

Recovery of Infrastructure Expenditure at Karratha Airport Attachment

Proposed Fees and Charges – Outgoings Model

While it is proposed to levy a service charge on tenants and users, it is reasonable to recognise that the Shire of Roebourne is the majority user of both the power and water (utilities and infrastructure) at Karratha Airport, with current usage of 55% of the water consumption and 75% of the electricity consumption utilised in supplying the Airport Terminal and associated Shire operated assets.

The proposed service charge is to be applied using a straight line depreciated infrastructure model, minus the Shire's usage. The depreciation rates indicated in the model below are in accordance with Council's Policy CF-1 Accounting – Local Government Accounting

| Infrastructure CF-1 Percentages | | | | | | |
|--|------|-----|--|---|--|-----|
| Light plant and (external) equip - Light Use | 21% | = (| Total Depreciated Infrust. Cost (\$) | - | KTA Usage (note % will change with consumption) | = |
| Building fixtures / fittings | 9.0% | | User Total Cost (\$) | / | No of Meter Connections | = |
| Drainage | 1.8% | | | | | |
| | | | | | Annual Fee per Meter Connection ammortised over 7.5 years |) + |
| | | | | | Users Metered Consumption | |

Directions.

The depreciated infrastructure expenditure is proposed to be divided amongst the total number of users for a service and applied as an annual service charge amortised over 7.5 years, and would be in addition to a tenant's monthly utilities consumption.

The intention of the service charge outgoings model is to capture only the contribution utilised by tenants and users within the airport precinct in a fair and transparent manner, as below.

Assumptions

Depreciation rates applied are as follows:

- light plant and equipment 21%
- building fixtures/fittings 9% and
- drainage 1.8%

The current airport usage is 55% for water consumption and 75% for electricity.

The depreciated infrastructure expenditure is then divided amongst the total number of meters for a service and applied as an annual service charge then amortised over 7.5 years.