



Shire of
Three Springs

2022-23

Annual Report



WESTERN AUSTRALIA'S
WILDFLOWER COUNTRY

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About the Annual Report

The Shire of Three Springs Annual Report is an important part of the Integrated Strategic Planning and Reporting Framework. It details the Shire's financial and operational performance in the 2022/2023 financial year and documents the Shire's progress in line with the Strategic Community Plan.

The Strategic Community Plan 2018/2028 provides the Shire's long-term strategic direction and guides the organization's decision-making, services, projects and financial commitments that will deliver a Shire that is vibrant, connected and progressive. The Community Objectives within the Strategic Community Plan are:

Economic: A prosperous, thriving and innovative local economy.

Environment: To have a sustainable natural and built environment balanced with the needs of the community.

Community Wellbeing: A healthy, cohesive and safe community.

Civic Leadership: A collaborative and forward thinking community that is guided by strong leadership.

The Shire of Three Springs Annual Report includes a snapshot of performance and an overview of the Shire's outlook for the future. It includes plans to ensure the sustainability of the organization, Three Springs and the community being served. It also provides the community and employees with information about how well the Shire of Three Springs has performed over the past year and how its efforts have contributed to achieving the Shire's vision.

In line with the Shire of Three Springs' sustainability goals, only a limited number of hard copies of this Annual Report were produced.

However, it can be downloaded through the website: threesprings.wa.gov.au For any enquiries, contact the Shire of Three Springs on 9954 1001 or email general@threesprings.wa.gov.au.

Shire President's Report

I am proud to share the significant strides our community has made in the 2022/2023 period, a time of strategic growth and unwavering commitment to the well-being of our residents.

Our Community Strategic Plan (CSP), updated in 2023, has been a cornerstone of our achievements. It aligns perfectly with our community's evolving needs and aspirations, guiding our strategic initiatives and reflecting the desires of our residents.

This year's key achievement was the Mid West Secondary Grain Freight Routes Project, a collaboration with Main Roads WA and an \$11.5 million investment. This initiative is to upgrade our grain freight network, boosting efficiency and supporting economic growth, especially in agriculture. Additionally, our Town Planning Scheme Review marks a milestone in sustainable growth planning, paving the way for thoughtful development.

The community received several grants for key projects: \$132,376 from the LotteryWest Grant for a Silo Projection System, \$1,000 from the Keep Australia Beautiful Council for the Keeping Three Springs Beautiful Project, \$3,700 from the ARCI for gym fitness classes, \$5,000 from the Regional Event Scheme 2023-24 for a Silo Projection Event, and \$4,000 from the Saluting Their Service Commemorations grant for main street banners.

Beyond these significant initiatives, we've focused on projects like the Gooch Street Subdivision with Development WA, Duffy's Store Development and Tourism, Shire Hall renovations, and the Cemetery Development Plan. These projects enhance our community in line with the CSP's objectives.

The Three Springs Silo Projection, initiated in 2022, aims to boost tourism through innovative technology. A highlight was the "Silo Movie Night," featuring "Top Gun Maverick," drawing the community together in an engaging event.

The recent Local Government elections saw Councillors Ennor, Eva, and Connaughton re-elected unopposed, a testament to the community's trust in our leadership. Our Council has successfully implemented the CSP, ensuring effective governance and representation.

Our commitment to continuous improvement and sustainable development remains strong. I extend my heartfelt gratitude to my fellow Councillors, the dedicated staff of the Shire, and most importantly, the residents of Three Springs, whose support, engagement, and resilience drive our success.

In conclusion, the past year has been one of remarkable achievements for the Shire of Three Springs. Guided by our updated Community Strategic Plan, we have established a foundation for the future, ensuring our actions and decisions resonate with our residents' collective vision and needs. The unanimous re-election of our council members is a humbling reminder of the trust placed in us, reinforcing our commitment to serve with integrity and responsibility. As we look ahead, we are focused on fostering a thriving, resilient, and sustainable community, embracing the challenges and opportunities that come our way. I am immensely grateful to everyone who contributes to making Three Springs a vibrant and dynamic place to live, and together, we will continue to build on our achievements, ensuring that Three Springs remains not just a place to live but a community to be proud of.

Cr Chris Lane, President, Shire of Three Springs

Chief Executive Officer's Report

The Shire of Three Springs has continually demonstrated its resilience and innovation, ensuring that we not only meet but exceed the expectations of our community. Our dedicated team, along with the unwavering support of our Council, has worked tirelessly to deliver exceptional local government services, contributing significantly to the prosperity of Three Springs.

Strategic Direction and Community Engagement

The Community Strategic Plan (CSP) is central to our year-long achievements. Reviewed and updated in 2023, the CSP remains the guiding strategy for our long-term vision, aligning with our community's evolving needs and aspirations. This plan, underpinned by robust community engagement, has ensured that the strategic initiatives reflect our community's desires and contribute positively to the local government's trajectory.

Significant Projects and Developments

- 1. Mid-West Secondary Grain Freight Routes Project:** This year's landmark initiative was being successful with our Mid-West Secondary Grain Freight Routes grant application. With a budget of \$11.5 million, this project will upgrade our grain freight network. The development of key roads such as Three Springs–Eneabba Road, Inering Road, and Three Springs–Perenjori Road will enhance transport efficiency and support long-term economic growth, particularly for our agricultural sector. Construction will commence in 2024.
- 2. Town Planning Scheme Review:** The completion of our Town Planning Scheme Review marks a significant milestone in our commitment to sustainable and strategic growth. This comprehensive review paves the way for thoughtful development, aligning with our vision for a sustainable and prosperous future for Three Springs.
- 3. Gooch Street Subdivision Project:** In partnership with Development WA, we have made significant strides in the Gooch Street Subdivision project. This development is key to attracting new businesses and addressing housing needs, thereby stimulating economic growth and enhancing community living standards.
- 4. The Three Springs Silo Projection:** Initiated by the Shire of Three Springs in early 2022, aims to boost tourism through innovative technology. This project, supported by a LotteryWest grant, involves projecting media onto large decommissioned silos. A highlight was the "Silo Movie Night," featuring an outdoor screening of "Top Gun Maverick" on the State's biggest projection screen, offering free entry and camping, aligning with school holidays and community engagement efforts. Since inception, we have managed 6 projections/events.
- 5. Additional Initiatives:** Our commitment extends beyond these key projects. Initiatives like Duffy's Store Development and Tourism, renovations to the Shire Hall, and the Cemetery Development Plan exemplify our dedication to community enhancement across various sectors.

Chief Executive Officer's Report

Financial Stewardship and Collaborative Efforts

Financial prudence and strategic collaborations have been cornerstones of our success this year. We have effectively managed our resources, ensuring that investments are aligned with our strategic objectives and delivers maximum benefit to our community. Our efforts in securing funding and fostering partnerships have been pivotal in realising our ambitious projects. Since 2020 the Shire has successfully aquired \$14.5m in grant funding and currently \$2m in waiting on approval.

Looking Forward

As we move into the next fiscal year, we remain committed to the continuous improvement of our services and the sustainable development of our Shire. We are geared towards initiating more transformative projects, continuing our engagement with the community, and upholding the principles of transparency and efficiency in all our endeavours.

Acknowledgments

I thank the Shire staff, Council, and the entire Three Springs community for their support, engagement, and commitment. This collective effort makes Three Springs a good place to live and a community to be proud of.

Conclusion

The Shire of Three Springs stands strong, adaptive, and forward-looking. This year's accomplishments are a testament to our collective effort and strategic direction. I am confident that we will continue to foster a thriving, vibrant, and sustainable community together.

Keith Woodward, Chief Executive Officer, Shire of Three Springs

Our Council



Cr. Chris Lane
Position: Shire President
Term Expires: 2025



Cr. Chris Connaughton
Position: Deputy Shire President
Term Expires: 2023



Cr. Nadine Eva
Position: Shire Councilor
Term Expires: 2023



Cr. Zachary Mills
Position: Shire Councilor
Term Expires: 2023



Cr. Jim Heal
Position: Shire Councilor
Term Expires: 2025



Cr. Jenny Mutter
Position: Shire Councilor
Term Expires: 2025



Cr. Julia Ennor
Position: Shire Councilor
Term Expires: 2023

Elected Members Attendance 2022

Meeting Date	Type of Meeting	President Lane	Cr. Connaughton	Cr. Heal	Cr. Mutter	Cr. Mills	Cr. Ennor	Cr. Eva
27.07.2022	OCM	Attended	Attended	Attended	Attended	Attended	Attended	Attended
24.08.2022	OCM	Attended	Attended	Leave	Attended	Attended	Attended	Attended
27.09.2022	OCM	Attended	Apology	Attended	Apology	Attended	Attended	Attended
26.10.2022	OCM	Attended	Attended	Leave	Attended	Leave	Attended	Attended
23.11.2022	OCM	Attended	Attended	Attended	Attended	Apology	Attended	Attended
14.12.2022	OCM	Attended	Attended	Attended	Attended	Apology	Attended	Attended
22.02.2023	OCM	Attended	Attended	Attended	Attended	Attended	Attended	Attended
22.03.2023	ACM	Attended	Attended	Attended	Attended	Attended	Attended	Attended
22.03.2023	OCM	Attended	Attended	Attended	Attended	Attended	Attended	Attended
26.04.2023	OCM	Attended	Attended	Attended	Attended	Leave	Attended	Attended
24.05.2023	OCM	Attended	Leave	Leave	Attended	Attended	Attended	Attended
01.06.2023	SCM	Attended	Attended	Apology	Attended	Apology	Attended	Attended
28.06.2023	OCM	Attended	Attended	Attended	Attended	Leave	Attended	Attended

OCM: Ordinary Council Meeting

SCM: Special Council Meeting

ACM: Audit Committee Meeting

Directorates

Role	Chief Executive Officer	Deputy Chief Executive Officer
Liaison with Shire President & Council	Acts as the primary point of communication between the local government administration and the elected council. Ensures that council decisions are understood and implemented effectively, and that council is well-informed about administrative matters.	
Leadership	Provides overall leadership and direction for the local government administration. Ensures alignment with strategic goals and objectives.	Supports the CEO in providing leadership and direction. Takes charge in the absence of the CEO.
Policy Execution	Oversees the implementation of policies as decided by the local government council or board. Coordinates with various departments to ensure policy coherence and effectiveness.	Assists in the implementation and monitoring of policies. Ensures that departments are aligned with policy directives.
Financial Management	Manages the local government's budget, ensuring financial stability and accountability. Oversees funding allocation, financial planning, and financial reporting.	Manages the day-to-day financial operations, including budgeting, procurement, and financial reporting. Oversees the financial staff to ensure efficiency and compliance.
Operational Oversight	Ensures the efficient operation of all local government services and functions. Oversees department heads and ensures that services are delivered effectively and efficiently.	Manages administration staff and oversees the operational aspects of various departments, ensuring efficient service delivery and operational coherence.
Community Engagement	Represents the local government in public forums and engages with community members, stakeholders, and other government entities. Addresses public concerns and fosters transparency.	Supports community engagement efforts. May represent the local government in specific forums or oversee certain community programs.
Crisis Management	Leads response efforts during emergencies or crises. Ensures that appropriate resources and responses are mobilized to protect the community and restore normalcy.	Supports the CEO in crisis management. Takes charge of specific aspects of the response or coordinates with specific agencies or departments.
Staff Development	Oversees the recruitment, retention, and development of local government employees. Ensures that staff are motivated, skilled, and aligned with the local government's goals.	Assists in staff development initiatives, especially within the financial and administrative sectors. May oversee specific training programs or performance evaluation processes.
Risk Management	Develops and implements risk management strategies to identify, assess, and mitigate risks that could impede the achievement of the local government's objectives. Ensures compliance with legal and regulatory requirements.	Assists in risk management initiatives, particularly in financial risk management, ensuring compliance and mitigation strategies are effectively implemented.
Workplace Safety	Ensures the development and enforcement of safety policies and procedures to maintain a safe and healthy work environment for all employees. Leads efforts to identify and mitigate workplace hazards.	Supports the CEO in promoting workplace safety, ensuring that the financial and administration departments adhere to safety policies and procedures.
Staff Development	Oversees the recruitment, retention, and development of local government employees. Ensures that staff are motivated, skilled, and aligned with the local government's goals.	Assists in staff development initiatives, especially within the financial and administrative sectors. May oversee specific training programs or performance evaluation processes.
Risk Management	Develops and implements risk management strategies to identify, assess, and mitigate risks that could impede the achievement of the local government's objectives. Ensures compliance with legal and regulatory requirements.	Assists in risk management initiatives, particularly in financial risk management, ensuring compliance and mitigation strategies are effectively implemented.
Workplace Safety	Ensures the development and enforcement of safety policies and procedures to maintain a safe and healthy work environment for all employees. Leads efforts to identify and mitigate workplace hazards.	Supports the CEO in promoting workplace safety, ensuring that the financial and administration departments adhere to safety policies and procedures.

Workforce

Statement of Salaries

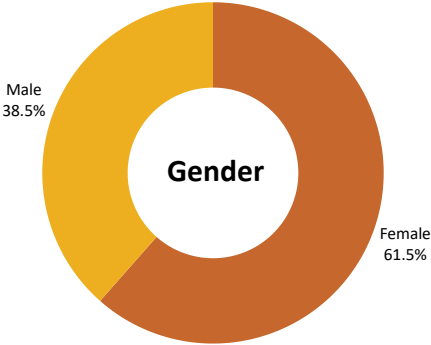
Local Government (Administration) Regulation 19B requires the disclosure of the number of employees entitled to an annual salary of \$130,000. The CEO is paid salary above \$130,000.

2022-23	
130,000 - 139,999	
140,000 - 149,999	
150,000 - 159,999	
160,000 - 169,999	
170,000 - 179,999	1

Employee 26

Female: 16
Male: 10

Representatives of different cultures and nationalities: 50%

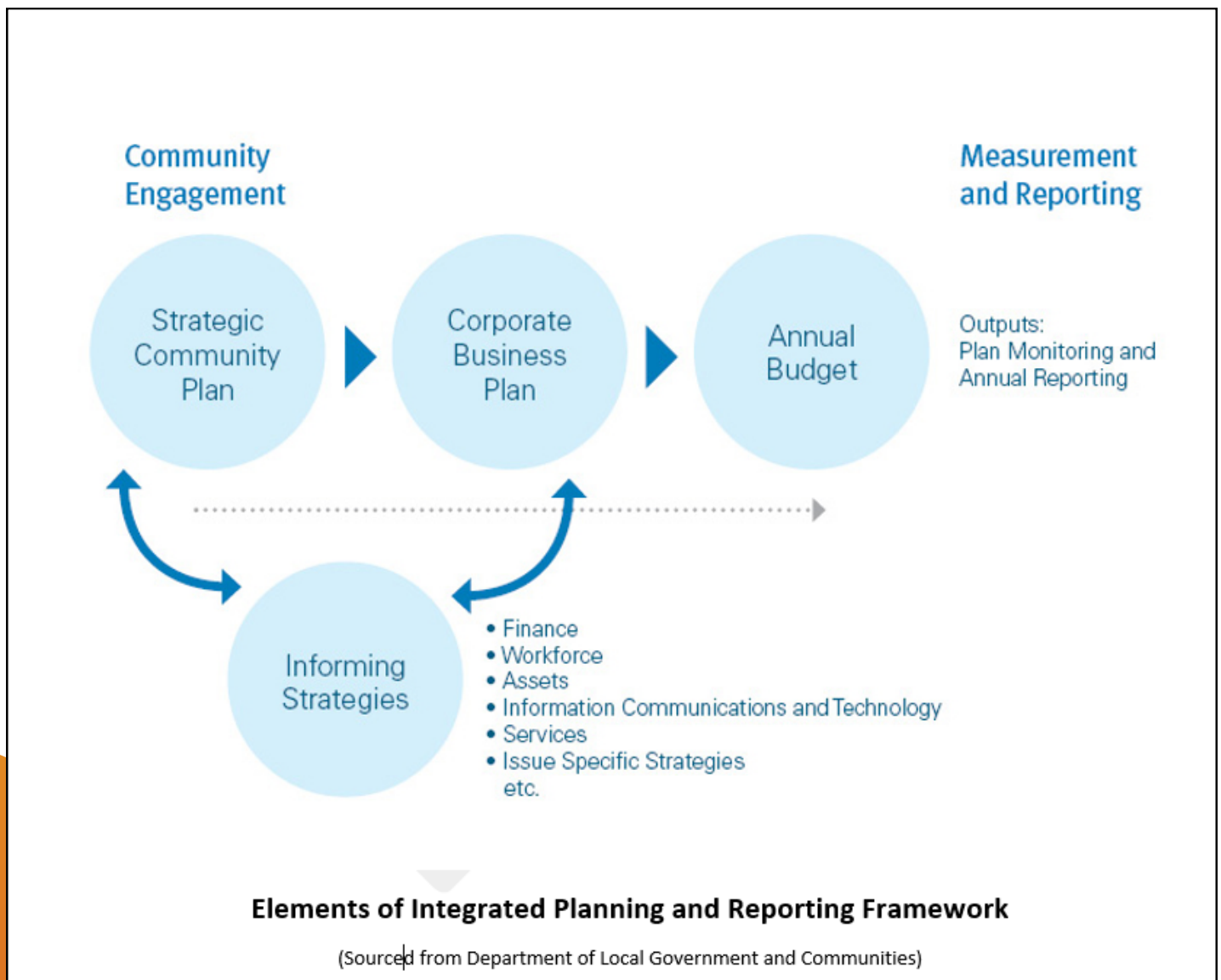


Plan for the Future

Integrated Planning and Risk Management

A big focus during 2022/2023 has been to embed a solid Integrated Strategic Planning and Reporting Framework (ISPRF) and further instill risk management practices into the ISPRF.

With improved systems and the ISPRF now in place, the Shire can provide significantly improved results for the community.



Plan for the Future

Strategic Community Plan

There were no changes to the Strategic Community Plan in 2022-2023.

Long-Term Financial Plan

The Shire's Long-Term Financial Plan is the 10-year plan that guides the Shire's approach to delivering infrastructure and services to the community in a responsible and affordable way. It was adopted by Council 17 June 2020.

Corporate Business Plan

The Shire's Corporate Business Plan 2020/2024 was adopted by Council 17 June 2020. This is the most important and valuable resource when planning for Three Springs economic prosperity and social and environmental wellbeing. It details the Shire's intended achievements and priorities, how it will commit resources and how success in meeting the needs of the community will be measured.

Workforce Plan

The Shire's Workforce Plan will ensure that the Shire has current and future access to the human capital it needs to perform effectively. Strategic workforce planning allows the Shire to align the organization's overall business objectives and the long-term vision. It was adopted by Council 17 June 2020.

Asset Management Plan

The Shire's Asset Management Plan is a tactical plan that will allow for the management of the Shire's infrastructure and other assets to deliver a good standard of service. By taking a systemic approach, it will allow Shire to adequately plan the management (including technical and financial) of Shire assets over their life cycle in the most cost effective manner. It was adopted by Council 17 June 2020.



Disability Access and Inclusion Plan

The Shire of Three Springs Disability Access and Inclusion Plan (DAIP) 2024-2028 is under review in accordance with the Disability Services Act (WA) 1993. The DAIP will be updated and submitted to the Disability Services Commission as per the requirements of the Disability Services Act (WA) 1993.

Each year the Disability Access and Inclusion Plan is tabled in parliament as part of the Disability Services Commission aggregated report. The Shire of Three Springs 2022/2023 Disability Access and Inclusion Plan progress report was lodged by 30 June 2023.

The Shire of Three Springs Disability Access and Inclusion Plan expired in December 2023. A complete review will be undertaken in accordance with the requirements of the Disability Service Act 1993. The Shire of Three Springs DAIP 2024-2028 is to be adopted by Council in March 2024. Following this, the Shire will submit the DAIP 2024-2028 to Department of Communities to comply with the Disability Services Act 1993.

The reviewed DAIP will focus on achieving the following outcome areas:

1. People with disability have the same opportunities as other people to access the services of, and any events organized by, a public authority.
2. People with disability have the same opportunities as other people to access the buildings and other facilities of a public authority.
3. People with disability receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it.
4. People with disability receive the same level and quality of service from the staff of a public authority as other people receive from the staff of that public authority.
5. People with disability have the same opportunities as other people to make complaints to a public authority.
6. People with disability have the same opportunities as other people to participate in any public consultation by a public authority.
7. People with disability have the same opportunities as other people to obtain and maintain employment with a public authority.

State Records Act

The Shire of Three Springs is committed to the reliable and systematic management of government records in accordance with legislative requirements and best practice standards.

The Shire's Record Keeping Plan was approved by the State Records Commission in accordance with Section 28 of the State Records Act 2000.

Public Interest Disclosure

The Public Interest Disclosure Code was established by the Commissioner of Public Sector Standards under Sector 20 of the Public Interest Disclosure Act. The Act provides protection for those making such disclosures and those who are the subject of disclosures. The Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken.

Matters that fall under the category of public interest include:

- Improper conduct (irregular or unauthorised use of public resources)
- An offence under State Law including corruption (substantial unauthorised or irregular use of, or substantial mismanagement of public monies)
- Administration matters generally (conduct involving a substantial risk of injury to public health, prejudice to public safety or harm to the environment).

No Public Interest Disclosures were received during 2022/2023.

National Competition Policy

The Competition Principal Agreement (CPA) is an Intergovernmental Agreement between the Commonwealth and State/Territory governments.

In July 1996 the State Government released a Policy Statement called Clause 7 which describes the application of specific "Competition Principles" to the activities and functions of local government pursuant to the National Competition Policy package. Although local government is not a party to the agreement, the State's obligations extend to ensuring that the principles are applied to local government activities, and the annual report must include a statement on all allegations of non-compliance with the principles.

The Competition Policy does not require contracting out or competitive tendering. It does not preclude a local government from continuing to subsidise its business activities from general revenue, nor does it require privatisation of government functions. It does require local governments to identify significant business activities and apply competitive disciplines to those businesses which compete with the private sector.

Register of Complaints and Freedom of Information

Register of Complaints:

Section 5.121 of the Local Government Act 1995 (Register of certain complaints of minor breaches) requires the complaints officer for each local government to maintain a register of complaints which records all complaints that result in action under section 5.110(6)(b) or (c) of the Act (Conduct of Certain Officials).

Section 5.53 (2) of the Local Government Act 1995 requires that details of entries made under section 5.121 during the financial year in the register of complaints, including;

- i. The number of complaints recorded in the register of complaints; and
- ii. How the recorded complaints were dealt with; be included in the Annual Report of Council.

There were no complaints received pursuant to s5.121 of the Local Government Act 1995 by the Shire of Three Springs during the 2022/2023 reporting period

Freedom of Information:

During the 2022/2023 financial year, the Shire of Three Springs received no requests for information under the Freedom of Information Act 1992.

Annual Financial Report

The Shire has undertaken a detailed analysis of all aspects of its financial management approach and historical financial performance - examining value for money, project delivery outcomes and financial trends.

The Shire has a transparent, accountable and sustainable approach to managing its financial resources. This approach includes an integrated strategic financial planning model that ensures proposed services and capital projects delivered to the community are properly funded and appropriately resourced.

Summary

Responsible, sustainable financial management that ensures the effective stewardship of financial and community assets is a core responsibility of local government. The community is entitled to expect rigorous, strategically focused financial planning that ensures that community expectations are met and that the services and capital projects delivered to the community are properly funded and appropriately resourced.

Proactive financial management and effective operational financial management should deliver best value to the community from the use of the Shire's financial resources whilst regular reporting should provide accountability for the use of those financial resources.

The annual financial statements provide one perspective on how the Shire has performed against those expectations.

SHIRE OF THREE SPRINGS
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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The Shire of Three Springs conducts the operations of a local government with the following community vision:

Three Springs becomes a Healthy and Unified Community with a bright future
HEART OF NORTH MIDLANDS

Principal place of business:
132 Railway Road
Three Springs WA 6519

**SHIRE OF THREE SPRINGS
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**


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

STATEMENT BY CEO

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

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

Signed on the Sixteenth day of November 2023



Chief Executive Officer

Keith Woodward

Name of Chief Executive Officer



SHIRE OF THREE SPRINGS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
Revenue				
Rates	2(a),25	2,327,780	2,322,613	2,242,947
Grants, subsidies and contributions	2(a)	2,270,634	842,190	1,999,907
Fees and charges	2(a)	251,304	283,268	262,495
Interest revenue	2(a)	108,690	72,078	20,064
Other revenue	2(a)	51,330	70,400	88,983
		5,009,738	3,590,549	4,614,396
Expenses				
Employee costs	2(b)	(1,521,471)	(1,598,401)	(1,399,707)
Materials and contracts		(879,063)	(1,351,587)	(1,029,299)
Utility charges		(263,801)	(309,203)	(280,457)
Depreciation		(2,509,356)	(2,503,916)	(2,465,224)
Finance costs	2(b)	(1,497)	(1,696)	(3,246)
Insurance		(168,123)	(158,615)	(221,653)
Other expenditure	2(b)	(63,800)	(112,825)	(61,743)
		(5,407,111)	(6,036,243)	(5,461,329)
		(397,373)	(2,445,694)	(846,933)
Capital grants, subsidies and contributions	2(a)	692,551	3,698,406	1,020,641
Profit on asset disposals		14,395	36,333	0
Loss on asset disposals		(223,917)	(272,965)	(45,908)
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	3,686	0	3,997
		486,715	3,461,774	978,730
Net result for the period	24(b)	89,342	1,016,080	131,797
Other comprehensive income for the period				
Nil				
Total comprehensive income for the period		89,342	1,016,080	131,797

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



SHIRE OF THREE SPRINGS
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	NOTE	2023	2022
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	4,018,605	2,688,380
Trade and other receivables	5	104,994	74,356
Other financial assets	4(a)	2,167,637	1,828,589
Inventories	6	2,444	20,322
Other assets	7	23,261	37,109
TOTAL CURRENT ASSETS		6,316,941	4,648,756
NON-CURRENT ASSETS			
Trade and other receivables	5	30,422	28,437
Other financial assets	4(b)	81,490	97,854
Property, plant and equipment	8	17,830,911	18,287,757
Infrastructure	9	34,903,545	36,062,101
TOTAL NON-CURRENT ASSETS		52,846,368	54,476,149
TOTAL ASSETS		59,163,309	59,124,905
CURRENT LIABILITIES			
Trade and other payables	12	317,322	205,495
Other liabilities	13	537,570	693,321
Borrowings	14	43,711	62,761
Employee related provisions	15	243,035	194,819
TOTAL CURRENT LIABILITIES		1,141,638	1,156,396
NON-CURRENT LIABILITIES			
Other liabilities	13	58,500	58,500
Borrowings	14	0	43,712
Employee related provisions	15	40,627	33,095
TOTAL NON-CURRENT LIABILITIES		99,127	135,307
TOTAL LIABILITIES		1,240,765	1,291,703
NET ASSETS		57,922,544	57,833,202
EQUITY			
Retained surplus		31,184,177	31,453,833
Reserve accounts	28	2,147,587	1,788,589
Revaluation surplus	16	24,590,780	24,590,780
TOTAL EQUITY		57,922,544	57,833,202

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



**SHIRE OF THREE SPRINGS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2021		30,998,444	2,112,181	24,590,780	57,701,405
Comprehensive income for the period					
Net result for the period		131,797	0	0	131,797
Total comprehensive income for the period		131,797	0	0	131,797
Transfers from reserve accounts	28	331,941	(331,941)	0	0
Transfers to reserve accounts	28	(8,349)	8,349	0	0
Balance as at 30 June 2022		31,453,833	1,788,589	24,590,780	57,833,202
Comprehensive income for the period					
Net result for the period		89,342	0	0	89,342
Total comprehensive income for the period		89,342	0	0	89,342
Transfers from reserve accounts	28	75,068	(75,068)	0	0
Transfers to reserve accounts	28	(434,066)	434,066	0	0
Balance as at 30 June 2023		31,184,177	2,147,587	24,590,780	57,922,544

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



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

	NOTE	2023 Actual \$	2022 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		2,315,053	2,261,829
Grants, subsidies and contributions		2,278,376	1,943,540
Fees and charges		250,419	261,664
Interest revenue		108,690	20,064
Goods and services tax received		171,589	320,030
Other revenue		51,330	88,983
		5,175,457	4,896,110
Payments			
Employee costs		(1,458,653)	(1,394,991)
Materials and contracts		(744,892)	(1,191,790)
Utility charges		(263,801)	(280,457)
Finance costs		(1,497)	(3,032)
Insurance paid		(168,123)	(221,653)
Goods and services tax paid		(190,487)	(250,946)
Other expenditure		(64,685)	(62,575)
		(2,892,138)	(3,405,444)
Net cash provided by (used in) operating activities		2,283,319	1,490,666
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for financial assets at amortised cost - self supporting loans		0	(80,000)
Payments for purchase of property, plant & equipment	8(a)	(670,563)	(171,092)
Payments for construction of infrastructure	9(a)	(592,726)	(1,317,305)
Capital grants, subsidies and contributions		535,642	1,659,166
Proceeds for financial assets at amortised cost		(358,998)	(1,788,589)
Proceeds from financial assets at amortised cost - self supporting loans		40,000	19,950
Proceeds from sale of property, plant & equipment		156,313	545
Net cash provided by (used in) investing activities		(890,332)	(1,677,325)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	27(a)	(62,762)	(41,847)
Proceeds from new borrowings	27(a)	0	80,000
Net cash provided by (used in) financing activities		(62,762)	38,153
Net increase (decrease) in cash held		1,330,225	(148,506)
Cash at beginning of year		2,688,380	2,836,886
Cash and cash equivalents at the end of the year	3	4,018,605	2,688,380

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



**SHIRE OF THREE SPRINGS
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
General rates	25	2,318,000	2,312,845	2,233,512
Rates excluding general rates	25	9,780	9,768	9,435
Grants, subsidies and contributions		2,270,634	842,190	1,999,907
Fees and charges		251,304	283,268	262,495
Interest revenue		108,690	72,078	20,064
Other revenue		51,330	70,400	88,983
Profit on asset disposals		14,395	36,333	0
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	3,686	0	3,997
		5,027,819	3,626,882	4,618,393
Expenditure from operating activities				
Employee costs		(1,521,471)	(1,598,401)	(1,399,707)
Materials and contracts		(879,063)	(1,351,587)	(1,029,299)
Utility charges		(263,801)	(309,203)	(280,457)
Depreciation		(2,509,356)	(2,503,916)	(2,465,224)
Finance costs		(1,497)	(1,696)	(3,246)
Insurance		(168,123)	(158,615)	(221,653)
Other expenditure		(63,800)	(112,825)	(61,743)
Loss on asset disposals		(223,917)	(272,965)	(45,908)
		(5,631,028)	(6,309,208)	(5,507,237)
Non-cash amounts excluded from operating activities	26(a)	2,729,523	2,744,945	2,506,174
Amount attributable to operating activities		2,126,314	62,619	1,617,330
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		692,551	3,698,406	1,020,641
Proceeds from disposal of assets		156,313	223,000	545
Proceeds from financial assets at amortised cost - self supporting loans	27(a)	40,000	19,983	19,950
		888,864	3,941,389	1,041,136
Outflows from investing activities				
Payments for financial assets at amortised cost - self supporting loans		0	0	(80,000)
Purchase of property, plant and equipment	8(a)	(670,563)	(4,491,666)	(171,092)
Purchase and construction of infrastructure	9(a)	(592,726)	(1,462,324)	(1,317,305)
		(1,263,289)	(5,953,990)	(1,568,397)
Amount attributable to investing activities		(374,425)	(2,012,601)	(527,261)
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	27(a)	0	600,000	80,000
Transfers from reserve accounts	28	75,068	75,068	331,941
		75,068	675,068	411,941
Outflows from financing activities				
Repayment of borrowings	27(a)	(62,762)	(42,745)	(41,847)
Transfers to reserve accounts	28	(434,066)	(554,359)	(8,349)
		(496,828)	(597,104)	(50,196)
Amount attributable to financing activities		(421,760)	77,964	361,745
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	26(b)	1,864,555	1,872,018	412,741
Amount attributable to operating activities		2,126,314	62,619	1,617,330
Amount attributable to investing activities		(374,425)	(2,012,601)	(527,261)
Amount attributable to financing activities		(421,760)	77,964	361,745
Surplus or deficit after imposition of general rates	26(b)	3,194,684	0	1,864,555

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



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

1. BASIS OF PREPARATION

The financial report of Shire of Three Springs which is a Class 4 local government comprises general purpose financial statements which have been prepared in accordance with the Local Government Act 1995 and accompanying regulations.

Local Government Act 1995 requirements

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

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

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

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

The local government reporting entity

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

Judgements and estimates

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

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

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

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

Initial application of accounting standards

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

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

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

New accounting standards for application in future years

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

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

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

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

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
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	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
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	On payment of the licence, registration or approval
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Output method based on provision of service or completion of works
Fees and charges - sale of stock	Gravel, bluemetal and water from standpipes	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Output method based on goods

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

Revenue Recognition

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

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	2,327,780	0	2,327,780
Grants, subsidies and contributions	43,125	0	0	2,227,509	2,270,634
Fees and charges	244,569	0	6,735	0	251,304
Interest revenue	0	0	11,457	97,233	108,690
Other revenue	37,778	0	0	13,552	51,330
Capital grants, subsidies and contributions	0	692,551	0	0	692,551
Total	325,472	692,551	2,345,972	2,338,294	5,702,289

For the year ended 30 June 2022

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	0	0	2,242,947	0	2,242,947
Grants, subsidies and contributions	87,015	0	0	1,912,892	1,999,907
Fees and charges	255,682	0	6,813	0	262,495
Interest revenue	0	0	13,013	7,051	20,064
Other revenue	52,737	0	0	36,246	88,983
Capital grants, subsidies and contributions	0	1,020,641	0	0	1,020,641
Total	395,434	1,020,641	2,262,773	1,956,189	5,635,037

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Note	2023 Actual \$	2022 Actual \$
Interest revenue		
Financial assets at amortised cost - self supporting loans	(12)	432
Interest on reserve account funds	67,044	8,349
Trade and other receivables overdue interest	11,457	10,996
Other interest revenue	30,201	287
	108,690	20,064
The 2023 original budget estimate in relation to: Trade and other receivables overdue interest was \$12,700.		

Fees and charges relating to rates receivable

Charges on instalment plan	2,208	2,160
----------------------------	-------	-------

The 2023 original budget estimate in relation to:
Charges on instalment plan was \$2,200.

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report	35,000	35,000
- Other services – grant acquittals	0	2,600
	35,000	37,600

Employee Costs

Employee benefit costs	1,277,218	1,170,247
Other employee costs	244,253	229,460
	1,521,471	1,399,707

Finance costs

Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss

	1,497	3,246
	1,497	3,246

Other expenditure

Impairment losses on trade receivables	(885)	(832)
Sundry expenses	64,685	62,575
	63,800	61,743

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

3. CASH AND CASH EQUIVALENTS

Note	2023 \$	2022 \$
Cash at bank and on hand	1,587,614	341,844
Term deposits	2,430,991	2,346,536
Total cash and cash equivalents	4,018,605	2,688,380
Held as		
- Unrestricted cash and cash equivalents	1,289,060	141,418
- Restricted cash and cash equivalents	2,729,545	2,546,962
17(a)	4,018,605	2,688,380

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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

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

Restricted financial assets

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

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost	2,167,637	1,828,589
	2,167,637	1,828,589

Other financial assets at amortised cost

Self supporting loans receivable	20,050	40,000
Term deposits	2,147,587	1,788,589
	2,167,637	1,828,589

Held as

- Unrestricted other financial assets at amortised cost	20,050	40,000
- Restricted other financial assets at amortised cost	2,147,587	1,788,589
16(a)	2,167,637	1,828,589

(b) Non-current assets

Financial assets at amortised cost	0	20,050
Financial assets at fair value through profit or loss	81,490	77,804
	81,490	97,854

Financial assets at amortised cost

Self supporting loans receivable	0	20,050
	0	20,050

Financial assets at fair value through profit or loss

Units in Local Government House Trust - opening balance	77,804	73,807
Movement attributable to fair value increment	3,686	3,997
Units in Local Government House Trust - closing balance	81,490	77,804

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 27(a) as self supporting loans. Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

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

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

Financial assets at fair value through profit or loss

The Shire has elected to classify the following financial assets at fair value through profit or loss:

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

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

5. TRADE AND OTHER RECEIVABLES

	Note	2023	2022
		\$	\$
Current			
Rates and statutory receivables		50,411	33,857
Trade receivables		6,358	12,057
GST receivable		18,898	0
Receivables for employee related provisions	15	29,327	29,327
Allowance for credit losses of trade receivables	22(b)	0	(885)
		104,994	74,356
Non-current			
Rates and statutory receivables		30,422	28,437
		30,422	28,437

Disclosure of opening and closing balances related to contracts with customers

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

	Note	30 June 2023 Actual	30 June 2022 Actual	1 July 2021 Actual
		\$	\$	\$
Allowance for credit losses of trade receivables	5	0	(885)	(1,716)
Total trade and other receivables from contracts with customers		20,664	(885)	(1,716)

SIGNIFICANT ACCOUNTING POLICIES

Rates and statutory receivables

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

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

Trade receivables

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

Other receivables

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

Measurement

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

Classification and subsequent measurement

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

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

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

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

6. INVENTORIES

	Note	2023	2022
Current		\$	\$
Fuel and materials		2,444	20,322
		2,444	20,322
The following movements in inventories occurred during the year:			
Balance at beginning of year		20,322	2,305
Inventories expensed during the year		(124,422)	(118,349)
Additions to inventory		106,544	136,366
Balance at end of year		2,444	20,322

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

7. OTHER ASSETS

Other assets - current

Prepayments

Accrued income

Contract assets

2023	2022
\$	\$
0	35,878
2,597	1,231
20,664	0
23,261	37,109

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

Non-current assets held for sale

Assets are classified as held for sale where the carrying amount will be recovered through a sale rather than continuing use and the asset is available for immediate sale with a sale being highly probable.

Contract assets

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

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

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings - non- specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Work in progress	Total property, plant and equipment
	\$	\$	\$		\$	\$	\$	\$
Balance at 1 July 2021	684,000	2,493,368	13,119,926	16,297,294	211,623	2,397,538	34,148	18,940,603
Additions	0	53,066	11,790	64,856	0	57,308	48,928	171,092
Disposals	0	(43,595)	0	(43,595)	(2,858)	0	0	(46,453)
Depreciation	0	(95,247)	(338,611)	(433,858)	(47,812)	(295,815)	0	(777,485)
Balance at 30 June 2022	684,000	2,407,592	12,793,105	15,884,697	160,953	2,159,031	83,076	18,287,757
Comprises:								
Gross balance amount at 30 June 2022	684,000	2,498,434	13,131,716	16,314,150	303,345	2,979,726	83,076	19,680,297
Accumulated depreciation at 30 June 2022	0	(90,842)	(338,611)	(429,453)	(142,392)	(820,695)	0	(1,392,540)
Balance at 30 June 2022	684,000	2,407,592	12,793,105	15,884,697	160,953	2,159,031	83,076	18,287,757
Additions	0	13,856	60,912	74,768	0	292,450	303,345	670,563
Disposals	(16,000)	0	(287,917)	(303,917)	0	(61,918)	0	(365,835)
Depreciation	0	(92,250)	(330,653)	(422,903)	(44,521)	(290,650)	0	(758,074)
Transfers	0	0	(4,965)	(4,965)	4,965	0	(3,500)	(3,500)
Balance at 30 June 2023	668,000	2,329,198	12,230,482	15,227,680	121,397	2,098,913	382,921	17,830,911
Comprises:								
Gross balance amount at 30 June 2023	668,000	2,512,290	12,890,779	16,071,069	308,310	3,162,176	382,921	19,924,476
Accumulated depreciation at 30 June 2023	0	(183,092)	(660,297)	(843,389)	(186,913)	(1,063,263)	0	(2,093,565)
Balance at 30 June 2023	668,000	2,329,198	12,230,482	15,227,680	121,397	2,098,913	382,921	17,830,911

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2021	Price per square metre
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2021	Price per square metre
Buildings - specialised	3	Improvements to buildings valued using cost approach using depreciated replacement cost	Independent registered valuers	June 2021	Improvements to buildings using construction costs and current condition, residual values and remaining useful life assessments inputs
Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.					
During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.					
(ii) Cost					
Furniture and equipment	3	Cost	Cost		Asset purchase cost
Plant and equipment	3	Cost	Cost		Asset purchase cost

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Infrastructure - footpath	Infrastructure - parks and ovals	Other infrastructure - airfields	Work in progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	33,488,422	585,156	1,253,800	303,400	801,757	36,432,535
Additions	1,108,803	0	208,502	0	0	1,317,305
Depreciation	(1,503,162)	(24,027)	(130,082)	(30,468)	0	(1,687,739)
Transfers	0	0	707,422	0	(707,422)	0
Balance at 30 June 2022	33,094,063	561,129	2,039,642	272,932	94,335	36,062,101
Comprises:						
Gross balance at 30 June 2022	56,301,907	886,594	3,525,124	920,500	94,335	61,728,460
Accumulated depreciation at 30 June 2022	(23,207,844)	(325,465)	(1,485,482)	(647,568)	0	(25,666,359)
Balance at 30 June 2022	33,094,063	561,129	2,039,642	272,932	94,335	36,062,101
Additions	590,456	0	0	0	2,270	592,726
Depreciation	(1,532,061)	(24,026)	(164,726)	(30,469)	0	(1,751,282)
Balance at 30 June 2023	32,152,458	537,103	1,874,916	242,463	96,605	34,903,545
Comprises:						
Gross balance at 30 June 2023	56,892,363	886,594	3,525,124	920,500	96,605	62,321,186
Accumulated depreciation at 30 June 2023	(24,739,905)	(349,491)	(1,650,208)	(678,037)	0	(27,417,641)
Balance at 30 June 2023	32,152,458	537,103	1,874,916	242,463	96,605	34,903,545

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

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
	Infrastructure - roads	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2021	Construction costs and current condition, residual values and remaining useful life assessments inputs
	Infrastructure - footpath	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2021	Construction costs and current condition, residual values and remaining useful life assessments inputs
	Infrastructure - parks and ovals	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2021	Construction costs and current condition, residual values and remaining useful life assessments inputs
	Other infrastructure - airfields	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2021	Construction costs and current condition, residual values and remaining useful life assessments inputs

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

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

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

10. FIXED ASSETS

(a) Depreciation

Depreciation rates

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

Asset Class	Useful life
Buildings - non-specialised	20 to 80 years
Buildings - specialised	20 to 80 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
Formation	not depreciated
Pavement	60 to 100 years
Seal	
- Bituminous seals	15 to 40 years
- Asphalt surfaces	15 to 40 years
- Concrete	60 years
Gravel roads	
Formation	not depreciated
Pavement	60 to 100 years
Gravel sheet	15 to 60 years
Footpaths - slab	10 to 40 years
Sewerage piping	30 to 80 years
Water supply piping and drainage systems	10 to 80 years
Infrastructure - parks and ovals	15 to 40 years
Other infrastructure - airfields	15 to 80 years

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

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

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

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

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

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

Revaluation

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

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

Revaluation (continued)

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

Depreciation

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

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

Depreciation on revaluation

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

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

Amortisation

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

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

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

Impairment

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

Gains or losses on disposal

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

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

11. LEASES

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

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

Less than 1 year

1 to 2 years

2 to 3 years

Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease

Rental income

2023 Actual	2022 Actual
\$	\$
16,872	16,872
12,666	16,872
0	12,666
29,538	46,410
16,872	16,872

SIGNIFICANT ACCOUNTING POLICIES

The Shire as Lessor

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

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

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

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

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Accrued payroll liabilities
 ATO liabilities
 Bonds and deposits held
 Accrued interest
 Accrued expenditure
 Income received in advance

2023	2022
\$	\$
177,593	33,663
21,289	15,477
44,268	29,012
29,489	37,675
44,388	65,052
295	561
0	1,405
0	22,650
317,322	205,495

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Trade and other payables

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

Prepaid rates

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

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

13. OTHER LIABILITIES

Current

Contract liabilities	15,788	14,630
Capital grant/contributions liabilities	521,782	678,691
	537,570	693,321

Non-current

Capital grant/contributions liabilities	58,500	58,500
	58,500	58,500

Reconciliation of changes in contract liabilities

Opening balance	14,630	47,970
Additions	15,788	14,630
Revenue from contracts with customers included as a contract liability at the start of the period	(14,630)	(47,970)
	15,788	14,630

The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$45,186 (2022: \$54,086)

The Shire expects to satisfy the performance obligations, from contracts with customers unsatisfied at the end of the reporting period, within the next 12 months.

Reconciliation of changes in capital grant/contribution liabilities

Opening balance	737,191	98,666
Additions	521,782	678,691
Revenue from capital grant/contributions held as a liability at the start of the period	(678,691)	(40,166)
	580,282	737,191

Expected satisfaction of capital grant/contribution liabilities

Less than 1 year	521,782	678,691
1 to 2 years	0	0
2 to 3 years	0	0
3 to 4 years	0	0
4 to 5 years	0	0
> 5 years	58,500	58,500
	580,282	737,191

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

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

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

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

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

14. BORROWINGS

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Debentures		43,711	0	43,711	62,761	43,712	106,473
Total secured borrowings	27(a)	43,711	0	43,711	62,761	43,712	106,473

Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Shire of Three Springs. Other loans relate to transferred receivables. Refer to Note 5.

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

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

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

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

Risk

Details of individual borrowings required by regulations are provided at Note 27(a).

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions

Employee benefit provisions

Annual leave

Long service leave

Employee related other provisions

Employment on-costs

Total current employee related provisions

Non-current provisions

Employee benefit provisions

Long service leave

Employee related other provisions

Employment on-costs

Total non-current employee related provisions

Total employee related provisions

	2023	2022
	\$	\$
	110,683	89,961
	99,210	80,047
	209,893	170,008
	33,142	24,811
	33,142	24,811
	243,035	194,819
	38,718	32,138
	38,718	32,138
	1,909	957
	1,909	957
	40,627	33,095
	283,662	227,914

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

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

16. REVALUATION SURPLUS

	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance	2022 Opening Balance	Total Movement on Revaluation	2022 Closing Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and buildings	12,175,909	0	12,175,909	12,175,909	0	12,175,909
Revaluation surplus - Infrastructure - roads	10,758,381	0	10,758,381	10,758,381	0	10,758,381
Revaluation surplus - Infrastructure - footpath	102,358	0	102,358	102,358	0	102,358
Revaluation surplus - Infrastructure - parks and ovals	1,056,011	0	1,056,011	1,056,011	0	1,056,011
Revaluation surplus - Other infrastructure - airfields	498,121	0	498,121	498,121	0	498,121
	24,590,780	0	24,590,780	24,590,780	0	24,590,780

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

17. RESTRICTIONS OVER FINANCIAL ASSETS

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

- Cash and cash equivalents	3	581,958	758,373
- Financial assets at amortised cost	4	2,147,587	1,788,589
		<u>2,729,545</u>	<u>2,546,962</u>

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

Restricted reserve accounts	28	2,147,587	1,788,589
Contract liabilities	13	15,788	14,630
Capital grant liabilities	13	521,782	678,691
Bonds and deposits held	12	44,388	65,052
Total restricted financial assets		<u>2,729,545</u>	<u>2,546,962</u>

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

Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	10,000	11,000
Credit card balance at balance date	(220)	(455)
Total amount of credit unused	<u>9,780</u>	<u>10,545</u>

Loan facilities

Loan facilities - current	43,711	62,761
Loan facilities - non-current	0	43,712
Total facilities in use at balance date	<u>43,711</u>	<u>106,473</u>

Unused loan facilities at balance date	0	0
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SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

19. CONTINGENT LIABILITIES

In compliance with the Contaminated Sites Act 2003 Section 11, the Shire of Three Springs has identified the following sites to be possible sources of contamination:

Memorial N580405 ML, LOT 101 ON DIAGRAM 99584 as shown on certificate of title 2192/797 in Three Springs WA 6519

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk, and agree with the Department of Environment Regulation on the need and criteria for remediation of a risk based approach, the Shire is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the Department of Environment Regulation Guidelines.

20. CAPITAL COMMITMENTS

	2023	2022
	\$	\$
Contracted for:		
- capital expenditure projects	547,484	0
- plant & equipment purchases	60,154	292,450
	607,638	292,450
Payable:		
- not later than one year	607,638	292,450

The capital expenditure project and plant and equipment purchases outstanding at the end of the current reporting period represents the hall renovation project and the purchase of a new motor vehicle.

The capital expenditure project outstanding at the end of the previous reporting period represents the purchase of a new loader.

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

21. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
President's annual allowance	15,000	15,000	15,000
President's meeting attendance fees	6,200	6,575	5,315
President's annual allowance for ICT expenses	2,100	2,100	2,000
	23,300	23,675	22,315
Deputy President's annual allowance	3,750	3,750	3,750
Deputy President's meeting attendance fees	3,545	4,175	4,000
Deputy President's annual allowance for ICT expenses	2,100	2,100	2,000
	9,395	10,025	9,750
All other council member's meeting attendance fees	14,345	20,875	15,830
All other council member's annual allowance for ICT expenses	10,500	10,500	10,000
All other council member's annual allowance for travel and accommodation expenses	0	3,000	0
	24,845	34,375	25,830
21(b)	57,540	68,075	57,895

(b) Key Management Personnel (KMP) Compensation

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

Note	2023 Actual \$	2022 Actual \$
Short-term employee benefits	414,939	358,782
Post-employment benefits	54,256	40,929
Employee - other long-term benefits	33,868	6,492
Council member costs	57,540	57,895
	560,603	464,098

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Council member costs

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

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

21. RELATED PARTY TRANSACTIONS

Transactions with related parties

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

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

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

	2023 Actual	2022 Actual
	\$	\$
Purchase of goods and services	20,344	21,292

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 21(a) and 21(b)

ii. Other Related Parties

During the previous year, a company controlled by a related party of a council member, was awarded a contract under the selective tender process on terms and conditions equivalent for those that prevail in arm's length transactions under the Shire's procurement process.

The contract involved roadworks in the Shire, and amounted to \$265,941 in the current year (\$369,871 in the prior year).

Short-term employee benefits related to an associate person of the CEO who was employed by the Shire under normal employment terms and conditions.

Outside of normal citizen type transactions with the Shire, there were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

iii. Entities subject to significant influence by the Shire

There were no such entities requiring disclosure during the current or previous year.

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

22. JOINT ARRANGEMENTS

(a) Share of joint operations - Aged Residents Housing

The Shire together with the Housing Authority constructed four units for aged residents in 2002/03 and a further two units in 2008/09, known as Kadathinni Units, Carter Street, Three Springs. This joint arrangement constitutes a joint operation and Council has a 22.34% equity in the first 4 units (units 1,2,3 and 4) and a 15.35% in the last two units (units 5 and 6) in this development and is included in Land and Buildings as follows:

Statement of Financial Position	2023 Actual	2022 Actual
	\$	\$
Land and buildings	180,926	180,926
Less: accumulated depreciation	(9,781)	(6,868)
Total assets	171,145	174,058
Statement of Comprehensive Income		
Fees and charges - housing revenue	28,791	30,034
Materials and contracts - housing expenditure	(33,155)	(28,415)
Net result for the period	(4,364)	1,619
Other comprehensive income	0	0
Total comprehensive income for the period	(4,364)	1,619

(b) Share of joint operations - Community Housing

The Shire together with the Housing Authority constructed two houses for community housing purposes in 1985/86 in Glyde Street, Three Springs. This joint arrangement constitutes a joint operation and Council has a 10.78% equity in 54 Glyde Street and 11.14% equity in 60 Glyde Street and is included in Land and Buildings as follows:

Statement of Financial Position	2023 Actual	2022 Actual
	\$	\$
Land and buildings	48,368	48,368
Less: accumulated depreciation	(4,114)	(3,245)
Total assets	44,254	45,123
Statement of Comprehensive Income		
Fees and charges - housing revenue	8,160	8,320
Materials and contracts - housing expenditure	(17,950)	(9,711)
Net result for the period	(9,790)	(1,391)
Other comprehensive income	0	0
Total comprehensive income for the period	(9,790)	(1,391)

SIGNIFICANT ACCOUNTING POLICIES

Joint operations

A joint operation is a joint arrangement where the Shire has joint control with two or more parties to the joint arrangement. All parties to joint arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement.

Assets, liabilities, revenues and expenses relating to the Shire's interest in the joint operation are accounted for in accordance with the relevant Australian Accounting Standard.

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

23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire does not have any subsequent events after balance sheet date.

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

24. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

25. RATING INFORMATION

(a) General Rates

RATE TYPE				2022/23 Actual Rateable Value*	2022/23 Actual Rate Revenue	2022/23 Actual Interim Rates	2022/23 Actual Total Revenue	2022/23 Budget Rate Revenue	2022/23 Budget Interim Rate	2022/23 Budget Total Revenue	2021/22 Actual Total Revenue
Rate Description	Basis of valuation	Rate in \$	Number of Properties	\$	\$	\$	\$	\$	\$	\$	\$
GRV Residential	Gross rental valuation	0.127549	205	2,017,236	257,296	1,254	258,550	257,296	0	257,296	249,111
GRV Mining	Gross rental valuation	0.127549	1	252,500	32,206	0	32,206	32,206	0	32,206	31,107
UV Rural and Arrino Town	Unimproved valuation	0.012917	183	153,361,000	1,980,964	(491)	1,980,473	1,980,964	0	1,980,964	1,918,105
UV Mining	Unimproved valuation	0.012917	3	241,456	3,119	4,152	7,271	2,379	0	2,379	4,639
Total general rates			392	155,872,192	2,273,585	4,915	2,278,500	2,272,845	0	2,272,845	2,202,962
Minimum payment		Minimum Payment \$									
GRV Residential	Gross rental valuation	500	22	17597	11,000	0	11,000	11,000	0	11,000	9,400
GRV Mining	Gross rental valuation	500	0	0	0	0	0	0	0	0	0
UV Rural and Arrino Town	Unimproved valuation	500	26	471,150	13,000	0	13,000	13,000	0	13,000	10,810
UV Mining	Unimproved valuation	500	31	343,934	15,500	0	15,500	16,000	0	16,000	10,340
Total minimum payments			79	832,681	39,500	0	39,500	40,000	0	40,000	30,550
Total general rates and minimum payments		Rate in \$	471	156,704,873	2,313,085	4,915	2,318,000	2,312,845	0	2,312,845	2,233,512
Ex-gratia Rates											
Dampier to Bunbury Natural Gas Pipeline Corridor based on annual rate equivalent					1,331	0	1,331	1,331	0	1,331	1,274
Murchison Region Aboriginal Corporation	Gross rental valuation	0.127549	1	1,851	236	0	236	236	0	236	228
Co-operative Bulk Handling based on tonnage of 151,100					8,213	0	8,213	8,201	0	8,201	7,933
Total amount raised from rates (excluding general rates)			1	1,851	9,780	0	9,780	9,768	0	9,768	9,435
Total Rates							2,327,780			2,322,613	2,242,947
Rate instalment interest							7,069			6,200	6,042
Rate overdue interest							4,388			6,500	4,954

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

*Rateable Value at time of raising of rate.

26. DETERMINATION OF SURPLUS OR DEFICIT

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SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

27. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual								Budget			
		Principal				Principal				Principal			
		Principal at 1 July 2021	New Loans During 2021-22	Repayments During 2021-22	Principal at 30 June 2022	New Loans During 2022-23	Repayments During 2022-23	Principal at 30 June 2023		Principal at 1 July 2022	New Loans During 2022-23	Repayments During 2022-23	Principal at 30 June 2023
		\$	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$
Swimming pool		68,320	0	(21,897)	46,423	0	(22,762)	23,661		46,423	0	(22,762)	23,661
Duffy Store Development		0	0	0	0	0	0	0		0	600,000	0	600,000
Total		68,320	0	(21,897)	46,423	0	(22,762)	23,661		46,423	600,000	(22,762)	623,661
Self Supporting Loans													
Bowling green resurface	Loan 161 *	0	80,000	(19,950)	60,050	0	(40,000)	20,050		60,050	0	(19,983)	40,067
Total Self Supporting Loans		0	80,000	(19,950)	60,050	0	(40,000)	20,050		60,050	0	(19,983)	40,067
Total Borrowings	14	68,320	80,000	(41,847)	106,473	0	(62,762)	43,711		106,473	600,000	(42,745)	663,728

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

Borrowing Finance Cost Payments

Purpose	Note	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022
Swimming pool		160	WATC*	3.91%	24/06/2023	\$ (1,509)	\$ (1,595)	\$ (2,553)
Total						(1,509)	(1,595)	(2,553)
Self Supporting Loans Finance Cost Payments								
Bowling green resurface	161		WATC*	3.37%	8/09/2023	12	(101)	(693)
Total Self Supporting Loans Finance Cost Payments						12	(101)	(693)
Total Finance Cost Payments						(1,497)	(1,696)	(3,246)

* WA Treasury Corporation

(b) New Borrowings - 2022/23

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2023 Actual	2023 Budget	2023 Actual	2023 Budget		
					\$	\$	\$	\$	\$	\$
Duffy Store Development	WATC*	Debenture	10	4.03%	0	600,000	0	600,000	0	0
					0	600,000	0	600,000	0	0

* WA Treasury Corporation

SHIRE OF THREE SPRINGS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

28. RESERVE ACCOUNTS

	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance	2023 Budget Opening Balance	2023 Budget Transfer to	2023 Budget Transfer (from)	2023 Budget Closing Balance	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Leave reserve	138,023	5,284	0	143,307	138,023	4,397	0	142,420	137,477	546	0	138,023
(b) Plant reserve	187,067	7,162	0	194,229	187,067	5,959	0	193,026	415,416	1,651	(230,000)	187,067
(c) Housing and development reserve	446,452	67,094	0	513,546	446,451	14,221	0	460,672	546,222	2,171	(101,941)	446,452
(d) Joint venture housing reserve	170,022	6,510	0	176,532	170,022	5,416	0	175,438	169,349	673	0	170,022
(e) Gravel pit reserve	50,205	1,922	0	52,127	50,206	1,599	0	51,805	50,006	199	0	50,205
(f) Swimming pool equipment reserve	127,915	4,898	0	132,813	127,916	4,075	0	131,991	127,409	506	0	127,915
(g) Day care centre reserve	37,534	0	(37,534)	0	37,534	0	(37,534)	0	37,430	104	0	37,534
(h) Lovelock sock reserve	104,198	28,990	0	133,188	104,198	28,319	0	132,517	103,786	412	0	104,198
(i) Road reserve	102,463	3,922	0	106,385	102,462	3,264	0	105,726	102,057	406	0	102,463
(j) Drainage reserve	366,196	14,021	0	380,217	366,197	11,665	0	377,862	364,747	1,449	0	366,196
(k) Refuse reserve	58,514	2,241	0	60,755	58,514	1,864	0	60,378	58,282	232	0	58,514
(l) Silo projection reserve	0	37,534	(37,534)	0	0	37,534	(37,534)	0	0	0	0	0
(m) Glyde Street redevelopment reserve	0	254,488	0	254,488	0	436,046	0	436,046	0	0	0	0
	1,788,589	434,066	(75,068)	2,147,587	1,788,590	554,359	(75,068)	2,267,881	2,112,181	8,349	(331,941)	1,788,589
	1,788,589	434,066	(75,068)	2,147,587	1,788,590	554,359	(75,068)	2,267,881	2,112,181	8,349	(331,941)	1,788,589

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

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

Name of reserve account	Anticipated date of use	Purpose of the reserve account
Restricted by council		
(a) Leave reserve	Ongoing	To be used to fund annual and long service leave requirements.
(b) Plant reserve	Ongoing	To be used for the purchase of major plant.
(c) Housing and development reserve	Ongoing	To be used to fund housing/accommodation projects.
(d) Joint venture housing reserve	Ongoing	To be used to maintain the joint Ministry of Housing/Local Government properties.
(e) Gravel pit reserve	Ongoing	To be used for the rehabilitation of disused gravel pits.
(f) Swimming pool equipment reserve	Ongoing	To be used to purchase recreational equipment for the swimming pool.
(g) Day care centre reserve	July 2022	Closed funds transferred to new Silo projection reserve.
(h) Lovelock sock reserve	Ongoing	To be used to upgrade potable water infrastructure.
(i) Road reserve	Ongoing	To be used for future capital road works.
(j) Drainage reserve	Ongoing	To be used for construction of proper town drainage system.
(k) Refuse reserve	Ongoing	To be used for the future development and maintenance of the refuse site.
(l) Silo projection reserve	April 2023	To be used for the purchase of equipment to enable projection of materials.
(m) Glyde Street redevelopment reserve	Ongoing	To be used to create a subdivision for future housing needs.



Our Ref: 7962

7th Floor, Albert Facey House
469 Wellington Street, Perth

Mr Keith Woodward
Chief Executive Officer
Shire of Three Springs
PO Box 117
THREE SPRINGS WA 6519

Mail to: Perth BC
PO Box 8489
PERTH WA 6849

Tel: 08 6557 7500
Email: info@audit.wa.gov.au

Email: ceo@threesprings.wa.gov.au

Dear Mr Woodward

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

The Office has completed the audit of the annual financial report for your Shire. In accordance with section 7.12AD (2) of the *Local Government Act 1995*, we enclose the Auditor General's auditor's report, together with the audited annual financial report.

We have also forwarded the reports to the President and the Minister for Local Government, as required by the Act. You are required to publish the annual report, including the auditor's report and the audited financial report, on your Shire's official website within 14 days after the annual report has been accepted by your Council.

Management control issues

While the result of the audit was generally satisfactory, I would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the audit. These matters have been discussed with management and their comments have been included in the attachment.

Please note that the purpose of our audit was to express an opinion on the financial report. The audit included consideration of internal control relevant to the preparation of the financial report in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

An audit is not designed to identify all internal control deficiencies that may require management attention. The matters being reported are limited to those deficiencies that have been identified during the audit that are of sufficient importance to warrant being reported. It is possible that other irregularities and deficiencies may have occurred and not been identified as a result of our audit.

The date that entities provided their annual financial report to the Office has been recorded for purposes of reporting to Parliament. The date recorded for the receipt of your financial statements was 18 August 2023.

This letter has been provided for the purposes of the Shire and the Minister for Local Government and may not be suitable for other purposes.

I would like to take this opportunity to thank you, the management and the staff of the Shire for their cooperation with the audit team during our audit.

Feel free to contact me on 6557 7742 if you would like to discuss these matters further.

Yours faithfully

Jay Teichert
Director
Financial Audit
21 November 2023

Attach