



ANNUAL BUDGET

2019-20

Adopted by Council on 24 July 2019

SHIRE OF AUGUSTA MARGARET RIVER

BUDGET

FOR THE YEAR ENDED 30 JUNE 2020

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SHIRE'S VISION

Adapt to changing climate, environment and social dynamics and celebrate a sense of place for our local indigenous culture and our multicultural and creative community.

Community Strategic Plan 2036

2019-20 Budget Summary

The 2019-20 balanced budget includes two significant and transformational community projects at opposite ends of the construction timeframe. The completion of the Margaret River HEART (Hub for Entertainment, Art, Recreation and Tourism) complex is scheduled for the first quarter of the financial year and the commencement of the Margaret River main street upgrade project is expected to commence during the second quarter of the financial year.

When completed the HEART will provide a multi-purpose venue and activity space with a main theatre catering for 450 people and a second theatre for 200 people. With ample space for exhibitions and performances, including an outdoor soundshell, the facility will truly become a hub for entertainment and the arts. Funds have been allocated for the operation of this facility and to maximise revenue opportunities to offset these costs as well as for the opening in October.

The recent awarding of the construction contract to Georgiou Group Pty Ltd allows the main street upgrade project to proceed in three stages. The first stage that has been budgeted includes:

- Wallcliffe Road /Forrest Road/Bussell Highway roundabout;
- Tunbridge Street/Churchill Avenue/ Bussell Highway roundabout;
- New stormwater services for the Festival and River precincts (area from Willmott Avenue to the Shell service station);
- New footpaths, pedestrian crossings and parking bays for the Festival precinct (area from Willmott Avenue to Tunbridge Street); and
- New landscaping and electrical works for the Festival precinct, including Fearn Avenue.

These works are funded by the balance of a Royalties for Region's grant of \$5.290 million and Shire funds and reserves of \$3.367 million.

The Shire's annual budget reflects the wide range of services and facilities benefitting the Shire's community and its many visitors. In addition to the two major projects other highlights of the 2019-20 Budget include:

- contributions to community groups of \$0.154 million as well as contributions to assist lessees of Shire property such as the Regional Environment Centre, Community Centre and Men's Shed to maintain or develop buildings/facilities;
- community development expenditure of \$0.317 million for youth, capacity building, community resilience, access and inclusion, arts and culture, age friendly and community grants programs;
- \$0.135 million towards major (iconic) events and \$0.079 million for local events;
- continued financial support for the Shire's 10 volunteer bushfire brigades and the SES unit;
- community and recreation services including outside school hours care, libraries, recreation and fitness centres, the aquatic centre, sporting fields, playgrounds, etc;
- the introduction of the 3 bin waste collection system at a reduced total waste collection and disposal charge;

- continued investment in sustainability initiatives and commitment to a climate action summit focussing on adaptation;
- specific environmental related project expenditure of \$0.444 million as well as \$0.090 million in contributions to environmental groups;
- over \$2 million to renew and upgrade community buildings including the construction of a new toilet at Cowaramup Pioneer Park;
- purchase of land to support the alignment for the Cape to Cape winter diversion trail;
- expenditure of \$0.100 million to complete the lower western oval playing field with an official opening planned for September;
- roads, paths and drainage upgrade works of \$1.545 million (excluding the main street project) and renewal works of \$5.458 million; and
- \$0.963 million to replace heavy plant and light vehicles.

A summary of the Annual Budget 2019-20 compared to the Forecast Actual result and Annual Budget for 2018-19 is provided below for reference purposes:

Description	2019-20 Budget \$'000s	2018-19 Forecast \$'000s	2018-19 Budget \$'000s
Rates	22,124	21,430	21,401
Operating Revenue	12,129	13,490	12,080
Operating Expenditure	(38,145)	(36,026)	(36,083)
Net Operating Result	(3,792)	(1,105)	(2,602)
Capital Grants	5,707	6,355	7,665
Profit/(Loss) on Asset Disposals	(23)	29	(147)
Net Result	1,893	5,667	4,916
Asset Purchases	(23,474)	(18,866)	(26,628)
Asset Sale Proceeds	435	1,437	1,457
Borrowings Repaid	(925)	(854)	(854)
New Borrowings	0	500	500
Transfers To Reserve	(1,113)	(4,089)	(3,045)
Transfers From Reserve	10,195	5,600	9,245
Brought Forward Surplus	3,587	5,254	5,104
Closing Budget Position	0	3,587	0

It is expected the Shire will commence the budget year with a surplus of \$3,587,167 from 2018-19. This is an increase on the budgeted result expected for the year and is the result of a number of factors including:

- Carrying forward various operating expenditure projects totalling \$856,347;
- Carrying forward various capital projects totalling \$1,710,069 including an unspent loan balance of \$272,069 for asbestos removal and reinstatement projects;
- Carrying forward the advance payment for 2019-20 of Financial Assistance Grants of \$745,739 received in June 2019; and
- Various under and over expenditures and revenues for the year.

Expectations are that 2019-20 will end up with a balanced result.

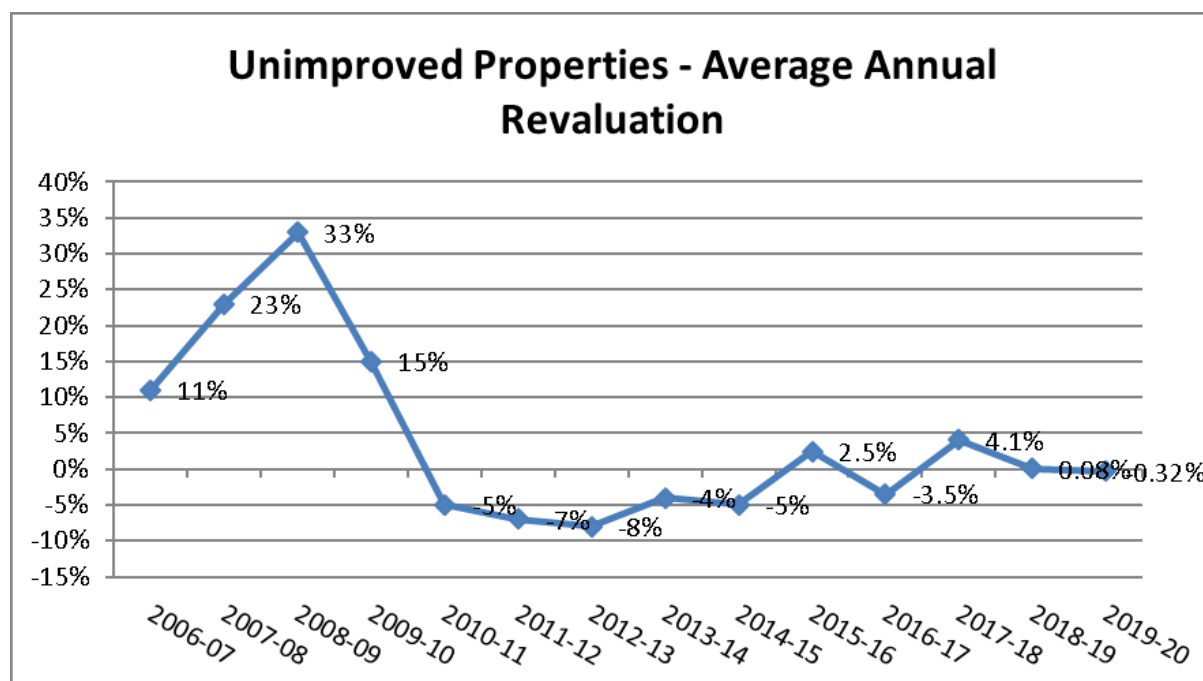
Rates

Updated property values for rating purposes were received from Landgate for all rural properties in the Shire and are effective from 1 July 2019. Rural or Unimproved Value (UV)

properties are revalued on an annual cycle and town site or Gross Rental Value (GRV) properties are revalued on a 3 year cycle. The next revaluation for GRV properties will be effective from 1 July 2021.

Compared to the previous year's valuations rural property values only decreased by an average of 0.32% and compares to last year's average increase of 0.08%. Variations in property values ranged from a decrease of 37% to an increase of 29%. 291 properties recorded a decrease, 392 recorded an increase and 520 recorded no change. Property owners who recorded a valuation change greater than or lower than 2.5% will receive a property rate change that will vary to the 2.5% intended. Unfortunately, this cannot be avoided as the calculation of property rates is dependent upon the valuation of the property.

The following chart shows the average annual change in unimproved property valuations since 2006-07.



The change in property valuations is one of the variables considered when determining the rating approach for the budget year and overall it was concluded the impact of the change in valuations was on average of low significance and did not justify altering the proposed rates in the dollar and minimum payments.

Other considerations to determine the rate yield for the budget include:

- expenditure and revenue forecast in the Shire's Long Term Financial Plan;
- the perceived affordability within the community of rate increases;
- increases in State Government charges;
- the demand for services and whether the level of these services has changed;
- changes in the cost incurred by the Shire for expenditures including labour, materials, utilities, contractors and insurance;
- various indices and forecasts used to measure changes in costs;
- legislative compliance requirements; and
- the shortfall in funding required to ensure a budget deficit is not recorded.

Having considered these factors Council agreed to increase rates by 2.5% which was similar to the increase proposed in the Shire's Long Term Financial Plan and lower than the increase that has been applied for the past three years. As a result of this decision all minimum payments and rates in the dollar were increased by 2.5%.

The following table compares the rates in the dollar and minimum payments for the current and previous financial years.

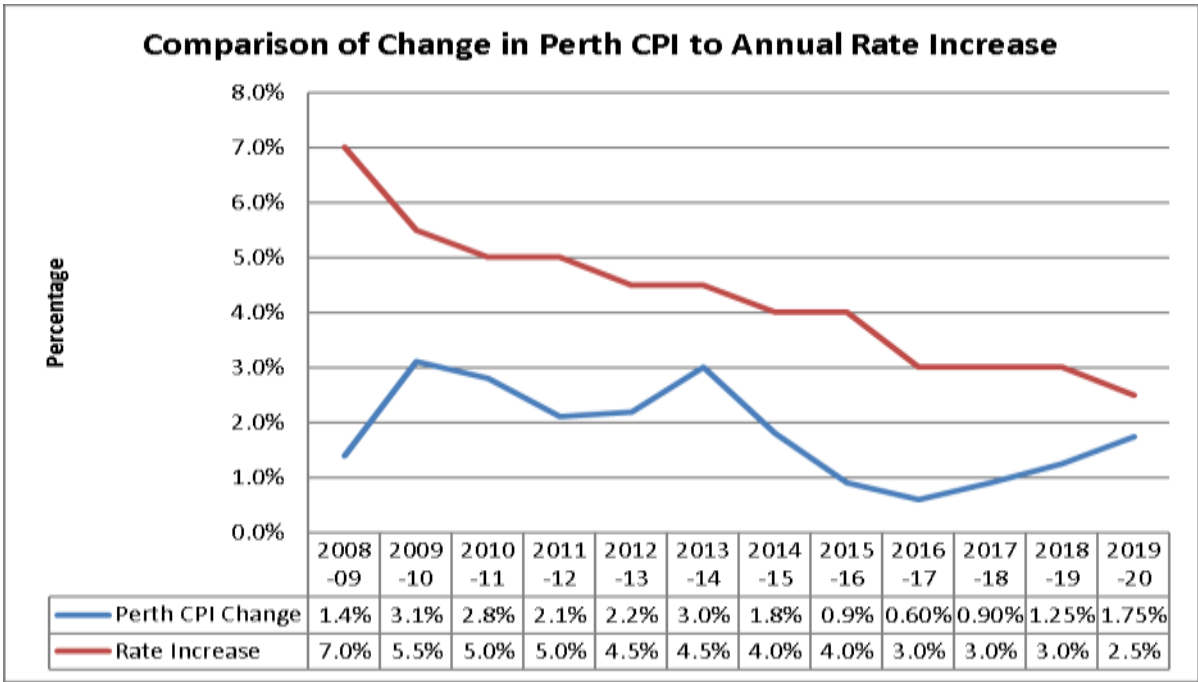
Rate Category	Rate in \$ 2019-20	Rate in \$ 2018-19	Minimum 2019-20	Minimum 2018-19
Residential	10.7581	10.4957	\$1,335	\$1,302
Residential Vacant	20.6089	20.1062	\$1,335	\$1,302
Rural Residential	10.3055	10.0541	\$1,625	\$1,585
Rural Residential Vacant	20.0600	19.5707	\$1,625	\$1,585
Commercial, Industrial, Tourism	12.7427	12.4319	\$1,434	\$1,399
UV Rural	0.4705	0.4590	\$1,498	\$1,461
UV1 One non-rural use	0.5880	0.5737	\$1,498	\$1,461
UV2 Two non-rural uses	0.7057	0.6885	\$1,498	\$1,461
UV3 Over two non-rural uses	0.8233	0.8032	\$1,498	\$1,461
Strata titled vineyard	0.4705	0.4590	\$1,498	\$1,461
UV Conservation	0.4598	0.4486	\$1,441	\$1,406

The table shows the minimum payment has increased by \$33 for residential property owners (\$38 last year), \$35 for commercial property owners (\$41 last year) and \$37 for rural property owners (\$43 last year). This increase equates to about 70 cents per week and 16% of total ratepayers would receive an increase of this magnitude.

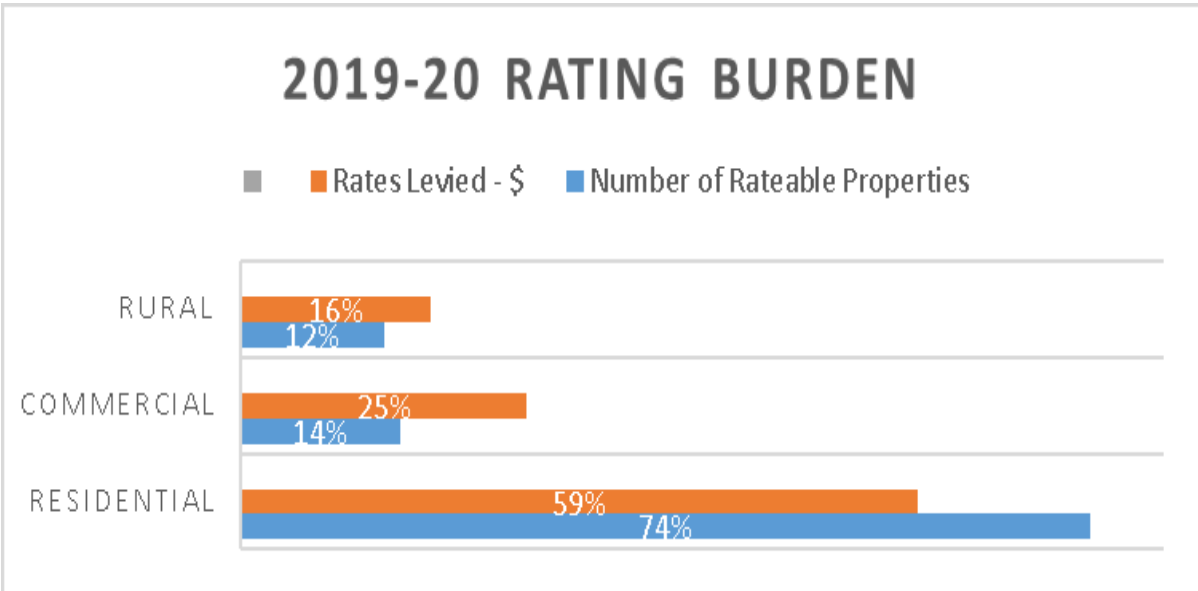
For ratepayers not charged the minimum payment, the change in rates payable compared to last year is dependent on the change in the valuation of the property and the change in the rate in the dollar. For GRV rated properties the change will be an increase of 2.5% as property values have not been revalued. For UV rated properties the change will vary in accordance with the change in property valuation.

The following chart compares annual rate increases to the change in the Perth Consumer Price Index¹ and shows the gap is clearly decreasing. Whilst this demonstrates rate increases are becoming more affordable compared to the past, the decline also means that it is becoming increasingly difficult to fund expenditure demands that often increase by greater than CPI.

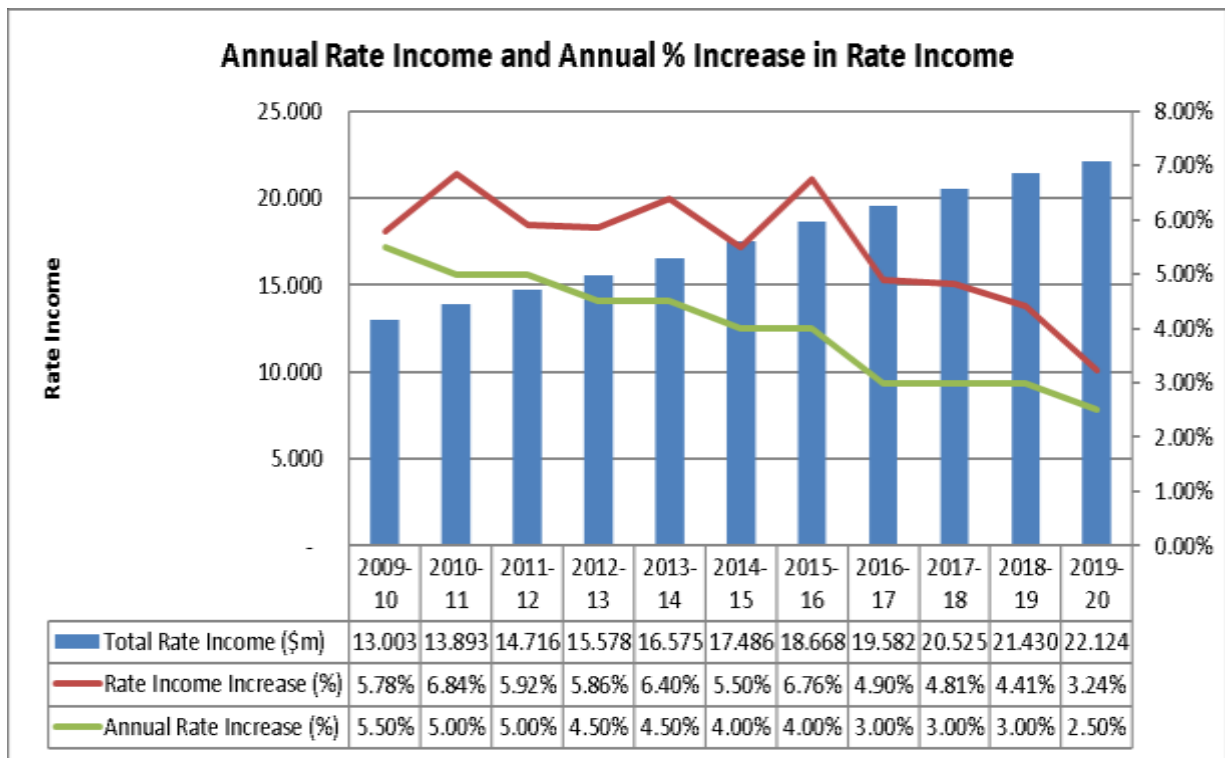
¹ Source of Perth CPI is the Australian Bureau of Statistics up to 2017-18 and WA Treasury forecasts for 2018-19 and 2019-20 included in the WA State Budget 2019-20, Budget Paper No. 3.



The overall objective for rating is to achieve equity and consistency between rate categories for similar land uses. This rate burden is represented in the following chart and shows that when rates levied are compared with the number of rateable assessments, residential ratepayers are subsidised by rural and commercial ratepayers. In total 88% of rateable assessments are rated on the basis of their GRV and contribute 84% of total rate income and 12% of properties are rated as UV and contribute 16% of total rate income. These ratios are a slight increase on last year's results.

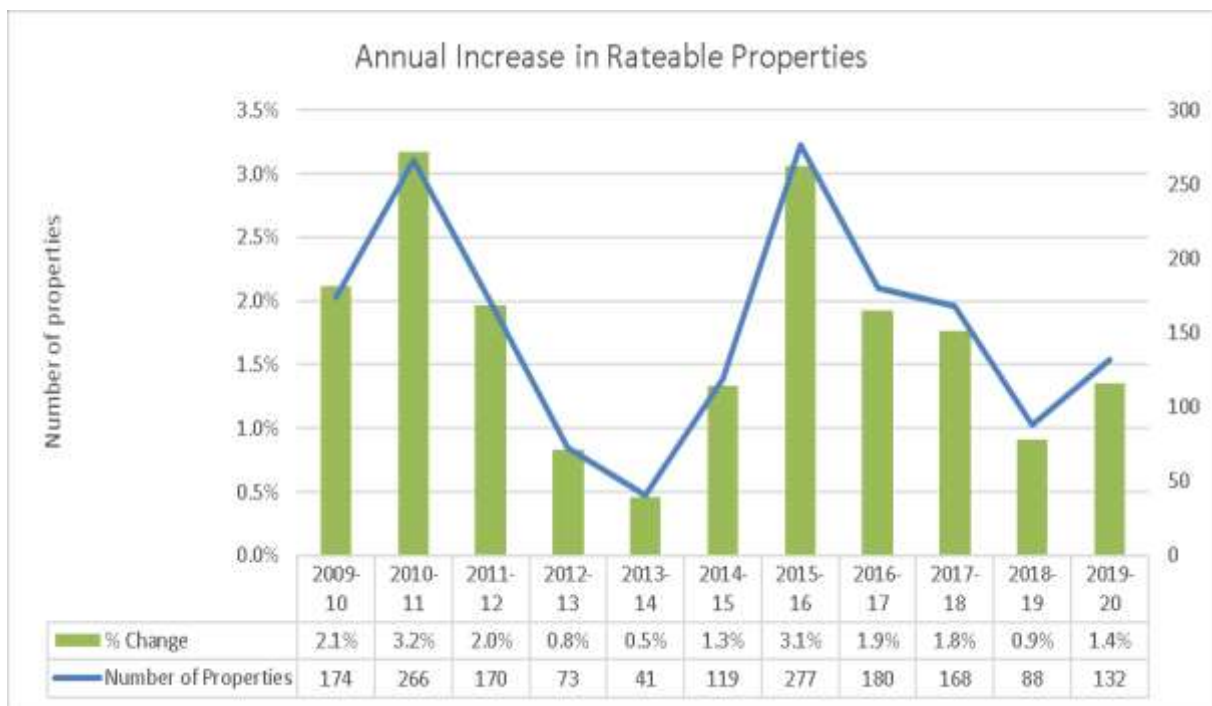


For 2019-20 a total of \$22,123,740 is budgeted to be obtained from property rates (including interim and back rates of \$145,000) and represents an increase of 3.24% on total rate revenue for 2018-19. The following chart compares actual rate revenue by year, with the annual increase in rate revenue and the annual agreed rate increase.



Interim rates raised after residential and commercial properties are developed and for new land lots released contributed to the higher annual percentage increases in rate income compared to the agreed annual rate increase.

Growth in the number of properties for 2018-19 was lower than previous years with the property database used to calculate rates for the budget having a total of 9,768 properties compared to 9,680 properties billed property rates in 2017-18. The increase of 88 properties for 2018-19 represents a growth rate of 0.9%. Should the number of properties increase to 9,900 in 2019-20 the growth rate would be 1.4%.



Fees and Charges

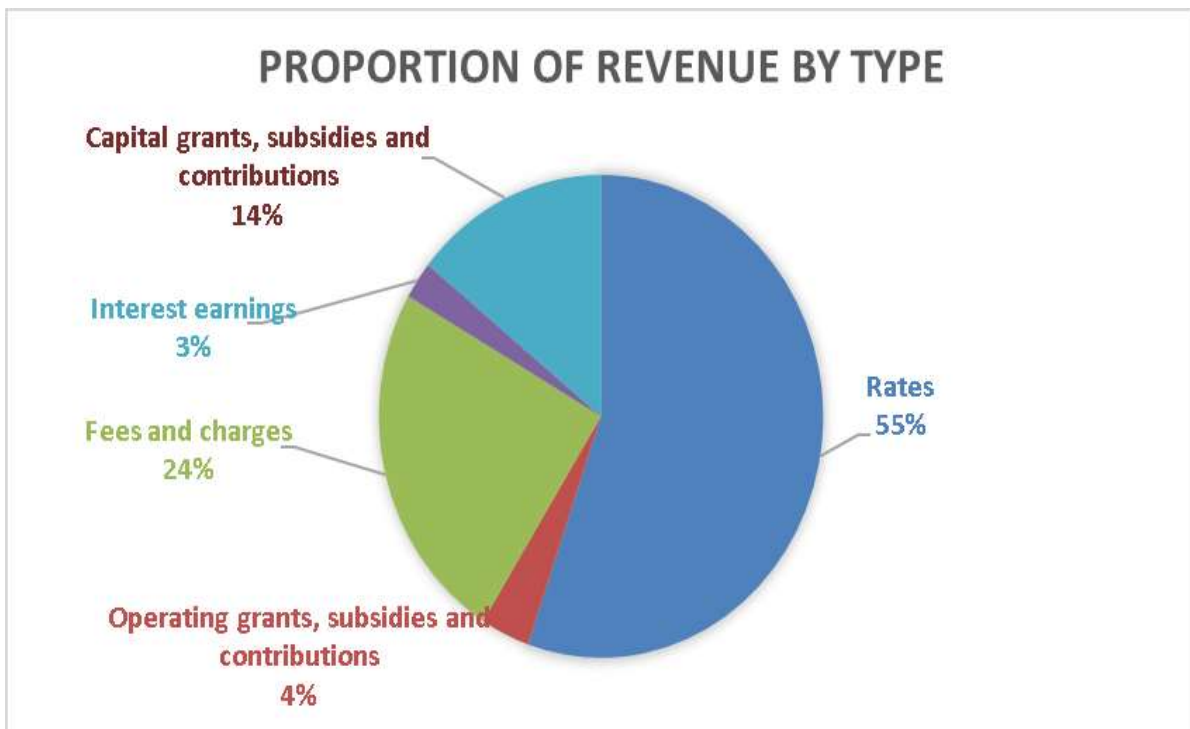
Fees and charges were reviewed to ensure improved cost recovery and in many cases have been increased by up to 2%. Although the growth in the Perth CPI for the period March 2018 to March 2019 was 1.1% a greater escalation rate was used to be consistent with the assumptions of the Long Term Financial Plan and WA Treasury's forecast of a 1.75% increase in the Perth CPI for 2019-20. Statutory changes to fees and charges for items such as planning fees have also been included.

Council approved the fees and charges for advertising at their meeting on 22 May 2019 and following the statutory public notice period the new fees and charges were implemented on 1 July 2019.

Total fees and charges are budgeted to be \$9.757 million compared to the 2018-19 budget of \$9.823 million and forecast actual for 2018-19 of \$9.778 million. Some conservative budget assumptions and consideration of the actual revenue obtained last year for areas including town planning, the indoor recreation centre and caravan parks, resulted in a slight reduction in the total fees and charges budget for the year. Total fees and charges are expected to decrease by 0.7% on a budget to budget basis. Forecast actual fees and charges for 2018-19 are expected to almost achieve budget.

The major contributors to fees and charges are waste collection and disposal charges, caravan park fees and recreation fees. The total amount of waste charges (rubbish collection and waste facilities maintenance rate) billed for individual properties will decrease from \$507 to \$498 despite the introduction of the 3 bin system, and has contributed to the reduction in fees and charges budgeted.

Fees and charges constitute 24% of total budgeted revenue and income from property rates constitutes 55%. As these are the Shire's main sources of revenue it is important to ensure the proportion raised does not decrease in order to ensure the Shire is controlling its own sources of revenue. The following chart shows the proportion of revenue for all sources of revenue and clearly shows how important fees and charges and property rates are to the Shire's financial position and ongoing financial sustainability.



The own source revenue coverage ratio compares own source operating revenue to operating expenses and measures the ability to cover operating expenses from own source revenue. Historically the ratio result has been in the range of 88% to 91% and is very close to the advanced standard benchmark set by the Department of Local Government, Sport and Cultural Industries of 90%. However, the ratio has declined in recent years due to annual rate increases reducing and for the 2019-20 Budget the ratio is calculated to be 86%.

Grants

A total of \$7.137 million of operating and capital grants and contributions are included in the budget. This amount is lower than originally anticipated as the Federal Government provided an advance payment of part of the 2019-20 allocation of the Financial Assistance Grants (FAGs) distributed by the WA Local Government Grants Commission. This advance payment of \$0.746 million was received in late June 2019 and is included in the brought forward amount for the 2019-20 Budget. The advance payment distorts comparison of financial results and ratios between years as it inflates operating grants for 2018-19 and understates operating grants for 2019-20.

Operating grants of \$1.430 million include:

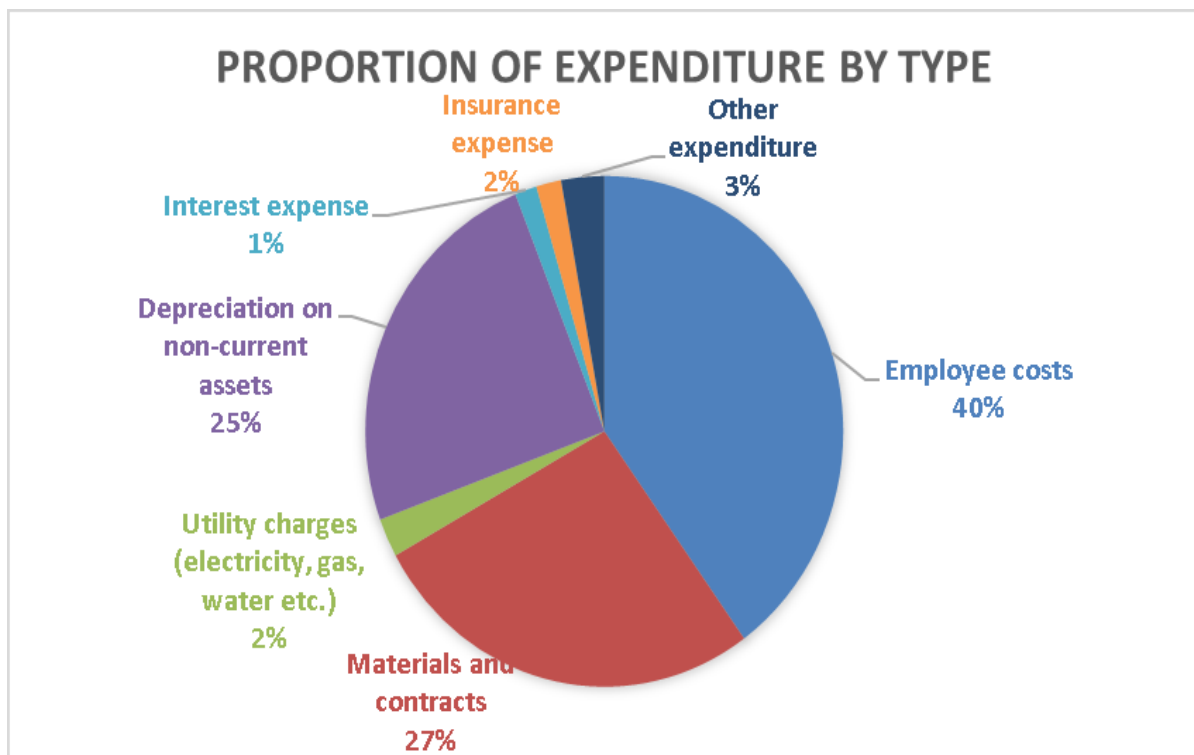
- Emergency Services Levy (ESL) grants of \$0.271 million for the voluntary SES and Bushfire Brigade services;
- contributions of \$0.060 million for the Community Emergency Services Manager;
- Community Planning and Development grants of \$0.026 million;
- a Regional Airports Development Scheme grant of \$0.041 million will be transferred to St Johns Ambulance Augusta; and
- various other grants and contributions for specific projects and activities for business units.

\$5.707 million of capital grants and contributions are provided for specific purposes and include:

- the final instalment of \$0.720 million from the National Stronger Regions Fund for the HEART project;
- an expected rebate of \$0.030 million for the installation of solar cells as part of the HEART project;
- \$1.275 million for replacement of bushfire brigade vehicles including appliances for the Rosa Brook, Wallcliffe and Witchcliffe brigades, as well as grants and contributions for building works for the Alexandra Bridge and Karridale brigades;
- \$2.080 million from Main Roads WA through the Regional Roads Group for road works for Leeuwin Road, Warner Glen Road, Wallcliffe Road, Rosa Brook Road, Rosa Glen Road and Boodjidup Road;
- Roads to Recovery grants of \$0.519 million for rural road reseals and asphalt overlays;
- \$0.116 million from the South West Development Commission for the Cape to Cape winter diversion trail;
- \$0.405 million from Lotterywest for Cowaramup Hall building works; and
- \$0.204 million in developer contributions are to be transferred to Developer Contributions reserve to fund future works.

Operating Expenditure

Total operating expenditure of \$38.145 million is budgeted for 2019-20 and compares to the budget and forecast actual for 2018-19 of \$36.083 million and \$36.026 million respectively with the increases being 5.7% and 5.9% year on year. The carryover of operating expenditure from 2018-19 contributes to the larger percentage change being recorded when the budget to forecast actual are compared.



The previous chart provides a breakdown of operating expenditure and shows that employee costs continue to be the Shire's largest expenditure item with materials and contracts and depreciation being the next largest. Compared to the 2018-19 budget, depreciation as a

proportion of expenditure has remained steady at 25%, employee costs have reduced to 40% from 41% and materials and contracts has increased from 26% to 27%.

The fair value revaluation of the Shire's plant and equipment at 30 June 2019 is likely to result in asset values increasing and the impact upon depreciation has not been taken into consideration in this budget as these calculations will be undertaken in 2019-20. The completion of the HEART facility will also result in increased depreciation being calculated.

Prior to the mandatory revaluation of fixed assets coming into effect from 1 July 2012 the written down value of the Shire's fixed assets was \$189.754 million. At 30 June 2018 their value had increased to \$444.062 million or an increase of 134%. With the addition of capital expenditure for 2018-19 this balance will further increase. Over the same timeframe depreciation has increased from \$5.587 million or 20% of operating expenditure in 2011-12 to the proposed \$9.361 million or 25% of operating expenditure in 2019-20.

The accuracy of the calculation and allocation of depreciation should improve as understanding of the Shire's asset base through condition reports, useful life assessments, asset componentisation and determination of non-depreciable amounts improves.

Employee Costs

The Shire has budgeted for a workforce of 175.1 full time equivalent (FTE) staff in 2019-20 compared to 170.9 FTE budgeted last year. The increase of 4.2 FTEs is due to a number of new positions required for the HEART and to respond to community requests for increased service levels for areas such as landcare and emergency services, address pressures on meeting statutory compliance requirements and provide for increased resourcing for service areas such as human resources. There has also been some restructure of positions within the organisation such as moving positions from the CEO's business unit to other areas.

The main changes include:

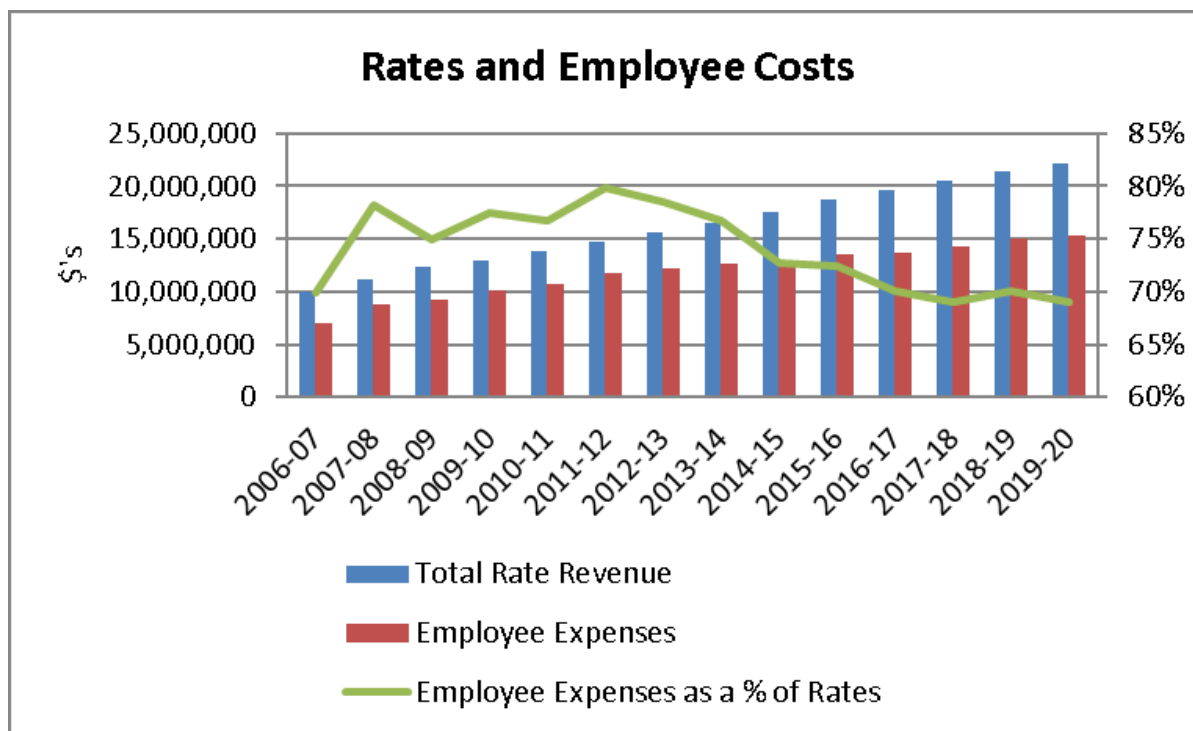
- Community Emergency Services (0.4 FTE) added to provide relief and increased support for mitigation activities;
- Outside School Hours Care (0.25 FTE) included for administrative support;
- Landcare 0.4 FTE increase in hours for current staff member and 0.6 FTE increase for an additional staff member in order to deliver programs;
- Marketing resource (1 FTE) and a cleaner (1 FTE) for the HEART are partly offset by the reallocation of 0.4 FTE digital officer position that was not filled last year.

Labour cost increases have been restricted to the across the board wage increase of 2% contained in the Shire's recently negotiated 2019 Enterprise Agreement and performance based increases of 2% for eligible employees. The Shire has also budgeted for a full workforce complement and has not included a vacancy rate as it is not possible to forecast expected vacancies and their duration. Furthermore, to minimise the financial impact of the new positions the budget has assumed only half of their labour cost for the year on the basis that recruitment is required.

On a budget to budget basis total employee costs included in operating expenditure are expected to increase from \$14.686 million to \$15.280 million or by 4.0%. This percentage increase allows for the wage increase, performance based increases for eligible employees and growth in the workforce and confirms that employee costs are being restrained.

Total employee expenses for 2018-19 are expected to exceed budget. Staff vacancies taking longer to fill than expected, extended leave, under budget training and uniforms/protective clothing all contributed to under budget employee expenses but were offset by the calculation of accrued leave provisions being higher than expected as well as higher than budget recruitment expenses.

The following chart compares operating employee costs and rates and shows that for 2019-20 budgeted operating employee costs constitute approximately 69% of budgeted rates and is lower than last year's ratio of 70% but the same as 2017-18.



Capital Works Programme

\$23.474 million has been allocated towards capital works and the following table provides a breakdown of the type of expenditure and the source of funding.

Capital Expenditure and Funding Source	\$	%
Asset Renewal Expenditure	9,528,962	40.6%
New Assets	1,368,500	5.8%
Asset Upgrades	12,571,500	53.6%
Total Capital Expenditure	23,473,962	
Funded by:		
General Revenue	6,209,138	26.5%
Reserves	9,966,500	42.5%
Grants and Contributions	5,433,255	23.1%
Asset Sale Proceeds	155,000	0.7%
Previous Period Funding (carry overs)	1,710,069	7.3%

The table shows the majority of expenditure is used to upgrade capital assets as opposed to renewing assets or acquiring new assets. This is not a preferred situation and is due to the expenditure for the main street upgrade project. However, the proposed asset renewal expenditure exceeds the 100% target for the Asset Sustainability Ratio which compares

asset renewal expenditure against depreciation. This result is influenced by how proposed capital expenditure is categorised and is a developing asset management process.

New asset expenditure proposed for the year includes:

- \$0.280 million is budgeted for a new toilet/amenities facility at Cowaramup Pioneer Park;
- Installation of a fire detection system for the Margaret River Recreation Centre is budgeted to cost \$0.100 million;
- An allocation of \$0.100 million to construct paths and the carpark for the new lower western playing fields;
- purchase of land for the Cape to Cape winter diversion trail along the Margaret River of \$0.158 million has been carried over from last year; and
- construction of chalets at Turner Caravan Park (\$0.500 million) is funded from reserves.

\$1.078 million has been allocated for the completion of the HEART project and is funded by the \$0.720 million final instalment of the National Stronger Regions Fund grant, \$0.328 million of unspent reserve transfers from 2018-19 and a \$0.030 million rebate for the installation of solar cells. This project included asset renewal and upgrade components with the majority of expenditure incurred in 2018-19.

The Cowaramup Hall project also involves renewal and upgrade works and commenced in 2018-19. Budgeted expenditure of \$0.493 million for 2019-20 is funded by a \$0.405 million Lotterywest grant and the Developer Contributions Plan reserve.

Other asset upgrade/expansion projects include:

- landfill site fencing, leachate pond upgrade and construction of a waste cell at the Davis Road landfill site;
- various upgrades to caravan park infrastructure;
- path projects including the Flinders Bay to Cape Leeuwin Lighthouse path and the Wadandi track;
- carpark works for the Margaret River Youth Precinct/Gloucester Park; and
- improvements to the Flinders Bay boatramp area.

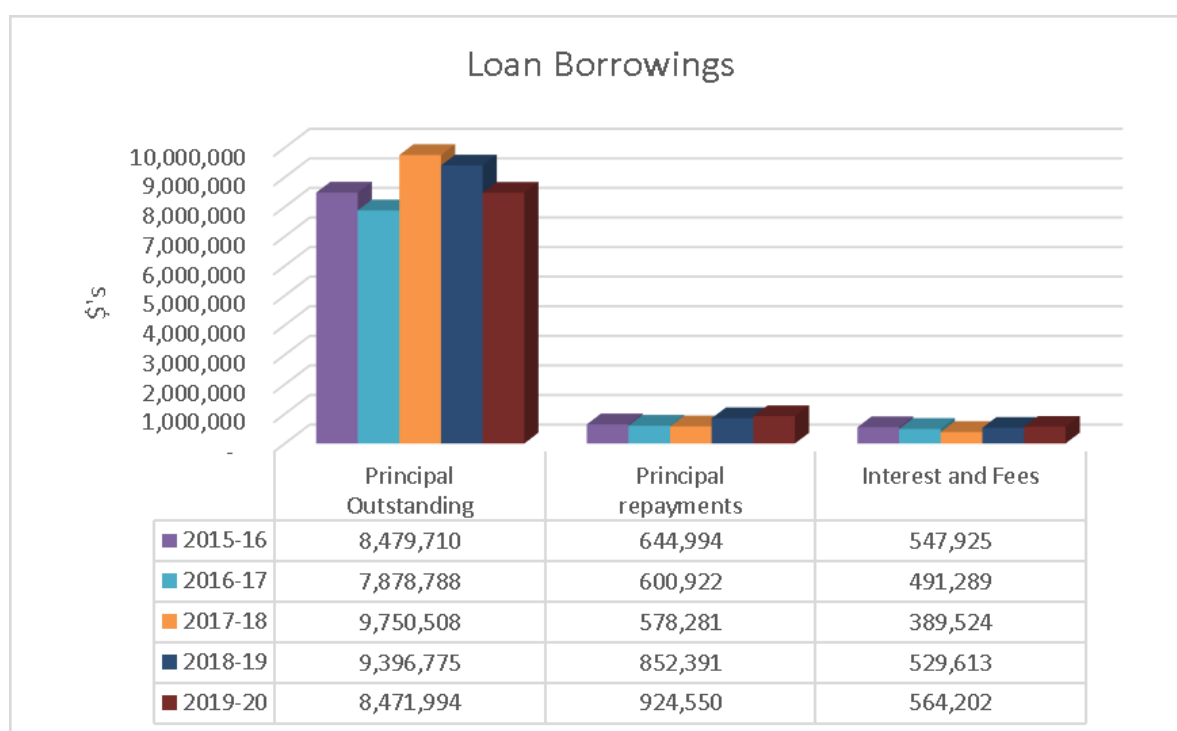
The redevelopment of the Margaret River main street is also a major asset upgrade project with \$8.657 million allocated in the budget funded from various reserves (\$8.257 million) and Council funds (\$0.400 million). Civil works are expected to commence in September/October 2019.

The majority of road and related infrastructure projects have been categorised as asset renewal expenditure as the scheduled works have the objective of restoring service levels. \$5.458 million is allocated to road and infrastructure preservation works with the majority of road works funded by the State Government's Regional Road Group grants administered through Main Roads WA. 2019-20 is the first year of the new five year Roads to Recovery grant allocation from the Federal Government and \$0.519 million has been allocated towards funding various preservation works including asphalt overlays and rural reseals.

Details of each capital project and their proposed funding source are included in the Capital Works Expenditure and Funding Schedule included within the supplementary information to the budget.

Loan Borrowings

The following chart compares loan principal outstanding, principal and interest repayments since 2015-16. Principal and interest repayments have increased in recent years as a result of new borrowings in the past 2 years for the HEART project, asbestos removal and reinstatement projects and the Margaret River Youth Precinct. Loan principal outstanding is expected to decrease to \$8.472 million from the peak of \$9.751 million at 30 June 2018. Principal repayments budgeted for 2019-20 total \$0.925 million and interest repayments, including the Government Guarantee Fee, total \$0.564 million.



Reserves

The forecast balance of reserves at 30 June 2019 of \$26.519 million exceeded budget expectations primarily due to funds transferred to the Waste Management reserve and the delayed commencement of the Margaret River main street project not requiring the transfer of funds from the Margaret River CBD Redevelopment reserve.

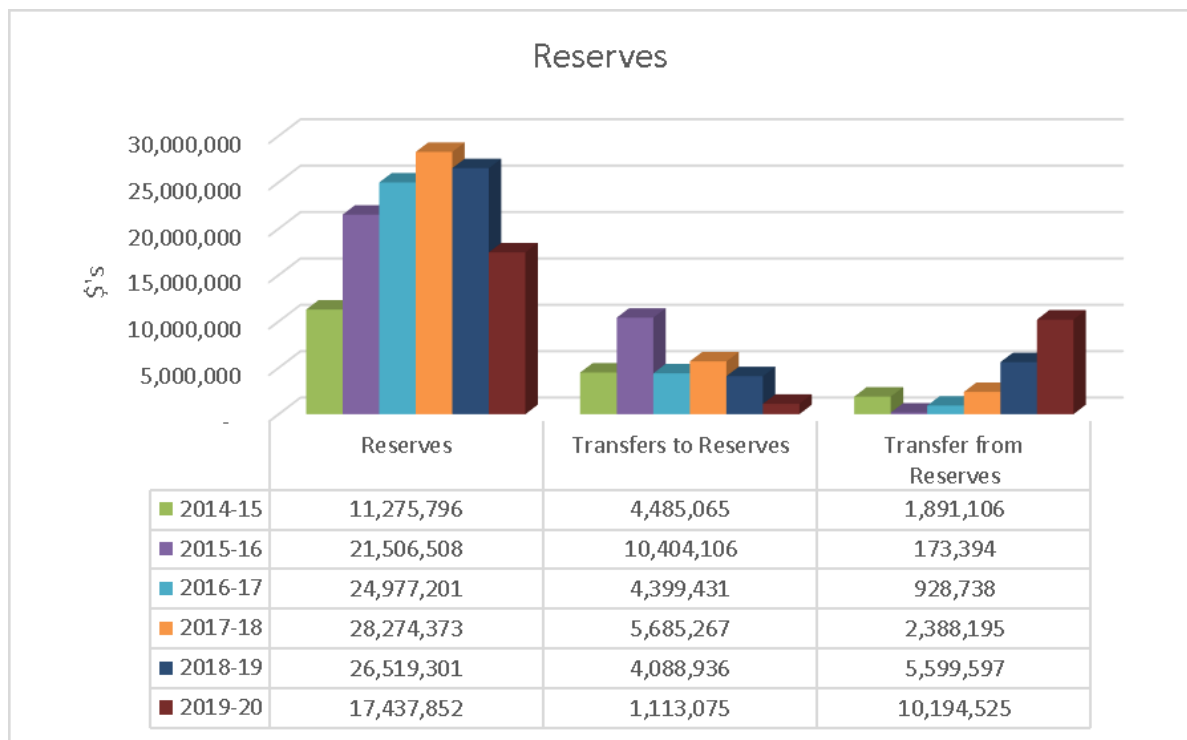
For 2019-20 transfers from reserves of \$10.195 million are expected for various projects including:

- Turner Caravan Park chalets (\$0.500 million);
- replacement of mobile plant and equipment (\$0.225 million);
- Margaret River main street upgrade (\$8.257 million);
- the Flinders Bay to Cape Leeuwin Path (\$0.100 million);
- the HEART project (\$0.328 million);
- Cowaramup Hall project (\$0.089 million);
- Witchcliffe Hall project (\$0.070 million);

- Extension of Heppingstone Avenue, Augusta to Allnutt Terrace (\$0.180 million); and
- Ashton Street drainage project (\$0.168 million).

Additionally, funds from the Developer Contributions reserve are used for principal and interest repayments for loans totalling \$1.450 million drawn down for the Cultural Centre and Margaret River Youth Precinct projects.

Transfers to reserves are expected to total \$1.113 million of which \$0.560 million is interest earned, \$0.204 million are developer contributions to be received and \$0.280 million are property sale proceeds.



As transfers from reserves exceed transfers to reserves the forecast balance of reserves is expected to reduce to \$17.438 million. Should all budgeted reserve transfers occur the Shire's most significant reserves would be:

- Waste Management reserve with \$10.763 million;
- Developer Contributions reserve with \$1.241 million;
- Plant Replacement reserve with \$0.793 million; and
- Infrastructure Contributions reserve with \$0.721 million.

The use of the Community Facilities reserve to fund some large projects in the last year reduced the projected balance of this reserve to \$0.281 million and if possible it would be prudent to transfer funds to this reserve to assist funding of future capital projects.

SHIRE OF AUGUSTA MARGARET RIVER
STATUTORY FINANCIAL REPORT BUDGET
FOR THE YEAR ENDED 30 JUNE 2020

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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2020**

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
Revenue				
Rates	1(a)	22,123,740	21,430,382	21,400,660
Operating grants, subsidies and contributions	9	1,429,985	2,494,418	1,281,929
Fees and charges	8	9,757,140	9,777,793	9,822,552
Service charges	1(e)	4,333	4,000	4,333
Interest earnings	10(a)	1,003,300	1,113,877	943,421
Other revenue	10(b)	35,100	99,868	27,700
		34,353,598	34,920,338	33,480,595
Expenses				
Employee costs		(15,279,729)	(15,036,108)	(14,686,312)
Materials and contracts		(10,248,162)	(8,813,035)	(9,326,709)
Utility charges		(940,000)	(898,584)	(1,019,146)
Depreciation on non-current assets	5	(9,361,200)	(9,379,885)	(9,146,640)
Interest expenses	10(d)	(564,202)	(534,528)	(529,642)
Insurance expenses		(644,547)	(628,242)	(615,473)
Other expenditure		(1,107,594)	(735,198)	(758,636)
		(38,145,434)	(36,025,580)	(36,082,558)
Subtotal		(3,791,836)	(1,105,242)	(2,601,963)
Non-operating grants, subsidies and contributions	9	5,707,255	6,354,968	7,664,592
Profit on asset disposals	4(b)	12,373	76,174	2,000
Loss on asset disposals	4(b)	(34,913)	(47,282)	(149,042)
Proceeds from sale of land inventory		0	388,182	0
		5,684,715	6,772,042	7,517,550
Net result		1,892,879	5,666,800	4,915,587
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		1,892,879	5,666,800	4,915,587

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

FOR THE YEAR ENDED 30TH JUNE 2020

BASIS OF PREPARATION

The budget has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations. The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this budget. This is not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 14 to the budget.

2018/19 ACTUAL BALANCES

Balances shown in this budget as 2018/19 Actual are estimates as forecast at the time of budget preparation and are subject to final adjustments.

CHANGE IN ACCOUNTING POLICIES

On the 1 July 2019 the following new accounting policies are to be adopted and have impacted on the preparation of the budget:

- AASB 15 - Revenue from Contracts with Customers;
- AASB 16 - Leases; and
- AASB 1058 - Income of Not-for-Profit Entities.

Explanation of the changes arising from these standards is provided at Note 15

KEY TERMS AND DEFINITIONS - NATURE OR TYPE**REVENUES****RATES**

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

SERVICE CHARGES

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

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

PROFIT ON ASSET DISPOSAL

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

REVENUES (CONTINUED)**OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS**

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

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

FEES AND CHARGES

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

INTEREST EARNINGS

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

OTHER REVENUE / INCOME

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

EXPENSES**EMPLOYEE COSTS**

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

MATERIALS AND CONTRACTS

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

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

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

INSURANCE

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

LOSS ON ASSET DISPOSAL

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

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets.

INTEREST EXPENSES

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

OTHER EXPENDITURE

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2020**
BY REPORTING PROGRAM

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
Revenue	1, 8, 9, 10(a),(b)	\$	\$	\$
Governance		255,495	259,103	303,158
General purpose funding		24,089,083	24,287,458	23,262,379
Law, order, public safety		721,824	785,409	517,149
Health		124,460	134,824	123,915
Education and welfare		430,700	545,885	463,300
Community amenities		5,185,376	5,252,166	5,270,400
Recreation and culture		1,079,120	1,059,049	990,300
Transport		89,400	65,075	105,600
Economic services		2,358,140	2,486,674	2,424,394
Other property and services		20,000	44,693	20,000
		34,353,598	34,920,336	33,480,595
Expenses excluding finance costs	5,10(c)(e)(f)(g)			
Governance		(7,199,432)	(6,572,998)	(7,373,991)
General purpose funding		(1,237,537)	(822,869)	(924,086)
Law, order, public safety		(2,144,382)	(2,047,133)	(1,941,723)
Health		(558,328)	(538,713)	(570,020)
Education and welfare		(455,666)	(444,571)	(438,968)
Community amenities		(5,185,942)	(4,038,604)	(4,565,010)
Recreation and culture		(9,442,197)	(8,428,779)	(8,485,683)
Transport		(9,811,842)	(10,082,534)	(9,665,395)
Economic services		(1,483,108)	(1,395,441)	(1,522,230)
Other property and services		(62,798)	(1,119,408)	(65,810)
		(37,581,232)	(35,491,050)	(35,552,916)
Finance costs	6, 10(d)			
Governance		(385,461)	(334,233)	(330,210)
Community amenities		(333)	(2,466)	(2,556)
Recreation and culture		(143,335)	(156,827)	(156,430)
Transport		(35,073)	0	0
Economic services		0	(41,002)	(40,446)
		(564,202)	(534,528)	(529,642)
Subtotal		(3,791,836)	(1,105,242)	(2,601,963)
Non-operating grants, subsidies and contributions	9	5,707,255	6,354,968	7,664,592
Profit on disposal of assets	4(b)	12,373	76,174	2,000
(Loss) on disposal of assets	4(b)	(34,913)	(47,282)	(149,042)
Proceeds from sale of land inventory		0	388,182	0
		5,684,715	6,772,042	7,517,550
Net result		1,892,879	5,666,800	4,915,587
Other comprehensive income				
Changes on revaluation of non-current assets		0	0	0
Total other comprehensive income		0	0	0
Total comprehensive income		1,892,879	5,666,800	4,915,587

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

FOR THE YEAR ENDED 30TH JUNE 2020

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire's Community Vision, and for each of its broad activities/programs.

OBJECTIVE**GOVERNANCE**

To provide a decision making process for the effective allocation of scarce resources.

ACTIVITIES

Include the activities of members of Council and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

To provide services to help ensure a safer and environmentally conscious community.

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

To provide an operational framework for environmental and community health.

EDUCATION AND WELFARE

To provide services to disadvantaged persons, the elderly, children and youth.

HOUSING

To provide rental and staff housing.

Provision of staff and rental housing. However, the Shire has no housing of this nature.

COMMUNITY AMENITIES

To provide services by the community.

RECREATION AND CULTURE

To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community.

TRANSPORT

To provide safe, effective and efficient transport services to the community.

ECONOMIC SERVICES

To help promote the Shire and its economic wellbeing.

OTHER PROPERTY AND SERVICES

To monitor and control the Shire's overheads operating accounts.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2020**

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		22,323,740	21,341,035	21,400,660
Operating grants, subsidies and contributions		1,629,985	2,714,331	1,981,929
Fees and charges		9,757,140	9,777,793	9,822,552
Service charges		4,333	4,000	4,333
Interest earnings		1,003,300	1,113,877	943,421
Goods and services tax		131,723	161,102	0
Other revenue		35,100	99,868	27,700
		34,885,321	35,212,006	34,180,595
Payments				
Employee costs		(15,154,729)	(14,885,336)	(14,605,312)
Materials and contracts		(10,073,162)	(9,122,114)	(9,026,709)
Utility charges		(940,000)	(898,584)	(1,019,146)
Interest expenses		(564,202)	(536,496)	(529,642)
Insurance expenses		(644,547)	(628,242)	(615,473)
Goods and services tax		(25,000)	0	0
Other expenditure		(1,107,594)	(735,198)	(758,636)
		(28,509,234)	(26,805,970)	(26,554,918)
Net cash provided by (used in) operating activities	3	6,376,087	8,406,036	7,625,677
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4(a)	(5,915,962)	(11,614,906)	(13,787,785)
Payments for construction of infrastructure	4(a)	(17,558,000)	(7,251,391)	(12,840,213)
Non-operating grants, subsidies and contributions used for the development of assets	9	5,707,255	6,354,968	7,664,592
Proceeds from sale of plant & equipment	4(b)	435,000	1,437,198	1,217,182
Net cash provided by (used in) investing activities		(17,331,707)	(11,074,131)	(17,746,224)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(924,550)	(853,960)	(853,729)
Advances to community groups	6	0	(40,000)	0
Proceeds from interest free & self supporting loans	6(a)	18,277	15,477	11,317
Proceeds from new borrowings	6(b)	0	500,000	500,000
Net cash provided by (used in) financing activities		(906,273)	(378,483)	(342,412)
Net increase (decrease) in cash held		(11,861,893)	(3,046,578)	(10,462,959)
Cash at beginning of year		31,196,151	34,242,729	34,242,729
Cash and cash equivalents at the end of the year	3	19,334,258	31,196,151	23,779,770

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

**RATES SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2020**
BY REPORTING PROGRAM

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2 (b)(i)	3,587,166	5,254,476	5,103,678
		3,587,166	5,254,476	5,103,678
Revenue from operating activities (excluding rates)				
Governance		255,495	259,103	303,158
General purpose funding		1,965,343	2,857,076	1,861,719
Law, order, public safety		721,824	785,409	517,149
Health		124,460	134,824	123,915
Education and welfare		430,700	545,885	463,300
Community amenities		5,185,376	5,252,166	5,270,400
Recreation and culture		1,079,120	1,059,049	990,300
Transport		101,773	141,249	107,600
Economic services		2,358,140	2,486,674	2,424,394
Other property and services		20,000	44,693	20,000
		12,242,231	13,566,128	12,081,935
Expenditure from operating activities				
Governance		(7,584,893)	(6,907,231)	(7,704,201)
General purpose funding		(1,237,537)	(822,869)	(924,086)
Law, order, public safety		(2,144,382)	(2,047,133)	(1,941,723)
Health		(558,328)	(538,713)	(570,020)
Education and welfare		(455,666)	(444,571)	(438,968)
Community amenities		(5,186,275)	(4,041,070)	(4,567,566)
Recreation and culture		(9,585,532)	(8,585,606)	(8,642,113)
Transport		(9,881,828)	(10,129,816)	(9,814,437)
Economic services		(1,483,108)	(1,436,443)	(1,562,676)
Other property and services		(62,798)	(1,119,408)	(65,810)
		(38,180,347)	(36,072,860)	(36,231,600)
Non-cash amounts excluded from operating activities	2 (b)(ii)	9,383,740	9,350,993	9,293,682
Amount attributable to operating activities		(12,967,210)	(7,901,263)	(9,752,305)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	5,707,255	6,354,968	7,664,592
Purchase property, plant and equipment	4(a)	(5,915,962)	(11,614,906)	(13,787,785)
Purchase and construction of infrastructure	4(a)	(17,558,000)	(7,251,391)	(12,840,213)
Proceeds from disposal of assets	4(b)	435,000	1,437,198	1,457,182
Amount attributable to investing activities		(17,331,707)	(11,074,131)	(17,506,224)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(924,550)	(853,960)	(853,729)
Proceeds from new borrowings	6(b)	0	500,000	500,000
Advances to community groups		0	(40,000)	0
Proceeds from interest free and self supporting loans		18,277	15,477	11,318
Transfers to cash backed reserves (restricted assets)	7(a)	(1,113,075)	(4,088,936)	(3,044,817)
Transfers from cash backed reserves (restricted assets)	7(a)	10,194,525	5,599,597	9,245,097
Amount attributable to financing activities		8,175,177	1,132,178	5,857,869
Budgeted deficiency before general rates		(22,123,740)	(17,843,216)	(21,400,660)
Estimated amount to be raised from general rates	1	22,123,740	21,430,382	21,400,660
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	0	3,587,166	0

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

**RATES SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2020**

BY NATURE OR TYPE

	NOTE	2019/20 Budget	2018/19 Actual	2018/19 Budget
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	2 (b)(i)	3,587,166	5,254,476	5,103,678
		3,587,166	5,254,476	5,103,678
Revenue from operating activities (excluding rates)				
Operating grants, subsidies and contributions	9	1,429,985	2,494,418	1,281,929
Fees and charges	8	9,757,140	9,777,793	9,822,552
Service charges	1(e)	4,333	4,000	4,333
Interest earnings	10(a)	1,003,300	1,113,877	943,421
Other revenue	10(b)	35,100	99,868	27,700
Profit on asset disposals	4(b)	12,373	76,174	2,000
		12,242,231	13,566,130	12,081,935
Expenditure from operating activities				
Employee costs		(15,279,729)	(15,036,108)	(14,686,312)
Materials and contracts		(10,248,162)	(8,813,035)	(9,326,709)
Utility charges		(940,000)	(898,584)	(1,019,146)
Depreciation on non-current assets	5	(9,361,200)	(9,379,885)	(9,146,640)
Interest expenses	10(d)	(564,202)	(534,528)	(529,642)
Insurance expenses		(644,547)	(628,242)	(615,473)
Other expenditure		(1,107,594)	(735,198)	(758,636)
Loss on asset disposals	4(b)	(34,913)	(47,282)	(149,042)
		(38,180,347)	(36,072,862)	(36,231,600)
Operating activities excluded from budgeted deficiency				
Non-cash amounts excluded from operating activities	2 (b)(ii)	9,383,740	9,350,993	9,293,682
Amount attributable to operating activities		(12,967,210)	(7,901,263)	(9,752,305)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	9	5,707,255	6,354,968	7,664,592
Purchase property, plant and equipment	4(a)	(5,915,962)	(11,614,906)	(13,787,785)
Purchase and construction of infrastructure	4(a)	(17,558,000)	(7,251,391)	(12,840,213)
Proceeds from disposal of assets	4(b)	435,000	1,437,198	1,457,182
Amount attributable to investing activities		(17,331,707)	(11,074,131)	(17,506,224)
FINANCING ACTIVITIES				
Repayment of borrowings	6(a)	(924,550)	(853,960)	(853,729)
Proceeds from new borrowings	6	0	500,000	500,000
Advances to community groups		0	(40,000)	0
Proceeds from interest free and self supporting loans		18,277	15,477	11,318
Transfers to cash backed reserves (restricted assets)	7(a)	(1,113,075)	(4,088,936)	(3,044,817)
Transfers from cash backed reserves (restricted assets)	7(a)	10,194,525	5,599,597	9,245,097
Amount attributable to financing activities		8,175,177	1,132,178	5,857,869
Budgeted deficiency before general rates		(22,123,740)	(17,843,216)	(21,400,660)
Estimated amount to be raised from general rates	1	22,123,740	21,430,382	21,400,660
Net current assets at end of financial year - surplus/(deficit)	2 (b)(i)	0	3,587,166	0

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

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

1. RATES AND SERVICE CHARGES

(a) Rating Information

RATE TYPE	Rate in	Number of properties	Rateable value	2019/20 Budgeted rate revenue	2019/20 Budgeted interim rates	2019/20 Budgeted back rates	2019/20 Budgeted total revenue	2018/19 Actual total revenue	2018/19 Budget total revenue
	\$		\$	\$	\$	\$	\$	\$	\$
Differential general rate or general rate									
Gross rental valuations									
Residential GRV	0.107581	4,945	82,711,810	8,898,222	135,000	10,000	9,043,222	8,610,603	8,666,774
Residential GRV Vacant	0.206089	249	3,090,210	636,858			636,858	774,022	720,427
Rural Residential GRV	0.103055	661	13,569,972	1,398,453			1,398,453	1,331,952	1,327,854
Rural Residential GRV Vacant	0.200600	153	1,758,780	352,811			352,811	347,406	340,589
Commercial, Industrial & Tourism	0.127427	1,153	40,385,743	5,146,234			5,146,234	4,886,516	4,828,987
Unimproved valuations									
Rural Strata Titled Vineyard UV	0.004705	0	0	0			0	0	0
UV Rural	0.004705	782	518,613,000	2,440,074			2,440,074	2,368,737	2,375,802
UV1 (one non rural use)	0.005880	114	72,955,000	428,975			428,975	409,970	418,560
UV2 (two non rural uses)	0.007057	22	13,308,000	93,915			93,915	91,970	91,433
UV3 (over 2two non rural uses)	0.008233	14	12,304,000	101,299			101,299	107,878	107,878
UV Conservation	0.004598	71	57,195,000	262,983			262,983	271,837	267,608
Sub-Totals		8,164	815,891,515	19,759,824	135,000	10,000	19,904,824	19,200,891	19,145,912
Minimum payment									
	\$								
Gross rental valuations									
Residential GRV	1,335	390	4,101,989	520,650			520,650	511,686	514,290
Residential GRV Vacant	1,335	618	2,706,220	825,030			825,030	843,696	893,172
Rural Residential GRV	1,625	146	2,023,270	237,250			237,250	226,655	228,240
Rural Residential GRV Vacant	1,625	30	133,050	48,750			48,750	41,210	41,210
Commercial, Industrial & Tourism	1,434	207	1,602,143	296,838			296,838	283,997	285,396
Unimproved valuations									
Rural Strata Titled Vineyard UV	879	37	2,700,000	32,523			32,523	226,455	31,746
UV Rural	1,498	153	36,020,777	229,194			229,194	31,746	230,838
UV1 (one non rural use)	1,498	6	1,192,000	8,988			8,988	8,766	8,766
UV2 (two non rural uses)	1,498	0	0	0			0	0	0
UV3 (over 2two non rural uses)	1,498	0	0	0			0	0	0
UV Conservation	1,441	17	4,316,000	24,497			24,497	21,090	21,090
Sub-Totals		1,604	54,795,449	2,223,720	0	0	2,223,720	2,195,301	2,254,748
		9,768	870,686,964	21,983,544	135,000	10,000	22,128,544	21,396,192	21,400,660
Movement in Excess Rates								36,794	
Discounts/concessions (Refer note 1(f))							(4,804)	(2,604)	0
Total amount raised from general rates							22,123,740	21,430,382	21,400,660
Specified area rates (Refer note 1(e))							0	0	0
Total rates							22,123,740	21,430,382	21,400,660

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

The general rates detailed for the 2019/20 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

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

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

1. RATES AND SERVICE CHARGES (CONTINUED)

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

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

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rates
		\$	%	%
Option one	13/09/2019		0.0%	11.0%
Option two	13/09/2019	0	5.5%	11.0%
	15/11/2019	8.00	5.5%	11.0%
	17/01/2020	8.00	5.5%	11.0%
	20/03/2020	8.00	5.5%	11.0%

	2019/20 Budget revenue	2018/19 Actual revenue	2018/19 Budget revenue
	\$	\$	\$
Instalment plan admin charge revenue	90,000	88,488	80,000
Instalment plan interest earned	140,000	149,340	130,000
Unpaid rates and service charge interest earned	100,000	121,092	90,000
	330,000	358,920	300,000

(c) Objectives and Reasons for Differential Rating

All land except exempt land in the Shire of Augusta Margaret River is rated according to its Gross Rental Value (GRV) or Unimproved Value (UV) depending upon the zoning of the property and uses undertaken on the property.

The general rates detailed for the 2017/18 financial year have been determined by Council on the basis of raising the revenue required to meet the deficiency between the total estimated expenditure proposed in the budget and the estimated revenue to be received from all sources other than rates and also considering the extent of any increase in rating over the level adopted in the previous year.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

1. RATES AND SERVICE CHARGES (CONTINUED)

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

To provide equity in the rating of properties across the Shire the following rate categories have been determined for the implementation of differential rating

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

Differential general rate

Description	Characteristics	Objects	Reasons
Residential	Developed properties zoned residential and future development that are primarily located within the townsites of Augusta, Cowaramup, Gnarabup, Gracetown, Kudardup, Karridale, Margaret River, Prevelly and Witchcliffe where	The object of the rate for this category is to provide the base for the other GRV rate categories.	The other GRV categories are considered to have different demand and requirement characteristics to the residential category.
Residential Vacant	Vacant properties zoned residential and future development that are primarily located within the townsites of Augusta, Cowaramup, Gnarabup, Gracetown, Kudardup, Karridale, Margaret River, Prevelly and Witchcliffe where the land uses consist of Residential and Ancillary Residential Uses.	The object of having the same minimum payment but a higher rate in the dollar than the Residential category is to encourage land owners to develop residential land.	Excessive vacant residential land impacts upon the aesthetics of the area and does not contribute to the economic wellbeing of the Shire.
Residential Vacant	Vacant properties zoned residential and future development that are primarily located within the townsites of Augusta, Cowaramup, Gnarabup, Gracetown, Kudardup, Karridale, Margaret River, Prevelly and Witchcliffe where the land uses consist of Residential and Ancillary Residential Uses.	The object of having the same minimum payment but a higher rate in the dollar than the Residential category is to encourage land owners to develop residential land.	Excessive vacant residential land impacts upon the aesthetics of the area and does not contribute to the economic wellbeing of the Shire.
Rural Residential	Properties zoned rural residential that are developed and located outside of townsite boundaries.	The object of the rate is to raise the revenue required to provide services to these larger lots.	These larger lots are considered to generate additional infrastructure, social and administrative demands on the Shire.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

1. RATES AND SERVICE CHARGES (CONTINUED)

Differential general rate

Description	Characteristics	Objects	Reasons
Rural Residential Vacant	Properties zoned rural residential with a vacant land use. The minimum payment is the same as Rural Residential, however the rate in the dollar is higher.	The object is to encourage landowners to develop their property.	Excessive vacant rural residential land impacts upon the aesthetics of the area and does not contribute to the economic wellbeing of the Shire.
Commercial, Industrial and Tourism	Includes properties zoned industry and composite industry such as light industry and workshops; properties zoned service commercial, town centre and village centre; properties zoned chalet and camping, caravan park and tourism and properties with Planning approval to operate as short term holiday rental.	The object of the rate for these categories is to raise additional revenue to fund the level of service provided to these properties and the costs that result from the visitors to these properties.	Higher costs such as carparking, landscaping, street cleaning and provision of amenities are incurred. Additional costs associated with supporting tourism and economic development also benefit property owners.
UV Rural	Properties zoned priority agriculture, general agriculture and cluster farm where the predominant use is rural.	Sets the base rate for the UV categories.	The other UV categories are considered to have a higher demand on Shire services and resources.
Strata Title Vineyard	A strata title property in the Priority Agriculture zone.	To apply a lower minimum payment than the rural category.	Property size restricts use.
UV1 (one non-rural use)	Properties where the predominant use is rural but they have one non-rural use.	Rate in the dollar is 1.25 times the base rate to recognise the additional non-rural use.	The provision of non rural uses in rural areas results in additional costs.
UV2 (two non-rural uses)	Properties where the predominant use is rural but they have two non-rural uses.	Rate in the dollar is 1.5 times the base rate to recognise the additional two non-rural uses.	The provision of non rural uses in rural areas results in additional costs.
UV3 (three or more non-rural uses)	Properties where the predominant use is rural and more than two non-rural uses.	Rate in the dollar is 1.75 times the base rate to recognise the three or more non-rural uses..	The provision of non rural uses in rural areas results in additional costs.
UV Conservation	Properties zoned bushland protection, Leeuwin Naturaliste Ridge and Southern Ocean Foreshore protection.	To apply a lower rate in the dollar and minimum payment than the rural category.	Limited development is allowed in order to maintain significant conservation and/or landscape values.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

1. RATES AND SERVICE CHARGES (CONTINUED)

(d) Differential Minimum Payment

Description	Characteristics	Objects	Reasons
Rural Residential	Properties zoned rural residential that are developed and located outside of townsite boundaries.	The object is to obtain the minimum contribution for basic services and infrastructure for rural residential properties which are generally larger than residential properties.	This is considered to be the base minimum for GRV rated rural residential properties.
Rural Residential Vacant	Properties zoned rural residential with a vacant land use. The minimum payment is the same as Rural Residential, however the rate in the dollar is higher.	The object is to obtain the minimum contribution for basic services and infrastructure from rural residential vacant land owners.	The minimum payment for this category is designed to encourage land owners to develop their land.
Commercial, Industrial and Tourism	Includes properties zoned industry and composite industry such as light industry and workshops; properties zoned service commercial, town centre and village centre; properties zoned chalet and camping, caravan	The object is to obtain the minimum contribution for basic services and infrastructure provided for commercial, industrial and tourism zoned properties.	This is considered to be the base minimum for GRV commercial, industrial and tourism properties.
UV Rural	Properties zoned priority agriculture, general agriculture and cluster farm where the predominant use is rural.	The object is to obtain the minimum contribution for basic services and infrastructure provided for rural properties.	This is considered to the base minimum for UV rated properties.
Strata Title Vineyard	A strata title property in the Priority Agriculture zone.	To apply a lower minimum payment than the rural category.	The lesser minimum payment recognises that land size and restricted land use for this rural property are different to normal rural properties.
UV1 (one non-rural use)	Properties where the predominant use is rural but they have one non-rural use.	The object is to obtain the minimum contribution for basic services and infrastructure provided for rural properties.	This is considered to the base minimum for UV rated properties.
UV2 (two non-rural use)	Properties where the predominant use is rural but they have two non-rural uses.	The object is to obtain the minimum contribution for basic services and infrastructure provided for rural properties.	This is considered to the base minimum for UV rated properties.
UV3 (three non-rural use)	Properties where the predominant use is rural and more than two non-rural uses.	The object is to obtain the minimum contribution for basic services and infrastructure provided for rural properties.	This is considered to the base minimum for UV rated properties.
UV Conservation	Properties zoned bushland protection, Leeuwin Naturaliste Ridge and Southern Ocean Foreshore protection.	To apply a lower minimum payment than the rural category.	This lower minimum payment recognises the land conservation restrictions on these properties.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

1. RATES AND SERVICE CHARGES (CONTINUED)

The Shire did not raise specified area rates for the year ended 30th June 2020.

(e) Service Charges

	Amount of charge	2019/20 Budgeted revenue	Budget Amount to be applied to costs	Budget Amount to be set aside to reserve	Reserve Amount to be applied to costs	2018/19 Actual revenue	2018/19 Budget revenue
Service charge	\$	\$	\$	\$	\$	\$	\$
Cowaramup Underground Power	333	4,333	4,333	0	0	4,000	4,333
		4,333	4,333	0	0	4,000	4,333

Nature of the service charge	Objects of the charge	Reasons for the charge	Area/Properties charge to be imposed on
Cowaramup Underground Power	To recover the cost of undergrounding electricity in the Cowaramup CBD.	The undergrounding of electricity directly benefits specific properties.	The service charge commenced in 2011-12 at a charge of \$333.33 per property and is imposed on rateable properties located between Peake Street and 30 metres south of Bottrill Street. The charge is to be imposed for 10 years. Where a property is strata titled the service charge is to be apportioned based on percentage of floor space.

(f) Waivers or concessions

Rate or fee and charge to which the waiver or concession is granted	Type	Discount %	Discount (\$)	2019/20 Budget	2018/19 Actual	2018/19 Budget	Circumstances in which the waiver or concession is granted	Objects and reasons of the waiver or concession
Commercial property rates	Differential rate	50.0%		\$ 2,134	\$ 0	\$ 0	Augusta Golf Club	Not for profit organisation with limited resources
Residential property rates	Minimum payme	100.0%		2,670	2,604	2,604	2 lots are the location of satellite facilities	Provide TV broadcasting services for the community
				4,804	2,604	2,604		

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

2 (a). NET CURRENT ASSETS

Note	2019/20	2019/20	2018/19	2018/19
	Budget	Budget	Estimated	Budget
	30 June 2020	01 July 2019	30 June 2019	30 June 2019
	\$	\$	\$	\$
Composition of estimated net current assets				
Current assets				
Cash - unrestricted	3	1,896,407	4,404,781	1,705,777
Cash - restricted reserves	3	17,437,851	26,519,301	22,073,993
Cash - restricted unspent borrowings	6 (b)	0	272,069	
Receivables		1,674,837	2,174,837	1,578,042
Inventories		187,280	187,280	146,349
		21,196,375	33,558,268	25,504,161
Less: current liabilities				
Trade and other payables		(2,649,104)	(2,474,104)	(3,464,726)
Long term borrowings		(924,550)	(924,550)	(853,729)
Provisions		(2,102,926)	(1,952,926)	(1,835,714)
		(5,676,580)	(5,351,580)	(6,154,169)
Net current assets		15,519,795	28,206,688	19,349,992

2 (b). NET CURRENT ASSETS (CONTINUED)

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

Operating activities excluded from budgeted deficiency

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

Note	2019/20	2019/20	2018/19	2018/19
	Budget	Budget	Estimated	Budget
	30 June 2020	01 July 2019	30 June 2019	30 June 2019
	\$	\$	\$	\$
(i) Current assets and liabilities excluded from budgeted deficiency				
Net current assets	2	15,519,795	28,206,688	19,349,992
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.				
Adjustments to net current assets				
Less: Unspent borrowings	6(c)	(272,069)	0	
Less: Cash - restricted reserves	3	(17,437,851)	(26,519,301)	(22,073,993)
Less: Current assets not expected to be received at end of year				
- current portion of self supporting & interest free loans receivable			0	(11,317)
- Land held for resale		(133,637)	(133,637)	
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings		924,550	924,550	853,729
- Employee benefit provisions backed by a Reserve		420,838	413,052	
- Leave component not required to be funded		978,374	695,814	
Adjusted net current assets - surplus/(deficit)		0	3,587,166	0
(ii) Operating activities excluded from budgeted deficiency				
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.				
Adjustments to operating activities				
Less: Profit on asset disposals	4(b)	(12,373)	(76,174)	(2,000)
Add: Loss on disposal of assets	4(b)	34,913	47,282	149,042
Add: Depreciation on assets	5	9,361,200	9,379,885	9,146,640
Non cash amounts excluded from operating activities		9,383,740	9,350,993	9,293,682

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

2 (c). NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

TRADE AND OTHER PAYABLES

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

CONTRACT ASSETS

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

PROVISIONS

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

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

INVENTORIES

General

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

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

Superannuation

The Shire of Augusta Margaret River contributes to a number of superannuation funds on behalf of employees.

All funds to which the Shire of Augusta Margaret River contributes are defined contribution plans.

TRADE AND OTHER RECEIVABLES

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

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

CONTRACT LIABILITIES

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

EMPLOYEE BENEFITS

Short-term employee benefits

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

LAND HELD FOR RESALE

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

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

Land held for sale is classified as current except where it is held as non-current based on Council's intentions to release for sale.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

3. RECONCILIATION OF CASH

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

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Cash - unrestricted	1,896,407	4,404,781	1,705,777
Cash - restricted	17,437,851	26,791,370	22,073,993
	19,334,258	31,196,151	23,779,770
The following restrictions have been imposed by regulation or other externally imposed requirements:			
Plant Reserve	793,235	999,481	914,845
Community Grants Reserve	23,445	23,011	28,917
Emergency Services Reserve	159,690	195,995	175,236
Developer Contributions Reserve	1,241,145	1,306,016	982,971
Biodiversity Reserve	169,343	166,355	56,281
Augusta Revitalisation Reserve	0	0	40,000
Affordable Housing Fund Reserve	63,876	62,694	17,441
Community Loan Reserve	163,952	142,988	176,858
Cedarvale Reserve	239,006	234,584	233,636
Parking Reserve	27,363	181,390	157,057
Infrastructure Contributions Reserve	719,735	1,460,952	1,290,562
Gloucester Park Reserve	150,000	150,000	0
Staff Leave Reserve	420,838	413,052	411,382
Public Open Space Reserve	93,186	91,462	91,093
Limesand Pits Reserve	66,142	64,918	64,656
Cemeteries Reserve	11,197	10,990	10,947
Caravan Parks Upgrade Reserve	759,820	1,236,480	693,698
Waste Management Reserve	10,773,208	10,563,368	10,280,371
Self Insurance Reserve	297,089	304,352	272,639
Community Facilities Reserve	273,655	607,526	542,941
Gravel Pits Reserve	495,995	565,304	413,255
Recreation Centres Reserve	22,475	20,292	20,897
Old Settlement Reserve	99,792	65,607	63,925
Margaret River CBD Redevelopment Reserve	349,914	7,643,734	5,132,385
Youth Facilities Reserve	23,750	8,750	2,000
Unspent borrowings	0	272,069	0
	17,437,851	26,791,370	22,073,993
Reconciliation of net cash provided by operating activities to net result			
Net result	1,892,879	5,278,618	4,915,587
Depreciation	9,361,200	9,379,885	9,146,640
(Profit)/loss on sale of asset	22,540	(28,892)	147,042
(Increase)/decrease in receivables	481,723	291,668	700,000
(Increase)/decrease in contract assets	0	0	0
(Increase)/decrease in inventories	0	484,069	0
Increase/(decrease) in payables	175,000	(793,053)	300,000
Increase/(decrease) in contract liabilities	0	0	0
Increase/(decrease) in employee provisions	150,000	148,709	81,000
Change in accounting policies transferred to retained surplus (refer to Note 16)	0	0	0
Grants/contributions for the development of assets	(5,707,255)	(6,354,968)	(7,664,592)
Net cash from operating activities	6,376,087	8,406,036	7,625,677

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

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

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

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

4. FIXED ASSETS

(a) Acquisition of Assets

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

Asset class	Reporting program							2019/20 Budget total	2018/19 Actual total	2018/19 Budget total
	Governance	Law, order, public safety	Education and welfare	Community amenities	Recreation and culture	Transport	Economic services			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<i>Property, Plant and Equipment</i>										
Land - freehold land						158,000		158,000		170,000
Buildings - specialised	77,000	229,000			2,602,862	20,000	525,000	3,453,862	8,870,777	11,139,595
Furniture and equipment	18,000		5,500	56,000	120,600		40,000	240,100	681,626	273,500
Plant and equipment		1,101,000				963,000		2,064,000	2,062,503	2,204,690
	95,000	1,330,000	5,500	56,000	2,723,462	1,141,000	565,000	5,915,962	11,614,906	13,787,785
<i>Infrastructure</i>										
Infrastructure - Roads						13,670,000		13,670,000	3,366,666	6,224,707
Infrastructure - Road Bridges						80,000		80,000	131,144	
Infrastructure - Car Parks						280,000		280,000	198,649	176,660
Infrastructure - Paths						1,126,000		1,126,000	383,346	1,165,000
Infrastructure - Drainage						255,000		255,000	89,765	242,207
Infrastructure - Caravan and Camping							322,000	322,000	309,062	409,490
Infrastructure - Parks and Reserves		30,000			520,000	100,000		650,000	2,439,048	3,099,149
Infrastructure - Boat Ramps and Jetties						230,000		230,000	134,131	460,000
Infrastructure - Waste Management Facilities				810,000				810,000	199,580	1,008,000
Infrastructure - Public Utilities					55,000	80,000		135,000		55,000
	0	30,000	0	810,000	575,000	15,821,000	322,000	17,558,000	7,251,391	12,840,213
Total acquisitions	95,000	1,360,000	5,500	866,000	3,298,462	16,962,000	887,000	23,473,962	18,866,297	26,627,998

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

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

4. FIXED ASSETS (CONTINUED)

(b) Disposals of Assets

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

	2019/20 Budget Net Book Value	2019/20 Budget Sale Proceeds	2019/20 Budget Profit	2019/20 Budget Loss	2018/19 Actual Net Book Value	2018/19 Actual Sale Proceeds	2018/19 Actual Profit	2018/19 Actual Loss	2018/19 Budget Net Book Value	2018/19 Budget Sale Proceeds	2018/19 Budget Profit	2018/19 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
By Program												
Transport	177,540	155,000	12,373	(34,913)	295,124	324,016	76,174	(47,282)	344,224	197,182	2,000	(149,042)
Other property and services	280,000	280,000	0	0	1,113,182	1,113,182	0	0	1,260,000	1,260,000	0	0
	457,540	435,000	12,373	(34,913)	1,408,306	1,437,198	76,174	(47,282)	1,604,224	1,457,182	2,000	(149,042)
By Class												
<i>Property, Plant and Equipment</i>												
Land - freehold land	280,000	280,000			1,113,182	1,113,182			1,260,000	1,260,000		
Plant and equipment	177,540	155,000	12,373	(34,913)	295,124	324,016	76,174	(47,282)	344,224	197,182	2,000	(149,042)
	457,540	435,000	12,373	(34,913)	1,408,306	1,437,198	76,174	(47,282)	1,604,224	1,457,182	2,000	(149,042)

A detailed breakdown of plant and equipment disposals on an individual asset basis can be found in the supplementary information attached to this budget document.

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

5. ASSET DEPRECIATION

By Program

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

By Class

Buildings - specialised
Furniture and equipment
Plant and equipment
Infrastructure - Roads
Infrastructure - Parks and Reserves
Infrastructure - Waste Management Facilities

2019/20 Budget	2018/19 Actual	2018/19 Budget
\$	\$	\$
27,600	25,091	36,720
481,200	480,263	489,600
3,600	3,986	4,320
3,600	3,319	4,200
74,400	73,859	84,000
2,060,400	2,057,852	2,067,804
5,824,800	5,827,067	5,703,000
98,400	97,997	108,000
787,200	810,451	648,996
9,361,200	9,379,885	9,146,640
1,316,576	1,319,204	1,286,400
110,779	111,001	108,240
1,403,775	1,406,577	1,371,600
5,741,598	5,753,058	5,610,000
125,271	125,521	122,400
663,201	664,524	648,000
9,361,200	9,379,885	9,146,640

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

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

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

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

Buildings - non-specialised	up to 50 years
Buildings - specialised	up to 50 years
Furniture and equipment	up to 10 years
Plant and equipment	up to 20 years
Infrastructure - Roads	up to 50 years
Infrastructure - Road Bridges	up to 50 years
Infrastructure - Car Parks	up to 40 years
Infrastructure - Paths	up to 40 years
Infrastructure - Drainage	up to 80 years
Infrastructure - Caravan and Camping	up to 50 years
Infrastructure - Parks and Reserves	up to 50 years
Infrastructure - Boat Ramps and Jetties	up to 30 years
Infrastructure - Waste Management Facilities	up to 40 years
Infrastructure - Public Utilities	up to 40 years

DEPRECIATION (CONTINUED)

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

RECOGNITION OF ASSETS

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

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2019

6. INFORMATION ON BORROWINGS

(a) Borrowing repayments

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

Purpose	Budget	2019/20	2019/20	2019/20	Budget	Actual	2018/19	2018/19	2018/19	Actual	Budget	2018/19	2018/19	2018/19	Budget
	Principal 1 July 2019	Budget New loans	Budget Principal repayments	Budget Interest incl. Govt Fee	Principal outstanding 30 June 2020		Principal 1 July 2018	Actual New loans	Actual Principal repayments	Actual Interest incl. Govt Fee		Principal outstanding 30 June 2019	Principal 1 July 2018	Budget New loans	Budget Principal repayments
		\$	\$	\$	\$			\$	\$	\$			\$	\$	\$
Governance															
191, Civic and Administration	5,542,200		397,828	385,461	5,144,372	5,842,640		300,440	334,233	5,542,200	5,842,640		300,440	330,210	5,542,200
Community amenities															
184, Augusta Town Toilets	0		0		0	11,349		11,349	440	0	11,349		11,349	458	0
186, Margaret River Memorial	0		0		0	23,164		23,164	978	0	23,164		23,164	1,010	0
188, Augusta Water Wheel Tr	8,804		8,804	333	0	19,936		11,132	1,048	8,804	19,936		11,132	1,088	8,804
Recreation and culture															
164, Aquatic Centre	118,864		94,253	6,756	24,611	206,755		87,891	13,541	118,864	206,755		87,891	13,527	118,864
174, Cowaramup Recreation	180,621		33,662	11,959	146,959	212,224		31,603	14,204	180,621	212,224		31,603	14,027	180,621
185, MR Recreation Centre S	0		0		0	8,827		8,827	342	0	8,827		8,827	356	0
187, MR Recreation Centre S	213,317		37,206	14,823	176,111	248,138		34,821	17,465	213,317	248,138		34,821	17,204	213,317
189, MR Recreation Centre S	58,008		58,008	2,190	0	131,354		73,346	7,436	58,008	131,354		73,346	7,165	58,008
192, Cultural Centre Redevel	1,043,100		58,906	42,841	984,194	1,100,000		56,900	45,207	1,043,100	1,100,000		56,900	44,143	1,043,100
193, MR Youth Precinct	303,869		31,912	10,799	271,957	334,850		30,981	11,915	303,869	334,850		30,981	11,611	303,869
194, Asbestos Removal/Repl	913,724		89,071	34,573	824,653	1,000,000		86,276	37,831	913,724	1,000,000		86,276	36,972	913,724
195, Cultural Centre Redevel	487,049		26,558	19,394	460,491		500,000	12,951	8,858	487,049		500,000	12,720	11,396	487,280
Economic services															
173, Augusta Rural Transacti	276,809		50,148	18,399	226,661	323,884		47,075	21,761	276,809	323,884		47,075	21,479	276,809
179, Gnarabup Café	151,216		26,535	10,094	124,681	176,121		24,905	11,883	151,216	176,121		24,905	11,722	151,216
181, Gnarabup Café	98,963		11,659	6,580	87,304	109,924		10,961	7,358	98,963	109,924		10,961	7,245	98,963
	9,396,544	0	924,550	564,202	8,471,994	9,749,166	500,000	852,622	534,500	9,396,544	9,749,166	500,000	852,391	529,613	9,396,775
Self Supporting Loans															
Recreation and culture															
183, Augusta Bowling Club	0	0	0	0	0	1,338	0	1,338	28	0	1,338	0	1,338	29	0
	0	0	0	0	0	1,338	0	1,338	28	0	1,338	0	1,338	29	0
	9,396,544	0	924,550	564,202	8,471,994	9,750,504	500,000	853,960	534,528	9,396,544	9,750,504	500,000	853,729	529,642	9,396,775

All borrowing repayments, other than self supporting loans, will be financed by general purpose revenue.

The self supporting loan(s) repayment will be fully reimbursed.

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

6. INFORMATION ON BORROWINGS (CONTINUED)

(b) New borrowings - 2019/20

The Shire does not intend to undertake any new borrowings for the year ended 30th June 2020

(c) Unspent borrowings

Loan Details	Purpose of the loan	Year loan taken	Amount b/fwd.	Amount used 2019/20 Budget	Amount as at 30th June 2020
Loan 194	Asbestos removal & reinstatement	2017-18	\$ 548,755	\$ 548,755	\$ 272,069
			548,755	548,755	272,069

(d) Credit Facilities

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Undrawn borrowing facilities credit standby arrangements			
Bank overdraft limit	0	0	0
Bank overdraft at balance date	0	0	0
Credit card limit	40,000	40,000	40,000
Credit card balance at balance date	0	(3,765)	0
Total amount of credit unused	40,000	36,235	40,000
Loan facilities			
Loan facilities in use at balance date	8,471,994	9,396,544	9,396,775

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

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

NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020

7. CASH BACKED RESERVES

(a) Cash Backed Reserves - Movement

	2019/20 Budget Opening Balance	2019/20 Budget Transfer to	2019/20 Budget Transfer (from)	2019/20 Budget Closing Balance	2018/19 Actual Opening Balance	2018/19 Actual Transfer to	2018/19 Actual Transfer (from)	2018/19 Actual Closing Balance	2018/19 Budget Opening Balance	2018/19 Budget Transfer to	2018/19 Budget Transfer (from)	2018/19 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant Reserve	999,481	18,754	(225,000)	793,235	1,225,169	224,312	(450,000)	999,481	1,225,169	219,676	(530,000)	914,845
Community Grants Reserve	23,011	434	0	23,445	22,555	456	0	23,011	22,555	6,362	0	28,917
Emergency Services Reserve	195,995	3,695	(40,000)	159,690	192,150	3,845	0	195,995	192,150	3,086	(20,000)	175,236
Developer Contributions Reserve	1,306,016	228,654	(293,525)	1,241,145	1,175,089	474,034	(343,107)	1,306,016	1,195,380	219,198	(431,607)	982,971
Biodiversity Reserve	166,355	2,988	0	169,343	55,391	110,964	0	166,355	55,391	890	0	56,281
Augusta Revitalisation Reserve	0	280,000	(280,000)	0	0	0	0	0	320,000	(280,000)	0	40,000
Affordable Housing Fund Reserve	62,694	1,182	0	63,876	61,454	1,240	0	62,694	61,454	987	(45,000)	17,441
Community Loan Reserve	142,988	20,964	0	163,952	162,924	20,064	(40,000)	142,988	162,924	13,934	0	176,858
Cedarvale Reserve	234,584	4,422	0	239,006	229,943	4,641	0	234,584	229,943	3,693	0	233,636
Parking Reserve	181,390	2,973	(157,000)	27,363	154,575	26,815	0	181,390	154,575	2,482	0	157,057
Infrastructure Contributions Reserve	1,460,952	26,783	(768,000)	719,735	1,548,690	79,262	(167,000)	1,460,952	1,548,690	24,872	(283,000)	1,290,562
Gloucester Park Reserve	150,000	0	0	150,000	0	150,000	0	150,000	0	0	0	0
Staff Leave Reserve	413,052	7,786	0	420,838	404,880	8,172	0	413,052	404,880	6,502	0	411,382
Public Open Space Reserve	91,462	1,724	0	93,186	89,653	1,809	0	91,462	89,653	1,440	0	91,093
Limesand Pits Reserve	64,918	1,224	0	66,142	63,634	1,284	0	64,918	63,634	1,022	0	64,656
Cemeteries Reserve	10,990	207	0	11,197	10,774	216	0	10,990	10,774	173	0	10,947
Caravan Parks Upgrade Reserve	1,236,480	23,340	(500,000)	759,820	1,123,150	222,820	(109,490)	1,236,480	1,123,150	218,038	(647,490)	693,698
Waste Management Reserve	10,563,368	209,840	0	10,773,208	9,281,316	1,652,052	(370,000)	10,563,368	9,281,316	999,055	0	10,280,371
Self Insurance Reserve	304,352	5,737	(13,000)	297,089	298,330	6,022	0	304,352	268,330	4,309	0	272,639
Community Facilities Reserve	607,526	4,129	(338,000)	273,655	4,622,681	104,845	(4,120,000)	607,526	4,876,702	74,239	(4,408,000)	542,941
Gravel Pits Reserve	565,304	10,691	(80,000)	495,995	455,934	109,370	0	565,304	455,933	7,322	(50,000)	413,255
Recreation Centres Reserve	20,292	2,183	0	22,475	18,106	2,186	0	20,292	18,106	2,791	0	20,897
Old Settlement Reserve	65,607	34,185	0	99,792	30,436	35,171	0	65,607	30,436	33,489	0	63,925
Margaret River CBD Redevelopment	7,643,734	206,180	(7,500,000)	349,914	6,803,128	840,606	0	7,643,734	6,803,128	879,257	(2,550,000)	5,132,385
Youth Facilities Reserve	8,750	15,000	0	23,750	0	8,750	0	8,750	0	2,000	0	2,000
Roads Reserve	0	0	0	0	0	0	0	0	0	0	0	0
Emergency Disaster Relief Reserve	0	0	0	0	0	0	0	0	0	0	0	0
	26,519,301	1,113,075	(10,194,525)	17,437,851	28,029,962	4,088,936	(5,599,597)	26,519,301	28,274,273	3,044,817	(9,245,097)	22,073,993

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

7. CASH BACKED RESERVES (Continued)

(b) Cash Backed Reserves - Purposes

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

Reserve name	Anticipated date of use	Purpose of the reserve
Plant Reserve		To be used for the purchase of plant, vehicles and equipment
Community Grants Reserve		Funds from the sale of special series number plates and other initiatives may be provided as community grants
Emergency Services Reserve		To be used for the provision of emergency services in the Shire
Developer Contributions Reserve		Funds received and used in accordance with the Developer Contributions Plan
Biodiversity Reserve		To be used for the funding of biodiversity initiatives
Augusta Revitalisation Reserve		To be used for funding capital projects in Augusta
Affordable Housing Fund Reserve		Infrastructure and capital improvements within the area covered by the West Cowaramup townsite strategy
Community Loan Reserve		Interest free funding for eligible groups associated with sporting and cultural activities
Cedarvale Reserve		To meet obligations in respect of the Cedarvale agreement for Gnarabup and future foreshore rehabilitation at Gnarabup & Prevelly
Parking Reserve	2019-20	To be used to fund future car parking requirements
Infrastructure Contributions Reserve		To be used to fund future road and drainage construction and maintenance requirements
Gloucester Park Reserve		
Staff Leave Reserve		To be used to fund annual and long service leave requirements
Public Open Space Reserve		To be used to fund future public open space requirements
Limesand Pits Reserve		Rehabilitation and development of the Boranup, Redgate and other Shire limesand pits
Cemeteries Reserve		To be used for the upgrade of cemeteries
Caravan Parks Upgrade Reserve		To be used for the upgrading of Caravan Parks and Camping Grounds
Waste Management Reserve		To fund future waste facility and plant requirements
Self Insurance Reserve		Self insurance, workers compensation performance risk, risk management & other related employee and organisational activities
Community Facilities Reserve		To be used for the construction and renewal of community buildings and facilities
Gravel Pits Reserve		Rehabilitation, development and use of gravel and other related resources
Recreation Centres Reserve		Income from advertising signs is reserved for future improvements to recreation facilities
Old Settlement Reserve		Income from the lease of the Old Settlement site is reserved for future improvements and renewal of these facilities
Margaret River CBD Redevelopment	2019-20	To be used for funding capital projects in the Margaret River townsite
Youth Facilities Reserve		To be used to renew and develop youth facilities in the Shire
Roads Reserve		To be used to renew and upgrade roads in the Shire
Emergency Disaster Relief Reserve		To provide funds for the Shire and community to respond to emergency events

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

8. FEES & CHARGES REVENUE

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Governance	202,800	182,258	217,262
General purpose funding	206,850	214,002	216,881
Law, order, public safety	184,814	186,771	196,700
Health	124,460	134,824	123,915
Education and welfare	430,700	450,161	365,300
Community amenities	5,185,376	5,229,819	5,245,400
Recreation and culture	1,021,600	988,070	927,100
Transport	69,400	77,575	105,600
Economic services	2,331,140	2,314,313	2,424,394
	9,757,140	9,777,793	9,822,552

9. GRANT REVENUE

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

By Program:

Operating grants, subsidies and contributions

Governance	44,595	67,952	58,196
General purpose funding	750,860	1,561,532	697,084
Law, order, public safety	537,010	598,639	320,449
Education and welfare	0	95,724	98,000
Community amenities	0	22,347	25,000
Recreation and culture	87,520	66,819	63,200
Transport	20,000	2,500	0
Economic services	0	36,709	0
Other property and services	20,000	42,196	20,000
	1,459,985	2,494,418	1,281,929

Non-operating grants, subsidies and contributions

Law, order, public safety	1,280,000	549,243	818,078
Community amenities	274,000	661,111	200,000
Recreation and culture	1,155,268	3,370,407	4,487,475
Transport	2,997,987	1,774,207	2,159,039
	5,707,255	6,354,968	7,664,592

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

10. OTHER INFORMATION

The net result includes as revenues

(a) Interest earnings

	2019/20 Budget	2018/19 Actual	2018/19 Budget
	\$	\$	\$
Investments			
- Reserve funds	500,400	480,450	450,000
- Margaret River Main Street OCDF	60,000	78,560	70,000
- Other funds	200,400	278,606	200,400
Late payment of fees and charges *	2,500	5,829	3,021
Other interest revenue (refer note 1b)	240,000	270,432	220,000
	1,003,300	1,113,877	943,421

* The Shire has resolved to charge interest under section 6.13 for the late payment of any amount of money at 11%.

(b) Other revenue

Reimbursements and recoveries	35,100	99,868	27,700
	35,100	99,868	27,700

The net result includes as expenses

(c) Auditors remuneration

Audit services	56,000	34,838	40,500
Other services	10,000	4,610	8,000
	66,000	39,448	48,500

(d) Interest expenses (finance costs)

Borrowings (refer Note 6(a))	564,202	534,528	529,642
Interest expense on lease liabilities			
	564,202	534,528	529,642

(e) Elected members remuneration

Meeting fees	136,895	135,539	135,539
Mayor/President's allowance	39,754	39,360	39,360
Deputy Mayor/President's allowance	9,938	9,840	9,840
Travel and other reimbursable expenses	24,200	20,351	24,200
Telecommunications allowance	24,500	24,500	24,500
	235,287	229,590	233,439

(f) Write offs

General rate	1,000	2,002	2,000
	1,000	2,002	2,000

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

11. MAJOR LAND TRANSACTIONS

It is not anticipated any major land transactions will occur in 2019/20.

12. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated any trading undertakings or major trading undertakings will occur in 2019/20.

13. INTERESTS IN JOINT ARRANGEMENTS

It is not anticipated the Shire will be party to any joint venture arrangements during 2019/20.

14 TRUST FUNDS

Funds held at balance date over which the local government has no control and which are not included in the financial statements are as follows:

Detail	Balance 1 July 2019	Estimated amounts received	Estimated amounts paid	Estimated balance 30 June 2020
	\$	\$	\$	\$
Unclaimed Monies	2,658	200	0	2,858
BCITF Levy	3,719	55,000	(55,000)	3,719
Dept of Transport Licencing	59,164	2,700,000	(2,710,000)	49,164
BRB Levy	11,826	125,000	(126,000)	10,826
Emergency Services Levy	(2,335)	950,000	(950,000)	(2,335)
Community Arts Event	3,308	0	0	3,308
TRANSWA Agency Fees	0	8,000	(8,000)	0
Public Open Space	138,274	0	0	138,274
Bonds - Roadworks	640,182	0	0	640,182
Bonds - Other	50	0	(50)	0
Untied Grants	26,450	0	(26,450)	0
	883,296	3,838,200	(3,875,500)	845,996

**NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30TH JUNE 2020**

**15 SIGNIFICANT ACCOUNTING POLICIES - OTHER
INFORMATION**

GOODS AND SERVICES TAX (GST)

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

ROUNDING OFF FIGURES

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

COMPARATIVE FIGURES

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

BUDGET COMPARATIVE FIGURES

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

REVENUE RECOGNITION

Accounting Policies for the recognition of income and revenue from contracts with customers is described in Note 16