4,461,148	4,314,855	3,903,920

(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

Note	2022/23 Budget 30 June 2023	2021/22 Actual 30 June 2022	2021/22 Budget 30 June 2022	
	\$	\$	\$	
Less: Cash - restricted reserves	9	(2,131,984)	(1,781,984)	(1,876,519)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings		306,788	306,788	471,167
- Current portion of lease liabilities		201,348	341,010	0
- Current portion of employee benefit provisions held in reserve		297,430	272,430	247,430
Total adjustments to net current assets		(1,326,418)	(861,756)	(1,157,922)

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

3 (d) NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

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

TRADE AND OTHER PAYABLES

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

PREPAID RATES

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

INVENTORIES

General

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

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

Superannuation

The SHIRE OF TOODYAY contributes to a number of superannuation funds on behalf of employees.

All funds to which the SHIRE OF TOODYAY contributes are defined contribution plans.

LAND HELD FOR RESALE

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

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

GOODS AND SERVICES TAX (GST)

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

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

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

TRADE AND OTHER RECEIVABLES

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

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

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

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

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

PROVISIONS

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

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

EMPLOYEE BENEFITS

Short-term employee benefits

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

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

SHIRE OF TOODYAY

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

4. RECONCILIATION OF CASH

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

Note	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
Cash at bank and on hand	3,827,017	4,667,695	3,783,549
Total cash and cash equivalents	3,827,017	4,667,695	3,783,549
Held as			
- Unrestricted cash and cash equivalents	3(a) 1,695,033	2,885,711	1,379,724
- Restricted cash and cash equivalents	3(a) 2,131,984	1,781,984	2,403,825
	3,827,017	4,667,695	3,783,549
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	2,131,984	1,781,984	2,403,825
	2,131,984	1,781,984	2,403,825
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Financially backed reserves	9 2,131,984	1,781,984	1,876,519
Contract liabilities	0	0	527,306
	2,131,984	1,781,984	2,403,825
Reconciliation of net cash provided by operating activities to net result			
Net result	(2,426)	622,334	1,222,766
Depreciation	6 4,436,148	4,300,000	3,907,920
(Profit)/loss on sale of asset	5(b) 0	0	(4,000)
Share of profit or (loss) of associates accounted for using the equity method	0	0	0
(Increase)/decrease in receivables	0	(344,134)	
(Increase)/decrease in inventories	0	(96,005)	
Increase/(decrease) in payables	0	(112,561)	
Increase/(decrease) in employee provisions	0	(241,191)	
Non-operating grants, subsidies and contributions	(3,776,923)	(1,671,882)	(3,301,633)
Net cash from operating activities	656,799	2,456,561	1,825,053

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 3 - Net Current Assets.

FINANCIAL ASSETS AT AMORTISED COST

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

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

SHIRE OF TOODYAY
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2023
 FOR FIXED ASSETS

(a) Acquisition of Assets

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

Reporting program

Asset class	Law, order, public safety	Community amenities	Recreation and culture	Transport	Other property and services	2022/23 Budget total	2021/22 Actual total	2021/22 Budget total
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Property, Plant and Equipment</i>								
Buildings - non-specialised						0		182,207
Buildings - specialised	707,766	61,000	194,561		15,798	979,125	218,419	574,892
Plant and equipment					1,448,846	1,448,846	219,624	1,089,585
	707,766	61,000	194,561	0	1,464,644	2,427,971	438,043	1,846,684
<i>Infrastructure</i>								
Infrastructure - Roads				4,503,199		4,503,199	1,949,263	3,749,829
Infrastructure - Footpaths				122,500		122,500		
Infrastructure - Drainage				130,000		130,000	169,991	356,000
Other infrastructure			149,118			149,118		53,000
Other infrastructure - Bridges				239,248		239,248	25,170	
	0	0	149,118	4,994,947	0	5,144,065	2,144,424	4,158,829
Total acquisitions	707,766	61,000	343,679	4,994,947	1,464,644	7,572,036	2,582,466	6,005,513

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

SIGNIFICANT ACCOUNTING POLICIES

RECOGNITION OF ASSETS

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

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

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

5. FIXED ASSETS

(b) Disposals of Assets

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

	2022/23 Budget Net Book Value	2022/23 Budget Sale Proceeds	2022/23 Budget Profit	2022/23 Budget Loss	2021/22 Actual Net Book Value	2021/22 Actual Sale Proceeds	2021/22 Actual Profit	2021/22 Actual Loss	2021/22 Budget Net Book Value	2021/22 Budget Sale Proceeds	2021/22 Budget Profit	2021/22 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
Transport	493,000	493,000	0	0		0	0	0	352,500	352,500	0	0
Economic services		0	0	0	298,068	298,068	0	0	340,000	340,000	0	0
Other property and services	100,000	100,000	0	0		0	0	0	0	4,000	4,000	0
	593,000	593,000	0	0	298,068	298,068	0	0	692,500	696,500	4,000	0
By Class												
<i>Property, Plant and Equipment</i>												
Land - freehold land	100,000	100,000				0				0		
Buildings - non-specialised		0			298,068	298,068			340,000	340,000		
Plant and equipment	493,000	493,000			0	0			352,500	356,500	4,000	
	593,000	593,000	0	0	298,068	298,068	0	0	692,500	696,500	4,000	0

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.

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

6. ASSET DEPRECIATION

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
By Program			
Governance	97,194	97,194	83,000
Law, order, public safety	287,952	287,952	245,900
Health	41,571	41,571	35,500
Housing	29,861	29,861	25,500
Community amenities	16,628	16,628	14,200
Recreation and culture	635,960	635,960	543,085
Transport	2,936,448	3,076,530	2,627,235
Economic services	80,214	80,214	68,500
Other property and services	310,319	310,319	265,000
	4,436,148	4,576,230	3,907,920
By Class			
Buildings - non-specialised	260,878	260,878	144,371
Buildings - specialised	11,784	11,784	8,552
Furniture and equipment	0	0	90,801
Plant and equipment	20,783	20,783	499,790
Other property, plant and equipment [describe]	492,267	492,267	72,392
Other property, plant and equipment [describe]	140,511	140,511	11,135
Infrastructure - Roads	2,163,906	2,303,988	1,974,023
Infrastructure - Footpaths	31,324	31,324	26,089
Infrastructure - Drainage	79,255	79,255	66,010
Infrastructure - water supply	302,013	302,013	406,203
Infrastructure - parks and ovals	658,449	658,449	544,673
Infrastructure - waste facilities	76,700	76,700	63,881
Right of use - plant and equipment	198,278	198,278	
	4,436,148	4,576,230	3,907,920

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

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

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

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

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

Buildings - non-specialised	30 to 50 years
Buildings - specialised	50 to 80 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Other property, plant and equipment [describe]	
Other property, plant and equipment [describe]	
Infrastructure - Roads	20 to 80 years
Infrastructure - Footpaths	20 years
Infrastructure - Drainage	80 years
Infrastructure - water supply	30 to 75 years
Infrastructure - parks and ovals	10 to 60 Years
Infrastructure - waste facilities	40 Years
Right of use - plant and equipment	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.

SHIRE OF TOODYAY

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

7. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Loan Number	Institution	Interest Rate	Budget	2022/23	Budget	2022/23	Actual	2021/22	Actual	2021/22	Budget	2021/22	Budget	2021/22	
				Principal	Budget	Principal	Budget	Principal	Actual	Principal	Actual	Principal	Principal	Principal	Repayments	
				1 July 2022	Principal	outstanding	Repayments	1 July 2021	Repayments	30 June 2022	Repayments	1 July 2021	Repayments	30 June 2022	Repayments	
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Recreation and culture																
Loan 67 - Library Upgrade	67	WATC	6.6%	97,833	(47,329)	50,504	(5,689)	142,186	(44,353)	97,833	(8,664)	142,186	(44,353)	97,833	(14,073)	
Loan 72 - Land - Rec Precinct	72	WATC	4.5%	655,659	(47,371)	608,288	(28,656)	700,991	(45,332)	655,659	(30,695)	700,991	(45,332)	655,659	(35,158)	
Loan 75B - Recreation Precinct	75B	WATC		4,320,601	(183,558)	4,137,043	(98,560)	4,500,000	(179,399)	4,320,601	(102,719)	4,500,000	(343,778)	4,156,222	(197,115)	
Transport																
Loan 71 - Depot - Stage 2	71	WATC	4.5%	516,577	(39,427)	477,150	(22,909)	554,281	(37,704)	516,577	(24,632)	554,281	(37,704)	516,577	(28,282)	
Other property and services																
Loan 63 - Bendigo Bank	63	WATC	6.3%	0		0					0			0	(1,046)	
Loan 74 - Refurbish Bendigo Bank	74	WATC	3.2%	0		0					0			0	(1,010)	
				5,590,671	(317,686)	5,272,985	(155,813)	5,897,458	(306,787)	5,590,671	(166,711)	5,897,458	(471,167)	5,426,291	(276,684)	

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

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

7. INFORMATION ON BORROWINGS

(b) New borrowings - 2022/23

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

(c) Unspent borrowings

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

(d) Credit Facilities

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
Undrawn borrowing facilities credit standby arrangements			
Bank overdraft limit	700,000	700,000	700,000
Bank overdraft at balance date	0	0	0
Credit card limit	32,000	32,000	32,000
Credit card balance at balance date	0	0	0
Total amount of credit unused	732,000	732,000	732,000
Loan facilities			
Loan facilities in use at balance date	5,272,985	5,590,671	5,426,291

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

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

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

8. LEASE LIABILITIES

Purpose	Institution	Lease Interest Rate	Lease Term	Budget Lease	2022/23 Budget Lease	Budget Lease	2022/23 Budget Lease	2021/22 Actual Lease	Actual Lease	2021/22 Actual Lease	Budget Lease	2021/22 Budget Lease	Budget Lease	2021/22 Budget Lease	
				Principal 1 July 2022	Principal Repayments	Principal outstanding 30 June 2023	Principal Repayments	Principal 1 July 2021	Principal repayments	Principal outstanding 30 June 2022	Principal repayments	Principal 1 July 2021	Principal repayments	Principal outstanding 30 June 2022	Principal repayments
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Governance															
ESRI Mapping Software	Commonwealth E	1.7%	36 months	8,673	(8,673)	0	(895)	36,893	(28,220)	8,673	(895)	40,211	(27,812)	12,399	(934)
Drum Roller	Gear Select	1.5%	60 months	67,060	(24,852)	42,208	(2,311)	91,912	(24,852)	67,060	(2,311)	95,271	(23,447)	71,824	(1,730)
IVECO Truck	CNHI Capital	4.3%	60 months	23,747	(23,747)	0	(1,628)	57,636	(33,889)	23,747	(1,628)	64,317	(31,552)	32,765	(3,441)
Front Wheel Loader	Komatsu	1.5%	60 months	137,162	(49,404)	87,758	(1,581)	186,566	(49,404)	137,162	(1,581)	193,086	(46,737)	146,349	(3,019)
Grader	Komatsu	2.1%	60 months	28,037	(28,037)	0	(2,965)	79,819	(51,782)	28,037	(2,965)	86,009	(48,877)	37,132	(4,593)
Photocopier	WOBM	2.1%	60 months	0	0	0	(119)	2,851	(2,851)	0	(119)	3,380	(4,939)	(1,559)	(192)
Solar Proposal Library/Depot	All Leasing	2.2%	84 months	10,411	(4,949)	5,462	(405)	15,360	(4,949)	10,411	(405)	16,315	(4,621)	11,694	(497)
				275,090	(139,662)	135,428	(9,904)	471,037	(195,947)	275,090	(9,904)	498,589	(187,985)	310,604	(14,406)

SIGNIFICANT ACCOUNTING POLICIES

LEASES

At the inception of a contract, the Shire 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 Shire 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.

SHIRE OF TOODYAY

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

9. FINANCIALLY BACKED RESERVES

(a) Financially Backed Reserves - Movement

	2022/23 Budget Opening Balance	2022/23 Budget Transfer to	2022/23 Budget Transfer (from)	2022/23 Budget Closing Balance	2021/22 Actual Opening Balance	2021/22 Actual Transfer to	2021/22 Actual Transfer (from)	2021/22 Actual Closing Balance	2021/22 Budget Opening Balance	2021/22 Budget Transfer to	2021/22 Budget Transfer (from)	2021/22 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Leave reserve	247,430	25,000		272,430	222,430	25,000		247,430	222,430	25,000		247,430
(b) Asset Development Reserve	328,068	100,000	(30,000)	398,068	30,000	298,068		328,068	30,000	340,000		370,000
(c) CCTV Reserve	27,116			27,116	27,116			27,116	27,116			27,116
(d) Emergency Mangement Reserve	75,350			75,350	75,350			75,350	75,350			75,350
(e) Heritage Asset Reserve	11,165		(6,000)	5,165	11,165			11,165	11,165			11,165
(f) Information Technology Reserve	0			0	22,578		(22,578)	0	22,578		(22,578)	0
(g) Newcastle Footbridge & Pedestrian Overpass	38,494	5,000		43,494	38,494			38,494	38,494			38,494
(h) Plant Replacement Reserve	152,005			152,005	152,005			152,005	152,005			152,005
(i) Community Bus Reserve	0			0	89,780		(89,780)	0	89,780		(89,780)	0
(j) Recreation Development Reserve	245,411	10,000		255,411	31,853	213,558		245,411	31,853	213,558		245,411
(k) Refuse Reserve	115,379			115,379	115,379			115,379	115,379			115,379
(l) Road Contribution Reserve	197,467	125,000	(20,000)	302,467	281,682	75,000	(159,215)	197,467	334,285	75,000	(159,215)	250,070
(m) Strategic Access & Fire Egress Track Reser	234,319	100,000		334,319	234,319			234,319	234,319			234,319
(n) Morangup Community Centre Reserve	0			0	353,306		(353,306)	0	353,306		(353,306)	0
(o) Asset Replacement Reserve	0			0	0			0	30,252		(30,252)	0
(p) Drainage and Sewerage Reserve	109,780	20,000		129,780	0	109,780		109,780		109,780		109,780
(q) Biosecurity Reserve **New**	0	1,000		1,000	0			0				0
(r) Roads Reserve **New**	0	20,000		20,000	0			0				0
(s) Mining Industry Reserve **New**	0	0		0	0			0				0
	1,781,984	406,000	(56,000)	2,131,984	1,685,457	721,406	(624,879)	1,781,984	1,768,312	763,338	(655,131)	1,876,519

SHIRE OF TOODYAY

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDED 30 JUNE 2023

9. FINANCIALLY BACKED RESERVES

(b) Financially Backed Reserves - Purposes

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

Reserve name	Anticipated date of use	Purpose of the reserve
(a) Leave reserve	Ongoing	Funds set aside to provide payments for Employee Entitlement liabilities
(b) Asset Development Reserve	Ongoing	Funds set aside for the future purchase and/or development of assets
(c) CCTV Reserve	Ongoing	Funds set aside for the replacement, expansion and maintenance of CCTV
(d) Emergency Mangement Reserve	Ongoing	Funds set aside to assist in emergency management and recovery
(e) Heritage Asset Reserve	Ongoing	Funds set aside for the preservation and/or purchase of Built Heritage assets of significance within the Shire of Toodyay
(f) Information Technology Reserve	Ongoing	Funds set aside for the replacement and maintenance of computer hardware
(g) Newcastle Footbridge & Pedestrian Overpass	Ongoing	Funds set aside for the maintenance and upkeep of the Newcastle Footbridge and the Duke Street Pedestrian Overpass
(h) Plant Replacement Reserve	Ongoing	Funds set aside for the ongoing upgrade and replacement of Council owned fleet
(i) Community Bus Reserve	Ongoing	Funds set aside for the purchase of a new Shire of Toodyay Community Bus
(j) Recreation Development Reserve	Ongoing	Funds set aside for the development of recreational facilities
(k) Refuse Reserve	Ongoing	Funds set aside for the development and maintenance of the Shire of Toodyay Waste Transfer Station
(l) Road Contribution Reserve	Ongoing	Funds set aside from contributions given towards particular roads to assist in the ongoing maintenance and preservation of these roads. These funds cannot be used on roads other than those identified in the contribution
(m) Strategic Access & Fire Egress Track Reser	Ongoing	Funds set aside for the implementation and maintenance of strategic access and egress tracks
(n) Morangup Community Centre Reserve	Ongoing	Funds set aside for the development of the Morangup Community Centre
(o) Asset Replacement Reserve	30/06/2022	Reserve closed as at 30 June 2022 - future asset replacements to be managed through the Recreation Development Reserve
(p) Drainage and Sewerage Reserve	Ongoing	Funds set aside for drainage improvements
(q) Biosecurity Reserve **New**	Ongoing	Funds set aside for the management of invasive plants and pests
(r) Roads Reserve **New**	Ongoing	Funds set aside for future road maintenance, renewals and upgrades
(s) Mining Industry Reserve **New**	Ongoing	Funds set aside to assist in managing the impacts of mining activities within the community

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

10. REVENUE RECOGNITION

SIGNIFICANT ACCOUNTING POLICIES

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contractual commitments	General appropriations and contributions with no specific contractual commitments	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/departure event
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods

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

11. PROGRAM INFORMATION

Income and expenses

Income excluding grants, subsidies and contributions

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
Governance	16,919	254,003	121,450
General purpose funding	7,198,517	7,009,472	7,000,433
Law, order, public safety	46,483	257,909	87,880
Health	19,000	20,140	80,500
Housing	8,500	8,378	13,780
Community amenities	1,008,405	919,726	945,011
Recreation and culture	67,370	93,794	189,200
Transport	22,800	92,318	17,310
Economic services	306,156	295,049	309,740
Other property and services	4,606	46,270	129,041
	8,698,756	8,997,059	8,894,345

Operating grants, subsidies and contributions

Governance	0	0	7,500
General purpose funding	362,023	1,864,756	705,576
Law, order, public safety	642,395	932,193	1,134,763
Recreation and culture	30,000	62,957	65,370
Transport	776,096	430,682	562,522
	1,810,514	3,290,588	2,475,731

Non-operating grants, subsidies and contributions

Law, order, public safety	586,889	470,358	639,879
Recreation and culture	304,679	0	0
Transport	2,885,355	1,201,524	2,661,754
	3,776,923	1,671,882	3,301,633

Expenses

Governance	(2,491,147)	(701,723)	(574,779)
General purpose funding	(112,419)	(269,144)	(348,773)
Law, order, public safety	(1,662,049)	(2,134,459)	(2,178,243)
Health	(200,812)	(162,307)	(241,016)
Education and welfare	(8,491)	(20,559)	(39,713)
Housing	(23,580)	(22,441)	(34,503)
Community amenities	(1,423,759)	(1,472,671)	(1,665,311)
Recreation and culture	(1,986,267)	(1,786,266)	(1,980,471)
Transport	(3,952,540)	(4,305,093)	(3,873,047)
Economic services	(851,163)	(974,231)	(1,281,297)
Other property and services	(1,576,392)	(1,488,301)	(1,231,790)
Total expenses	(14,288,619)	(13,337,195)	(13,448,943)

Net result for the period

	(2,426)	622,334	1,222,766
--	---------	---------	-----------

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

12. OTHER INFORMATION

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
The net result includes as revenues			
(a) Interest earnings			
Investments			
- Reserve funds	5,000		11,000
Late payment of fees and charges *	10,000	0	11,000
Other interest revenue (refer note 1b)	35,000	51,525	14,000
	50,000	51,525	36,000
* The Shire 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	140,428	888,105	416,271
	140,428	888,105	416,271
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	40,000	0	40,000
	40,000	0	40,000
(d) Interest expenses (finance costs)			
Borrowings (refer Note 7(a))	155,813	166,711	276,684
Interest expense on lease liabilities	9,904	9,904	14,406
	165,717	176,615	291,090
(e) Write offs			
General rate	10,000	0	0
	10,000	0	0

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

13. ELECTED MEMBERS REMUNERATION

	2022/23 Budget	2021/22 Budget
	\$	\$
Elected member - Cr Madacsi		
President's allowance	32,199	22,174
Meeting attendance fees	22,080	15,205
Annual allowance for ICT expenses	1,000	400
	55,279	37,779
Elected member - Cr Ruthven		
Deputy President's allowance	8,050	5,544
Meeting attendance fees	14,260	12,275
Annual allowance for ICT expenses	1,000	400
	23,310	18,219
Elected member - Cr Duri		
Meeting attendance fees	14,260	12,275
Annual allowance for ICT expenses	1,000	400
	15,260	12,675
Elected member - Cr Hart		
Meeting attendance fees	14,260	12,275
Annual allowance for ICT expenses	1,000	400
	15,260	12,675
Elected member - Cr McCormick		
Meeting attendance fees	14,260	12,275
Annual allowance for ICT expenses	1,000	400
	15,260	12,675
Elected member - Cr McKeown		
Meeting attendance fees	14,260	12,275
Annual allowance for ICT expenses	1,000	400
	15,260	12,675
Elected member - Cr Pearce		
Meeting attendance fees	14,260	12,275
Annual allowance for ICT expenses	1,000	400
	15,260	12,675
Elected member - Wrench		
Meeting attendance fees	14,260	12,275
Annual allowance for ICT expenses	1,000	400
	15,260	12,675
Elected member - Cr Bell		
Meeting attendance fees	0	12,275
Annual allowance for ICT expenses	0	400
	0	12,675
Total Elected Member Remuneration	170,149	144,723
President's allowance	32,199	22,174
Deputy President's allowance	8,050	5,544
Meeting attendance fees	121,900	113,405
Annual allowance for ICT expenses	8,000	3,600
	170,149	144,723

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

14. FEES AND CHARGES

	2022/23 Budget	2021/22 Actual	2021/22 Budget
	\$	\$	\$
By Program:			
Governance	7,418	17,387	
General purpose funding	55,400	15,415	24,500
Law, order, public safety	34,283	35,709	87,874
Health	12,000	12,905	67,000
Housing	8,500	8,378	10,280
Community amenities	957,577	878,293	773,275
Recreation and culture	63,569	59,080	270,028
Economic services	279,056	132,580	243,866
Other property and services	2,606	2,422	91,218
	1,420,409	1,162,169	1,568,041

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